REGISTRATION DOCUMENT
2018

“CONTINUING TO INNOVATE FOR THE FUTURE OF RETAIL”

GROUPE Casino
NOURISHING A WORLD OF DIVERSITY

Contents

AUTORITÉ DES MARCHÉS FINANCIERS AMF

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Chapter 1

Presentation of the Casino Group

1.1. FINANCIAL HIGHLIGHTS

2018 group activity

Continuing operations *(€ millions)*	2018	2017[1]	2016	2018/2017 reported change	2018/2017 organic change
Net sales	36,604	37,490	36,030	-2.4%	+4.7%[2]
EBITDA[3]	1,865	1,900	1,697	-1.9%	+6.7%
Trading profit	1,209	1,213	1,034	-0.3%	+9.8%
Net profit (loss) from continuing operations (Group share)	(45)	108	33	n.m.	
Net profit (loss) from discontinued operations (Group share)	(9)	(7)	2,645	-33.2%	
Consolidated net profit (loss) (Group share)	(54)	101	2,679	n.m.	
Underlying net profit[4] (Group share)	318	351	341	-9.4%	-2.0%[5]

(1) To permit meaningful comparisons with 2018, the 2017 financial statements have been restated in line with the application of IFRS 15.
(2) Excluding fuel and calendar effects.
(3) EBITDA = Trading profit + amortisation and depreciation expense.
(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.

Debt and equity

(€ millions)	**2018**	2017[1]	2016
Equity (before appropriation)	12,019	13,023	14,440
Net debt[1]	3,421	4,126	3,367
Net debt to EBITDA ratio	1.8x	2.2x	2.0x

(1) To permit meaningful comparisons with 2018, the 2017 financial statements have been restated in line with the application of IFRS 15.

Gross capital expenditure

(€ millions)	**2018**	2017	2016
Capital expenditure	1,185	1,247	1,160
▪ of which France	556	639	631
▪ of which International	549	540	486
▪ of which E-commerce	80	69	43
As a % of net sales	*3.2%*	*3.3%*	*3.2%*

1.2. Milestones in the Group's history

1898–1998 The foundations of the Casino Group

The Group's origins date back to 1898, when Geoffroy Guichard created Société des Magasins du Casino and opened the first store in Veauche, in central France. In 1901, Casino created France's first private label. The network quickly expanded in the Saint-Étienne region, around Clermont-Ferrand and on the Côte d'Azur. In 1939, the Group managed 9 warehouses, 20 plants and 2,500 outlets.

From the 1950s onwards, the Group began to diversify its formats and activities. It successively opened its first self-service store, its first Casino supermarket and its first Géant hypermarket before creating the Casino cafeterias.

Starting in the 1980s, the Casino Group began strengthening its operations in France and refocusing on its core business as a retailer in response to an increasingly competitive environment in retailing. In 1992, it acquired the Rallye "hypermarkets, supermarkets and cafeterias" retail activities. In 1997, the Group acquired a stake in Monoprix-Prisunic and took control of the Franprix-Leader Price banners.

1998–2015 International expansion and deployment in e-commerce

As the year 2000 approached, the Casino Group was one of France's leading retailers and was poised to expand its international operations. Between 1998 and 2002, the Group acquired a number of retailers based in Latin America, South East Asia and the Indian Ocean. In France, it consolidated its positioning in convenience and discount formats.

In 2000, the Group acquired a stake in Cdiscount, an online retailer.

At the same time, it developed complementary businesses with the creation of Banque Casino in 2001. In 2005, the Group's shopping centre properties in France were spun off through the creation and initial public offering of the Mercialys property company.

2015–2019 Structuring and consolidation of the Casino Group

In 2015, the Casino Group changed its organisation by merging all its businesses in Latin America into the Colombian subsidiary Éxito and announced a plan to reduce its debt by €4 billion. In 2016, it sold its activities in Asia (Thailand and Vietnam).

As it reorganised, the Casino Group entered into a set of purchasing alliances with Intermarché, followed by Conforama and Dia. Subsequently, in 2018, the Group joined forces with Auchan, Metro, the Schiever group and Dia to create a "new generation" central purchasing agency, Horizon.

In France, the Group is consolidating its position in leading formats and entering into partnerships with key players in their field to strengthen its omni-channel strategy, particularly in the food segment. In 2017 and 2018, the Casino Group formed partnerships with Ocado and Amazon for next-day and same-day delivery. In 2018, it stepped up the rollout of GreenYellow, a photovoltaic generation and energy efficiency company, selling shares in the company to Bpifrance and Tikehau. It also acquired online retailer Sarenza through Monoprix.

1.3. Business and strategy

The Casino Group today ranks as a major food retailer in France and Latin America. Multi-format, multi-brand and multi-channel, it had a total of 12,109 stores at 31 December 2018.

The Group reports its results in three segments:

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

The Group recorded consolidated net sales of €37 billion in 2018, down 2.4% as reported and up 4.7% on an organic basis(1) compared with 2017(2), and underlying net profit, Group share of €318 million.

In 2018, the key macro indicators in the Group's main markets changed as follows:

	Change in household consumption *(volume)*	Change in the consumer price index
France	+0.8%	+2.1% of which +2.0% in food
Colombia	+2.9%	+3.2% of which +1.6% in food
Brazil	+2.0%	+3.7% of which +0.9% in food

Source: Bloomberg.

1.3.1. France Retail

France Retail recorded net sales of €19,061 million in 2018 and trading profit of €579 million, of which €518 million derived from food retailing.

The France Retail segment accounts for 52% of the Group's net sales and 48% of its trading profit.

At end-2018, the Group had a total of 8,962 stores under management covering all food retailing formats. It operates 117 Géant Casino hypermarkets(3), 423 Casino Supermarkets(3), 689 Monoprix stores(3), 894 Franprix stores, 726 Leader Price discount stores, 5,153 convenience stores and 239 stores in the Indian Ocean region (Vindémia).

The Casino Group is one of the leading food retailers in its domestic market, with an 11.4% market share(4).

It stands out for its multi-format structure and the prevalence of premium and convenience stores in its network.

Casino is also pursuing a strategy of differentiating its banners to meet changing customer expectations. 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 greater diversity of retail formats and concepts, a broader and more segmented product offering and more individualised contact with consumers.

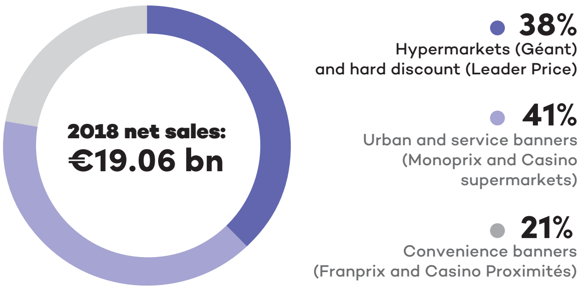
(1) Excluding fuel and calendar effects.

(2) In light of the ongoing Via Varejo sale process, this business has been classified as a discontinued operation in both 2017 and 2018, in accordance with IFRS 5. Moreover, to permit meaningful comparisons with 2018, the 2017 financial statements have been restated in line with the application of IFRS 15.

(3) Excluding international affiliates.

(4) Kantar P13 2018 market share.

Breakdown of France Retail net sales by format (at 31 December 2018)



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 differentiation 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 for everyday life.

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.

Launched in 2016, the Casino Agriplus line-up has embarked on a process of eliminating pesticide residues in many of its private-label products. The Group aims to expand the number of "pesticide-free" items in the coming years. In 2018, it launched the first labelling system related to animal welfare in partnership with three animal rights organisations, joined by a further three in 2019.

The private label strategy is similar to that of the Casino brand in the Group's other banners, Franprix, Leader Price and Monoprix: a wide range of innovative and healthy products at competitive prices.

TARGETED POSITIONING FOR EACH BANNER

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

Géant hypermarkets

Géant Casino is a hypermarket banner on a human scale (average retail space of 6,950 sq.m) offering leading food brands with high-quality traditional food sections, local fresh produce and a vast organic product range. The non-food selection is focused on leisure goods, with homeware, apparel and Cdiscount counters enhanced by digital formats, also with strong promotional dynamics.

At end-2018, Géant operated 122 hypermarkets, of which 7 affiliates in France and 5 affiliates abroad.

The banner's food sales continued to grow in 2018, driven by fresh produce and the organic segment, where sales were up 26% year on year.

In the non-food segment, after reducing retail space and repositioning the offering in favour of the most buoyant categories, Géant has engaged in a multi-channel approach. Presented in a connected, user-friendly boutique format, the non-food offer focuses on homeware and apparel collections, enhanced by in-store Cdiscount sales counters focused primarily on technical goods. At the end of 2018, there were 48 Cdiscount counters (plus an additional nine opened in February 2019), each representing an average sales uplift of 25 points on the categories in question and, thanks to the flow-on effect observed in other categories, about 2 to 3 points across the store as a whole.

In line with its multi-channel approach with a view to digitising the store experience, the banner has adopted the Casino Max app, which offers features including express scanning, payment facilities, and targeted digital promotions. E-commerce sales grew by 17% over 2018, driven in particular by fast-growing drive-through outlets.

Hypermarkets[1] reported net sales of €4,762 million in 2018, while Géant Casino recorded net sales of €4,537 million.

(1) Including Géant Casino and mainly the business of the four Codim stores in Corsica.

Leader Price

For 30 years, Leader Price has been 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 (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 2018, it invented and launched the "discount pleasure" concept, building on its fundamental values of quality, price and efficiency to match the expectations of its customers, marked mainly by a refreshed purchasing experience and its offer of fresh and organic produce. The banner reported sales growth in 2018[(1)].

It benefited from the increased pace of conversions to the Next concept, which significantly improves the buying experience and revitalises fresh produce departments. It also benefited from the development of its private-label brand driven by the development of new products and modernised packaging for a more enjoyable experience. Both these changes have been very well received by customers. The banner's overall performance over the year was impacted by the closure of approximately 70 stores, including some structurally loss-making outlets.

Leader Price recorded net sales of €2,487 million in 2018.

Monoprix

Monoprix is the leading omni-channel city-centre retailer. Its aim is to minimise inconvenience while maximising customer enjoyment by providing innovative services and a differentiated offering.

It had 795 stores in France and abroad at end-2018.

The banner's expertise in city-centre retailing is reflected in the prime positioning of its stores in all French towns and cities. 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 retailer specialising in natural and organic products in the Paris region, with 188 stores offering more than 6,000 items;
- Monop' is an ultra-convenience concept. These practical, welcoming stores provide a varied offering that meets basic daily needs as well as pleasure purchases. Monop' operates in busy urban areas and on motorways. Its 149 stores cater to an active, urban clientele;
- Monop'Daily combines fast food with ultra-fresh products. 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 2018, Monoprix ramped up its omni-channel strategy by signing a partnership with Amazon to offer Monoprix grocery items to Amazon Prime Now customers in Paris. This agreement completed Monoprix's alliance with Ocado, entered into in late 2017, which provides for the construction of an automated warehouse in the Paris suburbs for home delivery of large baskets. Lastly, Monoprix has acquired Sarenza with a view to making Monoprix.fr a leader in the lifestyle segment in France, and to consolidating its position in non-food e-commerce.

In line with these changes, the banner recorded an excellent performance over the year, particularly in Paris. The share of online and cross-channel sales reached 10% of its total net sales, and growth in organic produce was in the double digits.

Monoprix recorded net sales of €4,519 million in 2018.

Casino Supermarkets

Casino Supermarkets operate in city centres and rural areas, with a network of 442 stores.

They are concentrated in three main regions – southeastern 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 1,740 square metres offering mainly food products, including Casino-brand goods.

The banner's positioning is based on a strong commitment to pleasure, taste, high-quality fresh produce, food professionals, choice and customer service, backed up by innovative digital solutions to make it the benchmark in food retail and customer service.

Sales growth was driven by food in 2018. The organic and fresh produce categories made a particular contribution to this success, confirming the banner's positioning as a leader in food items. Fresh produce stood out, with the opening of the first fully organic butchers' counters and the rollout of pastries and baked goods made directly in the store. The non-food range has also grown, with capsule homeware and apparel collections.

The Le 4 store, a genuine innovation lab where digital technology augments the customer experience, opened in Paris this year.

Casino Supermarkets have also accelerated their omni-channel expansion: 95% of stores now offer e-commerce solutions (Drive, click & collect, etc.).

13 stores were franchised over the year.

Casino Supermarchés recorded net sales of €3,225 million in 2018.

(1) Same-store basis, excluding calendar effects.

Franprix

Mainly established in Paris and Île-de-France since 1958 and later in the heart of large French cities of the Rhone Valley and the Mediterranean basin, Franprix is the Group's main hyper-convenience banner for urban areas. At end-2018, Franprix operated a total of 894 stores, including 433 franchises.

On an average selling area of 410 square metres, it offers a food range that satisfies the daily needs of consumers, combining essential national brands and private-label brands, together with vibrant service areas in shops (restaurants, service counters, etc.).

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. Since then, the concept has grown in line with the innovations created by the banner to drive foodservice solutions, healthy and responsible ranges (*e.g.*, scoop-and-weigh), and services, aimed at giving Franprix stores the feel of a local grocery store. Ease of access and flexible opening hours also contribute to the success of the Franprix banner, which launched its first stores open 24/7 in 2018.

Franprix recorded net sales of €1,604 million in 2018.

Sales were up in total and on a same-store basis. The banner, which continues to innovate, received more than 40 prizes this year acknowledging its countless digital and marketing initiatives (including the launch of its 30-minute delivery app in Paris).

Convenience stores

The main Casino convenience banners are Le Petit Casino, Petit Casino, Casino Shop, Vival and Spar. Totally at home in the heart of towns and villages, they are stores that take a human approach to retail. Made affordable through numerous promotional campaigns, the selection emphasises local producers, scoop-and-weigh services, organic produce and private-label products. The Casino Max app and personalised promotions were launched in 2018.

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 seasonal, urban and suburban areas, offering a range of convenience food products and related services 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 4,252, mainly under the Spar and Vival banners, but also Casino and various service station banners.

The Group has also confirmed its leadership in supplying food items to service stations. It now supplies more than 1,128 service stations, including 867 operating under the Total banner.

The Group now operates 5,153 convenience outlets and continues to consolidate its network while actively managing its store base.

The Convenience & Other segment[1] recorded net sales of €2,464 million in 2018, while convenience retailers alone[2] recorded net sales of €1,313 million.

The Indian Ocean region

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

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

Vindémia has a multi-format positioning with hypermarkets (Jumbo), supermarkets (Score and Spar), discount stores (Cash), convenience stores (Supermaki, Douka Bé and SNIE), and franchised stores (Vival). It has a total of 239 stores in operation, including 113 franchised outlets in Réunion.

Other business

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

Real estate activities

The Group's property-related activities are discussed in section 1.3.4.

New businesses

The GreenYellow and 3w.relevanC activities are discussed in section 1.3.5.

Casino Restauration

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

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

Banque Casino

Created in 2001, Banque Casino provides consumer finance programmes and insurance products to Cdiscount and Géant hypermarket customers. Building on its experience acquired with Cdiscount, it has also developed a sales financing activity for e-tailers. It has 2.5 million annual customers and issued over €1.7 billion in loans in 2018. Banque Casino is accounted for by the equity method in Casino's consolidated financial statements.

(1) Includes cafeterias, property, other operations and the Indian Ocean region.
(2) Convenience stores excluding Leader Price Express.

1.3.2. E-commerce

Since 31 October 2016, Cnova[1], the Group's e-commerce subsidiary, has refocused on its French business, which trades under the name Cdiscount.

At the end of December 2018, including the holdings of its subsidiaries, Casino, Guichard-Perrachon held 98.96% of Cnova's share capital and 99.45% of its voting rights.

In 2018, the company's gross merchandise value (GMV) amounted to €3.6 billion, an increase of 10% compared with 2017. Growth was driven by sales in the marketplace, which now represents 34% of the platform's GMV, the development of B2B and B2C services, the rollout of Cdiscount corners in 49 hypermarkets and the good momentum of the site's legacy activity buoyed by the mobile channel.

Cdiscount now offers its 9 million active customers a choice of over 48 million items. Its loyalty programme, Cdiscount à Volonté, saw its subscriber base grow by 23% this year, and has greatly enriched its offer and services.

In 2018, monetisation revenues (marketing, B2B2C services and financial services), key to Cdiscount's strategy, amounted to €64 million.

Cdiscount now intends to consolidate its strategy on the platform model by focusing its strategy on the following aspects:

- Product. Strengthen the offer and accelerate the development of the marketplace by recruiting new salespeople; deliver faster, throughout Europe.
- Services. Offer even more services to individuals, focusing on leisure and everyday services, and professionals (logistics, marketing, financial, etc.), whether or not they are already users of the platform.
- Innovation. Stay one step ahead in all areas by partnering with innovative start-ups on all aspects of the e-commerce chain, from logistics and marketing to data monetisation and other areas. On top of the success of the Exotec robot preparation solution used in the Réau warehouse in Paris, The Warehouse, a logistics incubator launched at the end of 2017, boasts a high success rate: three of the five initial start-ups are already preparing to use their solution on an industrial scale, and a further five are joining in 2019.
- Marketing revenues. Monetise web and mobile traffic, enhance customer data and roll out a comprehensive service offering soon available to all Cdiscount partners.

Cdiscount recorded net sales of €1,965 million in 2018, with GMV of €3,646 million.

1.3.3. Latin America

The Casino Group operates in Brazil, Colombia, Argentina and Uruguay through 3,147 stores. It holds leadership or co-leadership positions in most of these markets through banners with a long-standing presence and a close relationship with their customers.

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 43% of consolidated net sales and 53% of trading profit in 2018.

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 the organisational structure of this segment by combining all of its Latin American operations into the Grupo Éxito company. Drawing on the power of its brands and its positions in Latin America, this new organisation under the Grupo 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 2016, the Group announced a plan to sell the Brazilian electronics business, Via Varejo.

Food retailing recorded net sales of €15,577 million in Latin America in 2018, an increase of 8.9% on an organic basis[2], while trading margin came in at 4.1%.

COLOMBIA[3]

Casino has operated in Colombia since 1999 through its Éxito subsidiary, Colombia's leading food retailer. At end-2018, Éxito had 554 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. In 2018, the Éxito Group focused its expansion on new innovative formats such as Carulla Fresh Market, Éxito WOW and the cash & carry segment. Omni-channel sales (e-commerce, website, last-mile applications) were up 33% and now represent 3.4% of the consolidated total.

(1) *Company information available at www.cnova.com*
(2) *Excluding fuel and calendar effects.*
(3) *Company information available at www.grupoÉxito.com.co*

Éxito aims to continue transforming its formats and its model by stepping up its adoption of digital and omni-channel approaches. It is consolidating its presence in large cities, increasing its penetration in small and mid-sized cities and developing convenience formats.

Éxito also has a well-developed real estate business that leases 735,000 square metres of floor space, of which a GLA of 570,000 square metres managed by the Viva Malls real estate vehicle, a joint venture with FIC operating since 2016.

Éxito has been fully consolidated since 1 May 2007. Casino held a 55.3% interest in its share capital at end-2018.

In 2018, Grupo Éxito (Colombia, Uruguay and Argentina; excluding Brazil) contributed €4,153 million to Casino's consolidated net sales.

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

Hypermarkets

Éxito: 92 stores

Éxito is a hypermarket banner with stores in 43 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 "Points Éxito" loyalty programme, mobile phone, travel deals, and also financial services (credit cards and insurance). In 2018, it opened two Éxito hypermarkets in the new WOW format, offering an even more digital customer experience in a remodelled store.

Supermarkets: 161 stores

Éxito Super and Vecino: 79 stores

The Éxito brand also includes two different supermarket banners: 31 Éxito Super stores located in 15 cities offering a range of primarily food products and 48 Éxito Vecino stores located in 34 cities offering a wider assortment of non-food products.

Carulla: 82 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. In 2018, it opened six stores in the new Carulla Fresh Market format, offering an expanded offer of fresh produce and more premium service counters.

Convenience: 98 stores

Éxito Express: 81 stores

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

Carulla Express: 17 stores

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

Discount: 1,622 stores (incl. 1,419 Aliados stores)

Surtimax: 112 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.

Éxito also continued to develop its network of Aliados independent franchisees. This year's 141 net openings brought the total to 1,419 franchised stores at the end of 2018. Revenue derived from the Aliados outlets is enjoying strong momentum, recording growth of 8.5%[1] over the year.

Super Inter: 73 proprietary stores

The Super Inter supermarket chain is located in the Cali and Coffee regions and sells a highly developed line of fresh produce.

Surtimayorista: 18 stores

In 2017, to respond to the rise of discounter competitors, the Éxito Group decided to step up the development of the cash & carry format in Colombia. In 2018, nine stores were converted to the Surtimayorista format, bringing the total number of cash & carry outlets in Colombia to 18.

URUGUAY

The local market leader since 2000, Casino has three store banners that enjoy high brand recognition: Disco, Devoto and Géant. These banners have been subsidiaries of Éxito since 2011.

Casino operated a total of 89 stores at end-2018.

(1) At constant exchange rates.

Supermarkets

Disco: 29 stores

Originally a chain of family supermarkets, Disco enjoys strong recognition throughout the country and focuses on competitive pricing. Disco stores' good locations is well 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: 34 stores

Since 2015, Devoto has been showcasing a new convenience format. With an average selling area of 180 square metres per store, the banner offers customers competitive prices.

ARGENTINA

Casino has been present in Argentina since 1998, following the acquisition of Libertad. The Group has since developed the Libertad chain of hypermarkets.

Libertad also operates two convenience formats (Mini Libertad and Petit Libertad).

In 2018, the Group had a total of 27 stores.

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: 12 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 47% of GPA's sales in 2018. 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.

Casino's stake in GPA's capital was 33.1% at end-2018.

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, a chain specialising in the sale of electronic products and appliances, resulting from the consolidation of Ponto Frio and Casas Bahia stores (store operations and websites).

At end-2018, GPA operated a total of 986 food retail stores[2], with strong market positions in the two most economically buoyant states, São Paulo and Rio de Janeiro. GPA also manages a total of 260,000 square metres of shopping malls.

In 2018, the GPA food banners contributed €11,416 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: 112 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 and a selection of products at unbeatable prices. The Extra revitalisation plan launched in 2016 continued in 2018, resulting in market share gains over the year.

(1) Company information available at www.gpari.com.br.
(2) Excluding service stations.

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 meet the specific needs of a relatively affluent clientele while leveraging the benefits of its widely used loyalty programme.

Extra Super: 150 stores

Extra Super stores are large supermarkets that provide a comprehensive food offering as well as a non-food range.

Mercado Extra: 23 stores

Opened in 2018, the Mercado Extra stores are aimed at creating a new identity for the Extra banner, with five strategic pillars: an emphasis on fresh produce (better quality and service), a review of the range (fewer items), price (alignment of price perception with regional competitors), the development of exclusive banners and a new logistics system (no reserve).

Compre Bem: 13 stores

Created in 2018, Compre Bem stores carry a range better suited to regional competition. A popular supermarket concept, it is based on aggressive price positioning, a cash & carry logistics model and reduced costs.

Convenience stores

Minimercado Extra: 156 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: 79 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 brand image of Pão de Açúcar. The banner promotes sustainable development initiatives and provides tailored customer service.

Drugstores: 123 stores

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

Cash & carry

Assaí: 144 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. The banner continued its stellar growth in 2018 and now accounts for 47% of GPA's sales.

CAMEROON

Cash & carry: 1 store

In 2018, inspired by the success of Assaí in Brazil, the Casino Group inaugurated its first store in a cash & carry format in Douala. Known as BAO, it carries a range made up primarily of local products, at low prices that decrease further in line with the quantities purchased. Open to individuals, it also offers refuelling solutions for small, medium and large businesses.

1.3.4. Real estate assets

The Casino Group actively manages its property assets in France in line with its debt reduction plan and its transformation towards a less capital-intensive model. The value of its assets in France excluding Mercialys[1] was €2.6 billion at the end of 2018, including transfer duties, compared with €3.9 billion at the end of 2017 (€2.4 billion and €3.6 billion respectively excluding transfer duties), mainly due to disposals of real estate assets by the Group in the amount of €1.1 billion including transfer duties (Monoprix food stores properties and hypermarkets properties, the properties of Saint-Étienne headquarters and some warehouses, shopping centres) as well as various effects for €0.2 billion: the annual review of rates of rental yield and market rental values, taking into account trends in the commercial real estate market, acquisitions and revaluations of property.

Integrated teams have the requisite skills to create real estate value for the Casino Group as well as for third parties owning real estate assets occupied by the Group: research and design, land purchase, delegated project management, property development, property letting, property management, legal affairs, asset value enhancement and asset management.

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.

In hypermarkets, the Group continued the process in 2018 to reduce retail space devoted to non-food items and create additional shopping mall space, with:

- the delivery of three hypermarket transformation projects in Annecy, Besançon and Angers La Roseraie, leading to the creation of 4,000 square metres of shopping mall space;
- the sale of two other Géant hypermarket projects in Saint-Nazaire and Montpellier Argelliers, with a plan to reduce the retail space of the Géant outlet to create medium-sized areas covering 3,500 square metres of gross leasable area (GLA);
- the opening of the first phase of the planned extension of the Port Sacré-Cœur site in Réunion, with a shopping mall development covering 8,300 square metres of GLA.

In 2018, the Group pursued the upgrades of Casino and Monoprix supermarket assets by refurbishing and extending stores and creating additional spaces (housing, *crèches*, etc.) to generate new flows, with projects underway in Mérignac and Bagneux and progress on projects covering five Monoprix stores in Île-de-France (Belleville, Saint-Cloud, Meudon, Saint-Maur and Saint-Ouen).

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

Outside France, the Group continues to develop commercial real estate, and holds strong positions in commercial properties with a total of 1,070,000 square metres of GLA in shopping centres and store property.

In Colombia, Viva Malls, a real estate fund created in partnership with Fondo Inmobiliario Colombia (FIC), opened two major shopping centres in 2018, Viva Envigado and Viva Tunja. Viva Malls ended 2018 with 18 assets in operation, with total GLA of 570,000 square metres.

Casino Group real estate portfolio in economic interests[1]

Value including transfer duties *(€ billions)*	2018	2017
France	**3.5**	**5.4**
of which store properties	2.3	3.5
of which Mercialys[2]	1.0	1.5
of which other[4]	0.2	0.4
International[3]	**1.1**	**1.0**
Total Group assets	**4.6**	**6.4**
of which store properties	3.0	4.2
of which Mercialys[2]	1.0	1.5
of which other[4]	0.6	0.8

(1) The valuation of the Group's assets is based on external appraisals or updated appraisals using the customary methods (discounted cash flow, yields, etc.), with specific assumptions for each country and each asset type.
(2) Mercialys property portfolio in economic interests, including 25.2% stake of the value of Mercialys' property assets in 2018 and 40.2% in 2017.
(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) The valuation of the Group's assets in France was determined on the basis of external appraisals or updated appraisals using the customary methods (discounted cash flow, yields, etc.), with specific assumptions for each asset type.

1.3.5. New businesses around the Group's assets

1.3.5.1. PHOTOVOLTAIC PRODUCTION AND ENERGY EFFICIENCY CONSULTING

In 2007, Casino deployed a new business involved in photovoltaic energy and energy efficiency, through the creation of a dedicated subsidiary GreenYellow. The subsidiary capitalizes on the Group's expertise in the real estate sector (property development, construction and operation), as well as in the favourable geographic location of its stores, mainly located in sunny regions.

GreenYellow today ranks as a leading French player in rooftop photovoltaic systems, with an installed base of 190 MWp(1) comprising more than 150 installations covering about 1,013,000 square metres of shopping centre and solar canopy rooftops, mainly on Group sites. These systems save nearly 24,200 tonnes of CO_2 a year and are sufficient to cover the annual consumption of 57,000 households.

In 2018, GreenYellow signed major contracts that increased the pace of its growth. It signed a joint venture agreement with Engie under the name Reservoir Sun, dedicated to solar self-consumption among professionals and communities in France, with the goal of deploying up to 50 MWp(1) in 2019. GreenYellow also strengthened its energy efficiency business, which was previously focused on the assets of the Casino Group, by signing a contract with AccorHotels to manage its energy purchases, optimise its energy contracts and monitor energy use at its 1,400 hotels in France. At end-2018, 1,500 energy performance contracts were in place in France and abroad. These contracts generate annual savings of 590,000 MWh(2). In 2018, Tikehau and Bpifrance took part, through a €150 million capital increase, in the development of GreenYellow. Their investment gave them a 24% stake in the company.

1.3.5.2. DATA MONETISATION

The Group has access to large amounts of quality data about its customers and their buying habits in stores and online. To leverage these intangible assets, which represent considerable value in the current environment, the Group created 3W.relevanC in 2018, merging 3W Régie, a subsidiary of Cdiscount, and relevanC, a subsidiary wholly owned by the Group since March 2018.

3W.relevanC's activity is focused on the production of studies on purchasing behaviour, the implementation of targeted advertising campaigns offering more tailored deals to customers and measuring of the impact of these campaigns on in-store sales. This activity is carried out in strict compliance with the EU General Data Protection Regulation and the French law on the protection of personal data.

In 2018, 3W.relevanC recorded revenue of €41 million and entered into numerous partnerships with leading players in their sector (TF1, Publicis, Nielsen, Europe1, etc.).

1.4. THE CASINO GROUP BUSINESS MODEL

Pursuant to Article L. 225-102-1 of the French Commercial Code on the Non-Financial Information Statement, the Casino Group has drawn up a summary presentation of its business model focused on its strengths, its businesses and the way financial and non-financial value created is distributed between the various stakeholders.

(1) MWp, Mega-Watt peak: maximum electrical power that can be supplied by a photovoltaic system under standard conditions.
(2) MWh, Mega-Watt hour: unit of energy consumed in a period of one hour.

A multi-format, multi-label and multi-channel model

OUR STRENGTHS

Banners with strong and differentiated identities, positioned on the market's most buoyant formats

Digital transformation of the Group and each banner

A culture of innovation and partnerships

A territorial network centred on growing markets

2018 KEY FIGURES

€36.6bn
in net sales

120 years
of history

220,060
employees

No. 2
in e-commerce in France and Colombia

No. 1
in convenience stores in France

No. 1
retailer in Brazil and Colombia

Rated A1+
by non-financial rating agency Vigeo Eiris

Breakdown of consolidated net sales by geography

An offer of products and services adapted to the needs of each customer

STORES

12,109 stores in France and Latin America

Premium

A superior offer, many innovative services and a high-quality shopping experience

Banners:

- France: Monoprix, Casino Supermarchés
- Latin America: Pão de Açúcar, Carulla, etc.

Monoprix, Casino Supermarchés: **41%** of net sales in France

Convenience stores

An offer of everyday basics to meet the expectations of consumers in search of quality, authenticity and service

Banners:

- France: Franprix, Petit Casino, Vival, Spar, etc.
- Latin America: Carulla Express, Minuto Pão, etc.

No. 1 network of convenience stores in France, 80% of which operated as franchises

Hyper & Discount

A wide range of quality products at the best price, with an emphasis on fresh food

Banners:

- France: Géant Casino, Leader Price
- Latin America: Assaí, Extra, Éxito, Surtimayorista, etc.

Cash & carry: **47%** of net sales in Brazil

DIGITISATION of access to the offer *via*

- **apps** (Casino Max, etc.)
- the **banners' merchant** websites (www.monoprix.fr, etc.)
- in-store **services**: shop & go, click and collect, drive, Cdiscount counters, etc.
- home **delivery**

Non-food E-COMMERCE

No. 2 in E-commerce in France
€3.6bn in GMV (gross merchandise volume)
48 million references available on Cdiscount

MONETISATION OF ASSETS

New businesses

Renewable energy: creation in 2007 of GreenYellow, a subsidiary dedicated to photovoltaic energy (more than 150 photovoltaic plants and 1,500 sites under energy performance contracts)

Data: development of data management, enrichment and monetisation activities (subsidiary: 3W.relevanC)

Financial services: credit, payment facilities, new means of payment activities (subsidiary: Banque Casino, Puntos Colombia)

Retail property: development, management of shopping centres (IGC in France, Viva Malls in Colombia)

* *End-2018.*

Operational excellence and improving our CSR performance are central to our business

SUPPLIES

Select quality products at the right price:

- **Buy at the right price** thanks largely to the development of international purchasing hubs with other retailers
- **Guarantee the safety and food quality** of products
- **Develop responsible purchasing and sustainable partnerships** with producers
- **Control and improve** the supply chain

LOGISTICS

Optimise the economic cost and environmental impact of transport and storage:

- **Optimise transport and storage** through automation, robotisation, pooling of warehouses and partnerships with last mile delivery experts
- **Reduce the environmental footprint of the supply chain** by using alternative modes of transport

SALES AND CUSTOMER EXPERIENCE

Guarantee an offer of products and services adapted to the requirements of consumers:

- **Offer a wide choice of quality product references,** relying on strong private labels
- **Anticipate new consumer** habits
- **Promote healthier and more sustainable consumption patterns** by developing organic and responsible sectors
- **Offer a more seamless and enhanced buying experience** through the development of innovative concepts
- **Digitise and enrich the customer experience** with an omni-channel model and personalised digital services
- **Increase delivery possibilities available** to customers (clean delivery, especially on foot)

… to create and share value with our stakeholders

HUMAN RESOURCES, SOCIETAL AND ENVIRONMENTAL IMPACT

REVENUE GENERATED

CUSTOMERS AND PARTNERS

€36.6bn in net sales across our banners

€532m in revenue from other activities (real estate, energy, etc.)

€37m in income on financial investments in the form of interest

Develop organic food
- **Over €959m** in sales of organic products
- Over **2,000** private-label organic products
- Nearly **200** organic stores

Offer more responsible products
- **Over 30,000 products** certified as responsible
- A wide range of healthier products, without pesticide residues

REVENUE DISTRIBUTED

SUPPLIERS

€30.7bn in purchases of goods and services

Improve the supply chain
- Over **95%** of plants producing private-label brands in countries at risk are audited
- **Over 1,400** supplier audits
- Buyers trained in social ethics processes
- Local production chains supported: **over 80%** of the fruit and vegetables sold by Éxito in Colombia are bought locally and directly from **more than 670** local producers

EMPLOYEES

€4.5bn in gross wages, payroll taxes and benefits paid

Support employment
- **220,060** employees
- **8,532** work/study trainees
- **94%** under permanent contracts

Advance professional equality
- **38.9%** of managers are women

Promote diversity
- **8,134** employees with recognised disabilities

LOCAL COMMUNITIES, NGOS AND NON-PROFIT ASSOCIATIONS

€80m in community outreach (donations and foundations)

Help the most disadvantaged
- **Over 50m** meal equivalents contributed to food bank networks

STATE AND TERRITORY

€241m in taxes paid

Reduce the environmental impact
- **566 kWh** of electricity consumed per square metre of retail space
- Around **1,000** sites under energy performance contracts and more than **530,000** sq.m. of solar panels installed within the Group

FINANCIAL INSTITUTIONS

€414m in payroll taxes paid

SHAREHOLDERS AND INVESTORS

€338m in dividends paid to the Company's shareholders

Maintain stable governance and shareholding
- Women account for **50%** of the Board of Directors
- **49,387** identified individual shareholders holding **15%** of the free float

1.5. STORE NETWORK

	Number of stores at 31 December			Sales area *(in thousands of sq.m)*		
	2016	2017	2018	2016	2017	2018
Géant Casino hypermarkets	**129**	**122**	**122**	**916**	**856**	**848**
o/w						
French franchises/affiliates	7	7	7			
International affiliates	12	5	5			
Casino Supermarkets	**447**	**433**	**442**	**733**	**715**	**726**
o/w						
French franchised affiliates	83	106	104			
International franchised affiliates	33	17	19			
Monoprix	**745**	**789**	**795**	**711**	**732**	**737**
o/w						
Franchises/affiliates	196	211	203			
Naturalia	141	161	175			
Naturalia franchises	5	7	13			
Franprix	**858**	**893**	**894**	**356**	**367**	**364**
o/w franchises	392	399	433			
Leader Price	**796**	**777**	**726**	**664**	**652**	**604**
o/w franchises	383	377	394			
Convenience stores	**6,065**	**5,392**	**5,153**	**783**	**726**	**700**
Other businesses (Cafeterias, Drive, etc.)	**630**	**606**	**591**	**n/a**	**n/a**	**n/a**
Indian Ocean	**185**	**209**	**239**	**115**	**117**	**118**
TOTAL FRANCE	**9,855**	**9,221**	**8,962**	**4,280**	**4,167**	**4,099**
Argentina	**27**	**29**	**27**	**109**	**108**	**106**
Libertad hypermarkets	15	15	15	107	106	104
Mini Libertad and Petit Libertad mini-supermarkets	12	14	12	2	2	2
Uruguay	**79**	**88**	**89**	**85**	**89**	**90**
Géant hypermarkets	2	2	2	16	16	16
Disco supermarkets	29	29	29	31	33	33
Devoto supermarkets	24	24	24	33	33	34
Devoto Express mini-supermarkets	24	33	34	4	6	6
Brazil	**1,135**	**1,081**	**1,057**	**1,814**	**1,811**	**1,860**
Extra hypermarkets	134	117	112	789	717	687
Pão de Açucar supermarkets	185	186	186	237	240	240
Extra and Mercado Extra supermarkets	194	188	173	222	215	193
Compre Bem supermarkets	0	0	13	0	0	18
Assaí (discount)	107	126	144	421	506	598
Mini Mercado Extra and Minuto Pão de Açúcar mini-supermarkets	284	265	235	71	65	58
Drugstores	155	127	123	11	10	9
+ Service stations	76	72	71	62	58	58
Colombia	**1,873**	**1,852**	**1,973**	**1,011**	**1,022**	**1,033**
Éxito hypermarkets	86	90	92	475	485	486
Éxito and Carulla supermarkets	166	162	161	214	212	212
Super Inter supermarkets	67	71	73	61	64	67
Surtimax (discount)	1,443	1,409	1,531	236	225	229
o/w Aliados	*1,307*	*1,278*	*1,419*			
Cash & carry	2	9	18	4	14	22
Éxito Express and Carulla Express	109	111	98	20	21	18
Cameroon	**0**	**0**	**1**	**0**	**0**	**2**
Cash & carry	0	0	1	0	0	2
TOTAL INTERNATIONAL	**3,114**	**3,050**	**3,147**	**3,019**	**3,030**	**3,091**

1.6. Simplified Group organisation chart as at 31 December 2018

Casino, Guichard-Perrachon

% control/% interest

EUROPE

Country	Company	% control/% interest
France	Distribution Casino France	100%/100%
France	Olenydis (Casino Express)	100%/100%
France	Codim 2	100%/100%
France	Casino Carburants	100%/100%
France	Floréal	100%/100%
France	Franprix Leader Price Holding	100%/100%
France	Monoprix	100%/100%
France	Naturalia France	100%/100%
France	E-Trend (Mon Showroom)	100%/100%
France	Monoprix Online (ex-Sarenza)	100%/100%
France	Cdiscount	100%/76.22%
France	RelevanC	100%/100%
France	MaxIT	100%/100%
France	Easydis	100%/100%
France	Achats Marchandises Casino (AMC)	100%/100%
France	Horizon Achats	44%/44%
France	Incaa	50%/50%
France	Mano-A	50%/50%
France	L'Immobilière Groupe Casino	100%/100%
France	Sudéco	100%/100%
France	GreenYellow	73.44%/73.44%
France	Mercialys	25.27%/39.22%
France	Casino Restauration	100%/100%
France	Restauration Collective Casino	100%/100%
France	St Once	100%/100%
France	Casino Agro	100%/100%
France	Geimex	100%/100%
France	Banque du Groupe Casino	50%/50%
Luxembourg	Casino Re	100%/100%
Netherlands	Cnova	99.41%/76.15%
Poland	Mayland Real Estate	100%/100%

LATIN AND CENTRAL AMERICA

Country	Company	% control/% interest
Argentina	Libertad SA	100%/55.30%
Brazil	Compania Brasileira de Distribuiçao	99.9%/33.09%
Brazil	Via Varejo	39.40%/14.30%
Brazil	Cnova Comercio Electronico	100%/14.30%
Brazil	GreenYellow do Brasil Energia e Servicios	100%/73.44%
Colombia	Almacenes Éxito S.A.	55.30%/55.30%
Colombia	Didetexco SAS (formerly Cdiscount Colombia)	97.95%/54.17%
Colombia	GreenYellow Energia de Colombia	100%/73.44%
Uruguay	Devoto Hermanos SA	100%/55.30%
Uruguay	Grupo Disco del Uruguay	75.10%/34.56%

THE INDIAN OCEAN REGION

Country	Company	% control/% interest
Réunion	Vindémia Group	100%/100%
Mayotte	B.D.M.	71.44%/71.44%
Mauritius	Sodimar	100%/100%
Madagascar	S.2.M.	100%/100%

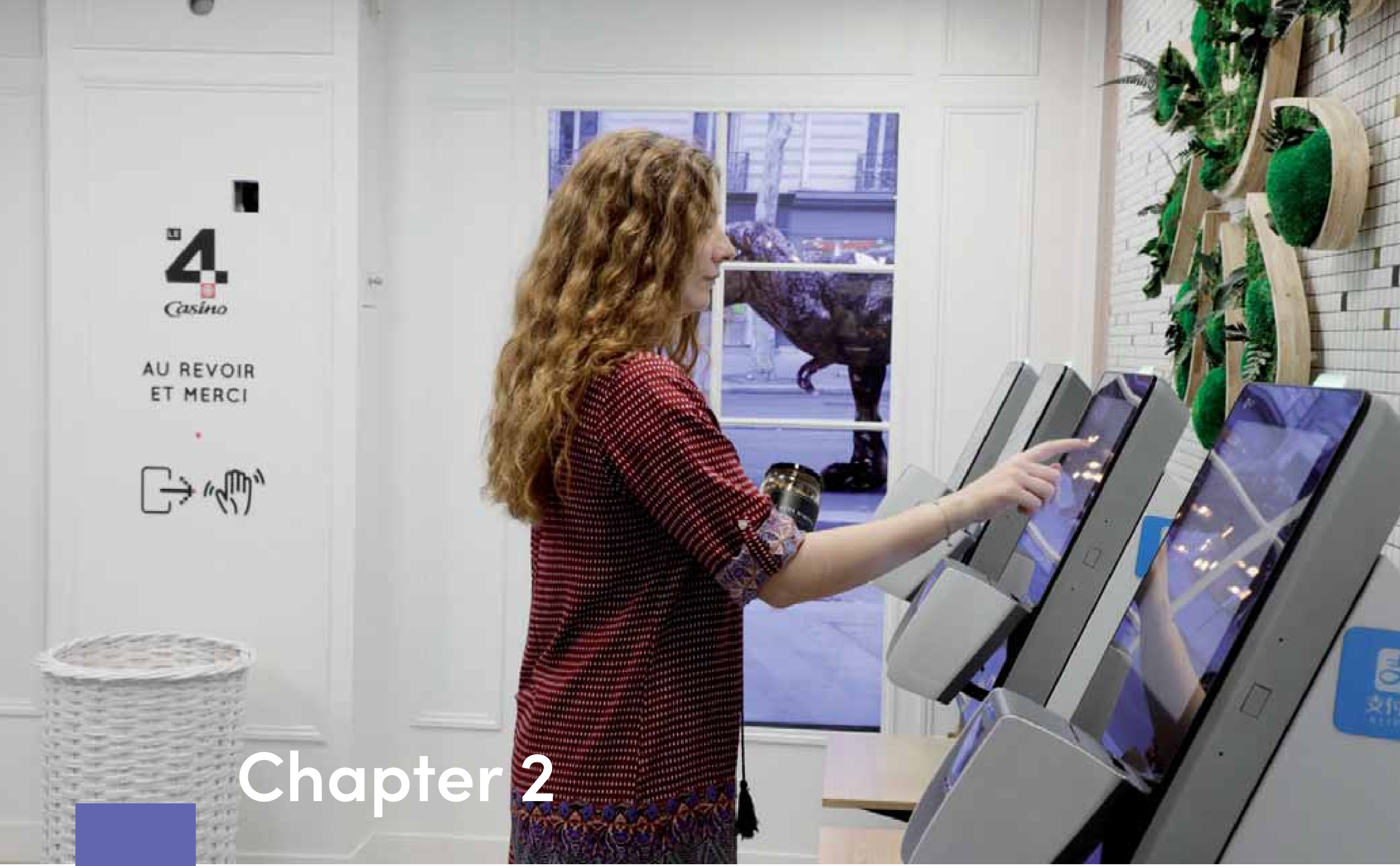
Listed company

1.7. Stock market value of listed companies

At 31 December 2018, Casino's interests in its listed companies had an aggregate value of €3 billion.

Listed company	Share price at 31 Dec. 2018	Market capitalisation *(100%, € millions)*	% direct interest	Casino's share *(€ millions)*
GPA (Brazil)	BRL 80.98	4,863	22.8%[1]	1,109
Grupo Éxito (Colombia & Uruguay)	COP 12,400	1,490	55.3%	824
Cnova (France)	EUR 3.6	1,243	64.8%	805
TOTAL (EXCLUDING MERCIALYS)				**2,738**
Mercialys	EUR 11.97	1,102	25.3%	278
TOTAL				**3,016**

(1) Excluding interests held through Grupo Éxito.



Chapter 2

Financial and accounting information

FINANCIAL HIGHLIGHTS

The Casino Group's key consolidated figures for 2018 were as follows:

(€ millions)	2017	**2018**	Reported change	Organic change
Consolidated net sales	37,490	36,604	-2.4%	+4.7%(1)
Gross margin	9,490	9,305	-2.0%	
EBITDA(2)	1,900	1,865	-1.9%	+6.7%(3)
Net depreciation and amortisation	(688)	(656)	-4.7%	
Trading profit	1,213	1,209	-0.3%	+9.8%(3)
Other operating income and expense	(480)	(375)	+21.9%	
Net financial expense, o/w:	(446)	(465)	-4.3%	
Net finance costs	*(367)*	*(327)*	*+10.9%*	
Other financial income and expenses	*(78)*	*(138)*	*-75.9%*	
Profit before tax	286	369	+28.8%	
Income tax	(48)	(204)	n.m.	
Share of profit of equity-accounted investees	13	17	+36.0%	
Net profit/(loss) from continuing operations	251	182	-27.6%	
o/w Group share	*108*	*(45)*	*n.m.*	
o/w Minority interests	*143*	*227*	*+58.0%*	
Net profit/(loss) from discontinued operations	47	(21)	n.m.	
o/w Group share	*(7)*	*(9)*	*-33.2%*	
o/w Minority interests	*54*	*(11)*	*n.m.*	
Consolidated net profit/(loss)	298	161	-45.9%	
o/w Group share	*101*	*(54)*	*n.m.*	
o/w Minority interests	*198*	*215*	*+8.9%*	
Underlying net profit, Group share(4)	351	318	-9.4%	-2.0%(5)

(1) Based on a comparable scope of consolidation, constant exchange rates, excluding fuel and calendar effects.
(2) EBITDA = Trading profit + amortisation and depreciation expense.
(3) Based on a comparable scope of consolidation, constant exchange rates, excluding the effect of hyperinflation.
(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.
Note: Comparative information for 2017 has been restated to reflect the application of IFRS 15.

Significant events of the period

- On **24 January 2018,** the Casino Group announced a successful €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, notably 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. The transaction combines the forces of the Monoprix network, its Fashion, Home and Beauty offerings and its teams with the e-commerce know-how of Sarenza to create a truly unique omni-channel Lifestyle leader. The acquisition of Sarenza was completed on 30 April 2018.
- On **26 March 2018,** the Casino Group announced that Amazon and Monoprix had joined forces to bring grocery items sourced from Monoprix to the customers of Amazon Prime Now service in Paris and the inner suburbs in 2018. The service was officially launched in Paris on 12 September 2018. Grocery items sourced from Monoprix are 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.
- On **11 June 2018,** following a review of its business portfolio, the Group announced the launch of an asset disposal plan covering non-core assets, in particular real estate assets, for a value of €1.5 billion. This plan, which complements the planned disposal of Via Varejo, was originally intended to be completed half in 2018 and half in 2019. In fact, the entire plan was completed in January 2019 and, based on indicative offers already received, it has now been increased to at least €2.5 billion with the upcoming disposals due to be completed by Q1 2020. It will enable Casino to pay down its debt more rapidly and pursue the successful deployment of the business model based on innovation, digital solutions and partnerships.
- On **29 June 2018,** the Casino Group, Auchan Retail, Metro and the Schiever Group announced a plan to cooperate in developing new generation central purchasing organisations. The organisations will be set up in France and internationally under the Horizon name and will centralise purchases of both branded and private label products. The Horizon International Services alliance with Auchan Retail, Metro and Dia was officially deployed on 6 March 2019.
- On **25 July 2018,** Casino's Board of Directors authorised the definitive disposal of a block of Mercialys shares representing 15% of its capital, through a total return swap entered into with CA-CIB which will sell the shares over a period of 2.4 years.
- On **3 September 2018,** the Casino Group noted Standard & Poor's decision to downgrade its credit rating by a notch to BB with a negative outlook. While observing that Standard & Poor's had not taken into account the €1.5 billion asset disposal plan, the Group affirmed that the cost of its bond debt and its liquidity position were unaffected by the downgrade.
- On **28 September 2018,** the Casino Group signed a synallagmatic agreement on the sale of 55 Monoprix store properties for a net amount of €565 million. A second synallagmatic agreement was signed on 17 October 2018, for the sale of 14 Monoprix store properties to AG2R La Mondiale for €180 million. On 21 December 2018, the Group announced that the sales had been completed for a total of €742 million.
- On **12 October 2018,** the Casino Group, Tikehau Capital and Bpifrance announced the signing of an agreement for the acquisition by Tikehau Capital and Bpifrance of shares in GreenYellow, Casino's subsidiary dedicated to solar energy and energy efficiency solutions. The transaction was completed on 18 December 2018 through a €150 million capital increase that gave Tikehau Capital and Bpifrance a 24% stake in GreenYellow.
- On **15 October 2018,** the Casino Group announced the signing of a partnership with the Quattrucci family whereby 12 stores specialising in fresh products would join the Casino Group. Since 2019, the stores have been supplied by the Casino Group; seven have been converted to the "Marché frais Géant" banner and the other five to the "Marché frais Leader Price" banner.

2.1. Business report

The comments contained in the Annual Financial Report reflect comparisons with 2017 for profit from continuing operations and in accordance with IFRS 5 are restated for the planned disposal of Via Varejo. In light of the new standards applicable from 1 January 2018, IFRS 15 has been applied in the 2018 consolidated financial statements and the comparative information for 2017 has been restated on the same basis to permit meaningful year-on-year comparisons. The 2018 financial statements reflect the limited retrospective application of IFRS 9, which relates to financial instruments, and IAS 29, which relates to hyperinflation in Argentina. The prospective application of the amendments to IFRS 2 resulted in the reclassification to non-controlling interests at 1 January 2018 of a €5 million debt in the Latam Retail segment.

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

MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

- Acquisition of Sarenza on 30 April 2018 (Monoprix).
- Various store disposals and acquisitions during 2018 by Franprix-Leader Price.

CURRENCY EFFECTS

Currency effects were unfavourable in 2018, with the Brazilian real and Colombian peso losing an average 16.3% and 4.3% against the euro, respectively, compared with 2017.

Continuing operations *(€ millions)*	2017	**2018**	Reported change	Organic change
Net sales	37,490	36,604	-2.4%	+4.7%[1]
EBITDA	1,900	1,865	-1.9%	+6.7%[2]
Trading profit	1,213	1,209	-0.3%	+9.8%[2]
Underlying net profit, Group share	351	318	-9.4%	-2.0%[3]

(1) Based on a comparable scope of consolidation, constant exchange rates, excluding fuel and calendar effects.
(2) Based on a comparable scope of consolidation, constant exchange rates, excluding the effect of hyperinflation.
(3) At constant exchange rates.

- 2018 highlights are outlined below.
  - In **France,** the retail businesses enjoyed strong sales momentum. Same-store sales growth was 1.3% and organic growth was 1.2%, with all formats contributing to the increase. Total gross sales under banner rose by 2.8%[1] over the year.

    The Group continued to focus on the most buoyant formats, categories and geographies. Over 60% of net sales were generated by the 7,500 premium and convenience stores and around 60% were concentrated in France's three most dynamic regions[2]. This year, net sales of organic products by the various banners and the dedicated Naturalia format represented some €1 billion, representing an increase of more than 16% over 2017. The Group pursued the development of its e-commerce business, which accounted for 18%[3] of the business in France, driven by Cdiscount, which reported 9.3%[4] organic growth in gross merchandise volume. The acquisition of Ocado technology and Monoprix's partnership with Amazon Prime Now enabled the Group to strengthen its position in food e-commerce. The Group also continued to digitalise customer relationships, with an ecosystem of mobile apps already totalling more than 10 million downloads and a range of digital solutions that enhance the customer experience (Scan & Go, mobile payment, couponing, etc.).

    The Group also moved up a gear in the development of its new businesses. Its energy subsidiary GreenYellow, which had an installed photovoltaic capacity of 190 MWp as of end-2018, set up the Reservoir Sun joint venture with Engie and opened up its capital to reference investors through a €150 million capital increase.

    The Data and Data Center business continued to be deployed, with €41 million in net sales generated in 2018 from data-related services supported by a database with more than 30 million profiles.

    The Group was rated A1+ and ranked number one in its sector by the non-financial rating agency Vigeo Eiris in December 2018.

    The Group has completed its €1.5 billion asset disposal plan and achieved in January 2019 the objective announced on 11 June 2018. In light of the plan's implementation ahead of schedule and the indicative offers received for other assets, the Group has raised its objective for the disposal of non-strategic assets in France to at least €2.5 billion, to be achieved by the first quarter of 2020.

(1) Total gross sales under banner including Cdiscount.
(2) Île-de-France, Rhône-Alpes and Côte d'Azur regions.
(3) Online sales under the banners and Cdiscount's GMV.
(4) Data published by the subsidiary. The organic changes include sales and services at "corners" (stores-within-stores) but exclude sales made in Casino Group's hypermarkets and supermarkets, and 1001Pneus (acquired in October 2018). The overall impact of their exclusion represented -1.1 points and -1.7 points for GMV and net sales respectively.

A major store base streamlining plan (closures and disposals of loss-making stores) was initiated at the end of 2018, for an increase in trading profit on a full-year basis (from 2020) of €90 million (integrated stores). Sales agreements have already been signed for €149 million. Most of the plan will be completed in the first half of 2019. The plan is self-funded; proceeds from the disposals finance the cost of closures, with a net gain for the Group. France Retail's trading profit was €579 million, up 8.4% on an organic basis compared with 2017. Trading profit from the retail business came to €518 million, representing organic growth of 15.7%.

- **Outside France, in Latin America,** the Group's business rebounded strongly in an environment shaped by improved economic conditions. Net sales rose 8.9% on an organic basis and 4.5% on a same-store basis. GPA delivered a very good performance, with sales up 10.6% on an organic basis. The pace of organic growth at Éxito (excluding GPA Food) accelerated to 4.2%.

  Within GPA Food, Multivarejo (Hypermarkets, Supermarkets, Convenience) staged a strong recovery. Extra Hypermarkets maintained positive momentum. Same-store sales accelerated at Extra Supermarkets, lifted by conversions to the new Mercado Extra and Compre Bem formats. Pão de Açúcar pursued its programme of store renovations, which led to increased sales in the stores concerned. Same-store sales by the Convenience network rose sharply, thanks to the change in marketing strategy. Multivarejo pursued its digital transformation, with its "Meu Desconto" mobile app downloaded 7.5 million times. Assaí (Cash & Carry) accounted for 47% of GPA Food's annual sales in 2018. Helped by its robust marketing model and dynamic expansion programme, the banner delivered another very good performance, reporting more than 20% growth for the sixth year running.

  Éxito continued to develop the Cash & Carry format in Colombia. Surtimayorista enjoyed very strong growth, with net sales up 47.8%(1). Nine stores were converted to the banner during the year. Deployment of Éxito's Carulla Fresh Market concept dedicated to fresh products continued during the year. The hypermarkets reported a sequential increase in same-store sales, with the new Éxito Wow format helping to drive growth. Expansion of retail-related businesses continued, particularly property development, with a portfolio that now totals 735,000 sq.m. Lastly, growth in Éxito's omni-channel business in Colombia was a strong 33.4%(1).

- As at 31 December 2018, Casino in France(2) had €5 billion in liquidity, composed of a gross cash position of €2.1 billion and confirmed undrawn lines of credit of €2.9 billion with an average maturity of 2.4 years that easily cover upcoming debt repayments. Casino Group consolidated net debt stood at €3.4 billion at year-end 2018 *versus* €4.1 billion at year-end 2017. For Casino in France(2), net debt came to €2.7 billion at year-end 2018, *versus* €3.7 billion at year-end 2017, due to the impact of the asset disposal plan. Free cash flow from continuing operations amounted to €1.2 billion before dividends and financial expenses.
- **Consolidated net sales** amounted to €36,604 million in 2018, representing an increase of 4.7% on an organic basis and a change of -2.4% after taking into account the negative impact of currency movements. Exchange rate fluctuations and the effects of hyperinflation had a -7.2% negative impact, while changes in the scope of consolidation had a 0.2% positive impact.
- **Organic sales growth,** excluding fuel and calendar effects, was 4.7% in 2018:
  - In **France,** food retail sales excluding fuel and calendar effects were up 1.2% on an organic basis.
    - **Franprix** reported organic sales growth of 1.5%. The banner's market share held firm during the year(3).
    - **Monoprix** sales were up 1.7% on an organic basis. Its market share was stable(3).
    - **Casino Supermarkets** reported a 1.6% organic rise in sales. They maintained their market share(3).
    - **Géant Hypermarkets** increased the pace of organic growth to 2.2%. They expanded their market share(3) by 0.1 point.
    - The **Convenience** network delivered organic growth of 4.1%.
    - **Leader Price** sales were down -0.5% on an organic basis.
  - **E-commerce** grew organically by 2.6%.
  - In **Latin America,** sales were up 8.9% on an organic basis, excluding fuel and calendar effects.
    - At **GPA Food,** net sales rose 10.6% on an organic basis, driven by the continued success of Assaí and the recovery at Multivarejo.
    - At **Éxito** (excluding GPA Food), organic growth accelerated strongly, to 4.2% from 1.2% in 2017.

(1) Data published by the subsidiary.
(2) Casino Group holding company scope, including the French businesses and the wholly-owned holding companies.
(3) Kantar P02 2019 data, cumulative annual average.

- **Consolidated trading profit** came to €1,209 million, a change of -0.3% including the negative impact of currency movements and an increase of 9.8% on an organic basis. Excluding tax credits, trading profit was up 8.2% as reported and 18.0% on an organic basis.
  - In France, trading profit amounted to €579 million, up 7.9% compared with 2017. This included €518 million in trading profit for the retail business *versus* €449 million in 2017, reflecting organic growth of 15.7%. Property development trading profit stood at €61 million, compared with €87 million in 2017.
  - E-commerce trading profit improved over the year. EBITDA rose by €29.8 million.
  - Latam Retail trading profit amounted to €644 million, a year-on-year variation of -9.7% as reported and a 7.1% increase on an organic basis. Excluding tax credits in Brazil, trading profit was up 22.3% on an organic basis.
- **Consolidated trading margin** increased by 7 bps to 3.3%. In comparison to 2017 figures:
  - Trading margin for the France Retail segment increased 18 bps to 3.0%.
  - The E-commerce trading margin improved by 124 bps to -0.7% from -1.9% in 2017.
  - Trading margin for the Latam Retail segment was 4.1% *versus* 4.2% in 2017.

2.1.1. France Retail

(€ millions)	2017	**2018**
Net sales	18,799	19,061
EBITDA	882	914
EBITDA margin	*4.7%*	*4.8%*
Trading profit	536	579
Trading margin	*2.9%*	*3.0%*

France Retail net sales totalled €19,061 million in 2018 *versus* €18,799 million in 2017, reflecting organic growth of 1.2% and same-store growth of 1.3% excluding fuel and calendar effects.

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

- **Monoprix** saw sales rise by 1.7% on an organic basis and 1.1% on a same-store basis. This good performance was driven by 2.6% same-store growth in food sales. Sales of organic products were up 12.3%. Customer traffic grew by 1.2% on a same-store basis, reflecting dynamic activity levels in Paris. Monoprix pursued its multi-channel strategy. Online sales continued to grow rapidly, lifted by the integration of Sarenza and the ramp-up of Amazon Prime Now. Since September 2018, Amazon Prime Now customers in Paris and the inner suburbs can purchase selected Monoprix food products (Monoprix, Monoprix Gourmet, Monoprix Bio, La Beauté Monoprix, etc.) *via* a dedicated virtual store. The Monop'Easy app has been rolled out across the entire store base. Monoprix pursued its ambitious expansion programme in 2018, opening 37 stores including 24 Naturalia units.
- **Casino Supermarkets** continued to grow, with sales up 1.6% on an organic basis and 1.3% on a same-store basis. The banner maintained its focus on a more quality-oriented model, with the ramp-up of stores converted to the new concept and 21.2% growth in sales of organic products. In line with its innovation-led strategy, the new "4 Casino" store concept was unveiled in central Paris – a place to eat, relax and shop where digital services enhance the shopping experience – and the first store open 24/7 was opened in Lyon. Casino Supermarkets also pursued the development of its e-commerce business, with 95% of stores offering an innovative solution (drive-through, home delivery, etc.). Last year's dynamic performances by franchisees and the 12 new franchisees signed up during the year attest to Casino Supermarkets' attractiveness.
- **Franprix** enjoyed good momentum in 2018, reporting organic growth of 1.5% and same-store growth of 1.2%. Customer traffic was up 2.4% for the year. The banner continued to strengthen its private label, organic ranges and innovative initiatives. It also stepped up the development of restaurant and snack services. The banner pursued the deployment of stores that are 100% autonomous for part of the week. There were 55 such stores as of end-2018. A new beauty and wellness concept, named "Le Drugstore Parisien" started to be deployed in Paris, delivering a very good performance right from its launch. The success of the mobile app, which has been downloaded 1.1 million times, and the 41 prizes awarded to the banner in 2018, attest to its innovation-led approach. Seven additional independent retailers joined the network and the first Franprix store was opened outside France, in Brussels.
- Sales by the **Convenience** network rose 4.1% on an organic basis and 1.7% on a same-store basis, driven by the banner's strong sales dynamic and the success of its loyalty programmes, including the Casino Max app rolled out to all integrated stores. The banner restructured its offering, focusing on fresh and organic products, qualitative services (bulk, juice machines, fresh-cut fruits and vegetables) were developed and a new green grocery store format, "Un Tour au Jardin", was trialled in Lyon. The Convenience business also continued with the optimisation of its integrated store base and the rapid development of its franchise network.
- **Leader Price** reported 1.8% growth in same-store sales this year. The banner continued to convert its stores to the new Next concept, with the 112 units converted as of end-2018 outperforming the other stores in the network. The banner also continued to restructure its offering, by expanding the organic and fresh product ranges, adding service counters, revamping its product packaging and rolling out the Sooa beauty and wellness brand.

- **Géant Hypermarkets** delivered 2.2% organic growth and 1.9% same-store growth. This performance was driven by a 3.4% increase in food sales, led by organic products (up 26.9%) and fresh products. The 49 hypermarkets featuring Cdiscount "corners" outperformed the other stores in the network. The banner grew its e-commerce sales by 16.5% over the year, by leveraging the operational excellence of its drive-through service and the ramp-up of the Casino Max app. Sunday opening and sales events also contributed to the banner's healthy sales trend. One additional independent retailer joined the banner's network in 2018.

The trading profit of the France Retail segment increased 7.9% year on year, to €579 million. Trading profit for the retail business amounted to €518 million, reflecting organic growth of 15.7% that was attributable to an improved margin mix, the development of additional businesses (GreenYellow, data valorisation), the optimisation of the store base and the banner's success in signing up new store operators and franchisees. Property development trading profit stood at €61 million, compared with €87 million in 2017. Trading margin for the France Retail segment was 3.0% in 2018.

GREENYELLOW

As of end-December 2018, GreenYellow had an installed photovoltaic capacity of 190 MWp. Several major contracts were won during the year. In the fourth quarter, GreenYellow signed a 50 MWp contract in Brazil, contracts in Thailand for a total of 18 MWp at 34 sites and a partnership agreement with IBL, the leading Mauritian group active in several sectors targeted by GreenYellow (retail, manufacturing, hospitality, etc.) for the deployment of energy efficiency and solar power solutions at IBL facilities. In October, GreenYellow and Engie signed an agreement for the creation of the "Reservoir Sun" joint venture with the objective of deploying up to 50 MWp in 2019. Also during the year, a contract was signed with AccorHotels to manage its energy purchases, optimise its energy contracts and monitor energy use at its 1,400 hotels in France. GreenYellow currently has projects representing 200 MWp in the pipeline[1].

2.1.2. E-commerce (Cdiscount)

(€ millions)	2017	**2018**
GMV (Gross Merchandise Volume) as published by Cnova	3,304	3,646
EBITDA	(10)	19
o/w Cdiscount group	*(7)*	*22*
o/w Holding companies	*(4)*	*(2)*

In E-commerce, gross merchandise volume (GMV) totalled €3.6 billion, representing organic growth of 9.3%[2] in 2018.

This performance was led by:

- ongoing expansion of the marketplace, which contributed 34.3% of GMV. The number of references available on the marketplace rose 37% compared with 2017. "Fulfillment by Cdiscount" contributed 21% to GMV, up 30% over the year;
- a 23% increase in monetisation revenues, driven by the advertising and financial services sectors among which "Coup de Pouce" instant loan offer up 67%. Four new commission-based B2B2C services were successfully launched in 2018 (travel, energy, ticketing and leasing);
- the strong performances delivered by the Cdiscount corners, located in 49 stores as of end-2018;
- the success of the sales events organised during the year, including Black Friday, French Days and events to mark the banner's anniversary.

Cdiscount continued to develop its "Cdiscount à Volonté" (CDAV) loyalty programme, for which the number of members rose 23% over the year. A new and enhanced offer is available for €29. In addition, a delivery service operated directly or through partner marketplaces has been deployed in 19 European countries.

The banner consolidated its status as the number two player in terms of monthly unique visitors *via* computer or mobile phone, extending its lead over its closest competitor[3]. In the fourth quarter of 2018, the number of monthly unique visitors totalled 21 million[3], representing over a third of the French population. 2018 confirmed the growing popularity of the mobile app, which accounted for 63% of customer traffic.

E-commerce EBITDA improved significantly, representing a positive €19 million in 2018 *versus* a negative €10 million in 2017, reflecting a quarter-on-quarter acceleration. The recovery was attributable to monetisation initiatives deployed throughout the year, action in progress since the beginning of the third quarter to reinvigorate the marketplace and tight control of operating costs.

(1) All projects currently being examined.
(2) Data published by the subsidiary. The organic changes include sales and services at "corners" (stores-within-stores) but exclude sales made in the Casino Group's hypermarkets and supermarkets, and 1001Pneus (acquired in October 2018). The overall impact of their exclusion represented -1.1 points and -1.7 points for GMV and net sales respectively.
(3) Médiamétrie/Fevad at 5 February 2019.

2.1.3. Latam Retail

(€ millions)	2017	2018
Net sales	16,782	15,577
EBITDA	1,029	932
EBITDA margin	*6.1%*	*6.0%*
Trading profit	713	644
Trading margin	*4.2%*	*4.1%*

Latam Retail net sales were €15,577 million in 2018, up 8.9% on an organic basis and 4.5% on a same-store basis excluding fuel and calendar effects.

In Brazil, GPA Food put in an excellent trading performance, with 10.6% organic sales growth and 5.0% same-store growth.

- **Multivarejo** (Hypermarkets, Supermarkets, Convenience) staged a recovery, reporting same-store growth of 3.6%(1). Extra Hypermarkets maintained good momentum this year. Same-store sales growth accelerated at Extra Supermarkets, lifted by conversions to the new Mercado Extra and Compre Bem formats. The converted stores have been delivering solid growth. Same-store sales by the Convenience network increased steadily over the year, thanks to the new marketing plan (revamped assortment, exploitation of sales event synergies with Extra and Pão de Açúcar and steps to strengthen the private label). Pão de Açúcar remained on a positive trajectory, helped by the programme of store conversions to the "Generation 7" format. The converted stores are enjoying significantly faster growth than the rest of the store network. The banner also deployed a new wine store concept, "Pão de Açúcar Adega", combining a specialised store, an e-commerce platform and a mobile app. Multivarejo also focused on repositioning its private labels, which are increasingly in demand among customers of its hypermarkets, supermarkets and convenience stores, deploying a total of 500 new private-label products this year. The banner pursued the roll-out of its digital solutions based on the "Meu Desconto" app, which had been downloaded 7.5 million times as of end-2018.
- **Assaí** (Cash & Carry) reported organic growth of 24.2% and same-store growth of 8.1%(1) (enjoyed its sixth consecutive year of above 20% growth), thanks to its powerful sales model and dynamic expansion programme. The Cash & Carry stores opened during the last 12 months achieved the best sales per sq.m. performances for the past five years. The banner, which accounted for 47% of GPA Food's sales in 2018, continued to develop its loyalty programme, with 600,000 Passaí cards issued. At end-2018, the network comprised 144 Cash & Carry outlets, with a total of 18 outlets opened during the year, including two converted from Extra hypermarkets.

Éxito continued to develop the Cash & Carry format in Colombia. The Surtimayorista banner, which reported sales up by a strong 47.8%(1) in 2018, opened nine stores during the year by converting existing stores. These stores doubled their sales following their conversion. The Group continued to deploy Carulla Fresh Market, the concept dedicated to fresh products. The hypermarkets reported a sequential increase in same-store sales driven by the new Éxito Wow format. Éxito continued to develop its complementary businesses, such as property development with the delivery of the Viva Envigado and Viva Tunja projects in October 2018. The property network now totals 735,000 sq.m. Lastly, the Group pursued its omni-channel strategy with sales growth of 33.4%(1) in Colombia. Deployment of the Carulla and Éxito mobile apps underscored the banner's digital transformation.

Latam Retail trading profit amounted to €644 million, a year-on-year change of -9.7% as reported and an increase of 7.1% on an organic basis. Excluding tax credits, Latam Retail trading profit was up 22.3% on an organic basis. The segment's trading margin was 4.1% in 2018. GPA reported a trading margin of 4.2% *versus* 4.3% in 2017. Trading margin at Éxito (excluding GPA Food) was 4.0% compared with 4.1% in 2017.

(1) Data published by the subsidiary.

2.1.4. Overview of the consolidated financial statements

Pursuant to European Commission Regulation No. 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 2018.

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 in the notes to the consolidated financial statements have been applied consistently in all periods presented, after taking account of the new standards and amendments.

SALES

Consolidated net sales amounted to €36,604 million in 2018 *versus* €37,490 million in 2017, representing a change of -2.4% after taking into account the negative impact of currency movements and an increase of 4.7% on an organic basis.

Changes in consolidation scope had a positive impact on sales of 0.2%. The currency effect and hyperinflation had a negative impact of -7.2%.

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

Consolidated trading profit amounted to €1,209 million in 2018 compared with €1,213 million in 2017, representing a change of -0.3% including the negative impact of currency movements and an increase of 9.8% on an organic basis. Excluding tax credits, trading profit was up 8.2% as reported and 18.0% on an organic basis.

Changes in scope of consolidation are almost stable on consolidated trading profit in 2018. The currency effect and hyperinflation had a -10.2% negative 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 €375 million in 2018 *versus* a net expense of €480 million in 2017.

In France, other operating income and expenses represented a net expense of €263 million, corresponding mainly to restructuring costs incurred to complete the major store transformation plans (conversion to the "Next" concept at Leader Price, "Mandarine" concept at Franprix, and Proximité). These expenses also include non-recurring expenses recognised in 2018 in relation to closures of loss-making stores, which will be more than offset by the proceeds from disposals of other loss-making stores in 2019.

Net other operating expense of €480 million in 2017 mainly comprised costs related to:

- reductions in Géant retail space;
- roll-out of the "Mandarine" concept;
- overhaul of food services;
- streamlining of the Convenience network.

NET FINANCIAL EXPENSE AND PROFIT BEFORE TAX

Net financial expense totalled €465 million in 2018 (€446 million in 2017), reflecting:

- finance costs, net of €327 million (*versus* €367 million in 2017);
- other net financial expenses of €138 million (*versus* €78 million in 2017).

Profit before tax came in at €369 million in 2018, an increase of 28.8% compared with 2017 (286 million euros).

NET PROFIT, GROUP SHARE

Income tax expense amounted to €204 million in 2018, up sharply from the prior year due to non-deductible non-recurring expenses recorded in 2018 and a €60 million benefit recorded in 2017 in relation to the reimbursement of the tax on dividends. Excluding non-recurring items, the effective tax rate was 27.0% *versus* 20.6% in 2017.

The **Group's share of profit of equity-accounted investees** was €17 million (€13 million in 2017).

Minority interests in profit from continuing operations came to €227 million compared to €143 million in 2017. Excluding non-recurring items, underlying minority interests were €277 million in 2018 *versus* €247 million in 2017.

Consolidated net profit (loss) from continuing operations, Group share came to a loss of €45 million, *versus* a profit of €108 million in 2017.

Consolidated net profit (loss), Group share was a loss of €54 million *versus* a profit of €101 million in 2017.

Underlying net profit from continuing operations, Group share was €318 million *versus* €351 million in 2017, a 9.4% decrease due to the negative currency effect (7.4%) and the higher effective tax rate. Net profit restatements to establish underlying net profit can be found in the notes.

Diluted underlying **earnings per share** stood at €2.49, *versus* €2.72 in 2017, a decline of -8.6% that was mainly due to the impact of currency effects in Latin America and the change in the tax rate. At constant exchange rates, the figure rose by 0.2%. Diluted earnings per share includes the dilutive effect of the TSSDI deeply-subordinated perpetual bonds.

FINANCIAL POSITION

Casino Group net debt at 31 December 2018 stood at €3.4 billion *versus* €4.1 million at 31 December 2017. Excluding the impact of the Segisor operation, net debt was stable in e-commerce and Latam. The value of Via Varejo[1] was impacted by the currency effect.

For **Casino in France**[2]**, net debt** was reduced sharply over the year, to €2.7 billion as at 31 December 2018, *versus* €3.7 billion a year earlier, due to the impact of the asset disposal plan.

Cash flow statement for the Group's continuing operations

(€ millions)	2018
EBITDA	**1,865**
Non-recurring items	*(289)*
Other non-cash items	*(2)*
Cash flow	**1,574**
Change in working capital	(192)
Tax	(241)
Cash flow[1]	**1,141**
Investments (Gross capex)	(1,185)
Asset disposals	507
Net capex	(677)
Free cash flow[1], before disposal plan	**463**
Disposal plan	734
Free cash flow[1]	**1,197**
Free cash flow[1] excluding non-recurring items	**1,486**

(1) From continuing operations, before dividends paid in 2018 in respect of 2017 and 2018 to owners of the parent and holders of TSSDI deeply-subordinated bonds, and excluding financial expenses. See note on alternative performance indicator in 2.1.5.

Free cash flow from continuing operations before dividends and financial expenses amounted to €1.2 billion this year. The change in working capital was -€192 million *versus* -€303 million in 2017.

Consolidated equity, Group share totalled €6,731 million compared with €7,555 million at end-2017.

At 31 December 2018, **Casino in France**[2] had a liquidity position of €5 billion, corresponding to a **gross cash** position of €2.1 billion and **confirmed undrawn credit facilities** of €2.9 billion with an average maturity of 2.4 years. Outstanding commercial paper at that date amounted to €221 million.

Casino has been rated Ba1 (negative outlook) by Moody's since 28 September 2018 and BB (negative outlook) by Standard & Poor's since 3 September 2018.

(1) Latam Electronics operations (aggregated with the Via Varejo subsidiary) have been classified as discontinued operations since end-2016. They are recognised in the financial statements under cash and cash equivalents at their carrying amount. As a result, fluctuations in the corresponding currencies continue to have an impact on the Group's net debt.
(2) Casino Group holding company scope, including the French businesses and wholly-owned holding companies.

2.1.5. Alternative performance indicators

The definition of key non-GAAP indicators are available on the Group's website (https://www.groupe-casino.fr/en/investors/regulated-information/), particularly the underlying net profit as shown 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 (such as total return swaps and forward instruments related to GPA shares) and the effects of discounting Brazilian tax liabilities.

Underlying profit is a measure of the Group's recurring profitability.

(€ millions)	2017	Restated items	2017 underlying	**2018**	Restated items	**2018 underlying**
TRADING PROFIT	**1,213**	**0**	**1,213**	**1,209**	**0**	**1,209**
Other operating income and expenses	(480)	480	0	(375)	375	0
OPERATING PROFIT	**732**	**480**	**1,213**	**834**	**375**	**1,209**
Net finance costs	(367)	0	(367)	(327)	0	(327)
Other financial income and expenses(1)	(78)	(30)	(108)	(138)	47	(91)
Income tax(2)	(48)	(104)	(152)	(204)	(9)	(214)
Share of profit of equity-accounted investees	13	0	13	17	0	17
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**251**	**347**	**598**	**182**	**413**	**595**
Attributable to minority interests(3)	*143*	*103*	*247*	*227*	*50*	*277*
Group share	**108**	**243**	**351**	**(45)**	**363**	**318**

(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. Recent events

- On **19 January 2019,** the Casino Group announced that it had signed agreements to sell 6 Géant Hypermarkets in France to Leclerc adherents for a combined consideration of €100.5 million covering both the hypermarket properties and the businesses. These hypermarkets are located outside the Paris region and are among the least performing in the network. They represented combined net sales of around €150 million in 2018 and a total trading loss of around €8 million. The sales are expected to be completed in the first half of 2019. The agreements provide for the continuation of the employment contracts of the stores' staff.
- On **21 January 2019**, the Casino Group announced that it had signed an agreement with funds managed by Fortress Investment Group for the sale of 26 hypermarkets and supermarkets store properties (13 Géant Hypermarkets, 3 Casino Hypermarkets and 10 Casino Supermarkets) worth a total of €501 million, including €392 million to be received in the first half of 2019. Located primarily outside of Paris in the Group's traditional French operating regions, the 26 properties represent €31.8 million in annual rent, valued at a yield of 5.9% including transfer costs. The Casino Group will be involved in the value creation of this operation through a participation in the specific entity constituted by funds managed by Fortress, to acquire the portfolio in order to enhance its value and sell it on the market under the best possible conditions. Depending on the entity's performance, the Casino Group could receive up to an additional €150 million in the next few years. On completion of the transaction, the Group achieved its initial objective of disposing of €1.5 billion worth of non-core assets, set on 11 June 2018. The transaction was completed on 11 March 2019.
- On **14 February 2019,** the Casino Group announced the signature of an agreement with Compass Group providing for the sale of Casino's contract catering services, R2C. The transaction is expected to complet by the end of the first half of 2019, subject to consultation with the employee representative bodies and the approval of the French Competition Authority.
- On **15 February 2019,** the Casino Group signed agreements for the sale of integrated stores and stores operated by master franchisees valued at a total of €42 million. In the case of the integrated stores, these commitments represent a value of €25 million in sale proceeds and relate to the following: 17 stores (8 Leader Price, 8 Casino Supermarkets and 1 Casino Hypermarket) to be sold to Lidl, and the Géant Hypermarket business in Roubaix to be sold to a member of Groupement E. Leclerc, with the hypermarket property to be sold to the owner of the shopping mall. These 18 stores represented net sales of €88 million in 2018 for a trading loss of €12 million. At the same time, master franchisees of the Group have signed agreements to sell 16 stores (9 Leader Price and 7 Casino Supermarkets) to Lidl for a total of €17 million. These 16 stores represented net sales of €60 million in 2018 for a trading loss of €9 million. The agreements provide for the continuation of the employment contracts of the stores' staff, in accordance with the law. The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies and the fulfilment of the usual conditions precedent.
- On **28 February 2019,** the Casino Group signed agreements for the sale of 2 Géant Hypermarkets located in the towns of Nevers and Montauban to Groupement Les Mousquetaires for a total of €23.4 million covering the value of the hypermarket properties and businesses. These stores are among the least performing in the network. They represented net sales of some €36 million in 2018 for a trading loss of around €3.5 million. The agreements provide for the continuation of the employment contracts of the stores' staff, in accordance with the law. The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies, with whom a meeting was held on Wednesday, 27 February 2019, and the fulfilment of the usual conditions precedent.
- On **6 March 2019,** the Casino Group officially launched Horizon International Services, its alliance with Auchan Retail, Metro and Dia. Announced in June 2018, Horizon International Services is dedicated to selling services to suppliers that operate internationally. After obtaining the necessary clearance from the relevant competition authorities, Horizon International Services has been operational since 15 February 2019 and covers the 47 countries in Europe, Asia and South America in which these retailers operate.

2.3. Outlook

In light of the plans already carried out and the new initiatives under way, the Group has set the following objectives for 2019:

- Retail France: 10% growth in trading profit for the retail business, €0.5 billion in free cash flow(1) and a further reduction in net debt;
- E-commerce (Cdiscount): a sharp improvement in EBITDA, driven by marketplace growth and monetisation revenues;
- Latin America: an increase in the EBIDA margin, of which more than 30 bps in the EBITDA margin in Brazil and an improvement in the EBITDA margin in Colombia.

After significantly transforming its operations in France over the past four years, the Group now draws on a model aligned with market trends and presents its objectives for 2019-2021:

- open 300 premium and convenience stores by 2021;
- increase in the share of buoyant formats with a reduced exposure to hypermarkets to 15% of gross sales under banner (*vs.* 21% in 2018);
- become the number one in organic products in 2021, with net sales of €1.5 billion (*vs.* €1 billion in 2018);
- increase the proportion of E-commerce sales to 30%(2) in 2021 (*vs.* 18%(2) at end-2018), thanks to the continued development of Cdiscount with a marketplace contribution above 50%, and faster digitalisation of customer relationships notably through mobile apps (already 10 million downloads);
- leadership in grocery home delivery thanks to the Ocado and Amazon Prime Now partnerships;
- develop new services businesses around the Group's assets:
  - Energy (GreenYellow): consolidate the leadership position in self-consumption in France with 950 MWp of installed capacity by 2021 (*vs.* 190 MWp at end-2018),
  - Data (3W.relevanC) and Data Center (ScaleMax): revenues of €130 million in 2021 (*vs.* €41 million in 2018).

Main operating KPIs for France – Summary of 2019-2021 perspectives

	2018	2021
1. Mix		
Premium and convenience store openings(1)		300
Hypermarket gross sales under banner (share of total)	21%	15%
Net sales of organic products	€1.0 billion	€1.5 billion
2. E-commerce		
E-commerce (share of total)(2)	18%	30%
E-commerce volume of gross food sales under banner(3)	€300 million	€1 billion
Cdiscount GMV	€3.6 billion	€5 billion
3. Digitalisation		
Scan & Go deployment(4)	30%	100% (at end-2019)
4. New businesses		
Solar power installed capacity	190 MWp	950 MWp
Data and Data Center revenues	€41 million	€130 million
5. Cost-saving plans		
Cost savings		€200 million (by 2020)

(1) Monoprix, Naturalia, Franprix and Supermarchés Casino.
(2) Online sales under the banners and Cdiscount's GMV.
(3) E-commerce food sales = E-commerce France excluding Cdiscount.
(4) Hypermarkets and supermarkets.

The Group has set the following financial targets for France for the period 2019-2021:

- increase in the EBITDA margin and the trading margin for the retail business of 0.2 pts per year;
- growth in trading profit for the retail business of 10% per year;
- free cash flow(1) of €0.5 billion per year;
- gross retail CAPEX below €350 million per year, in line with amortisation.

(1) Before dividends and financial expenses.
(2) Online sales under the banners and Cdiscount's GMV.

2.4. PARENT COMPANY INFORMATION

2.4.1. 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 2018 parent company financial statements (see section 2.7 of Chapter 2, page 154).

In 2018, the Company reported net sales (excluding taxes) of €168.0 million, *versus* €162.7 million in 2017, 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.

2.4.2. 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 2018, did not have an impact on the 2018 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 2018, the Company had total assets of €19,027.2 million and equity of €9,019.9 million.

Non-current assets amounted to €17,504.9 million, mainly corresponding to long-term investments.

At 31 December 2018, total liabilities stood at €8,324.9 million, *versus* €8,533.7 million at 31 December 2017. 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 €2,295.0 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 (Art. D. 441 L-1°)						Invoices issued and due but not yet settled at the year-end (Art. D. 441 L-2°)					
(€ thousands)		0 days	1 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total (1 day or more)	0 days	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**					**37**	**0**					**26**
	o/w Group	0					1	0					24
	o/w non-Group	0					36	0					2
Total value including taxes of the invoices concerned	**Total**	**0**	**(172)[(1)]**	**2**	**8**	**612**	**450**	**0**	**264**	**6**	**0**	**2,632**	**2,901**
	o/w Group	0	0	0	0	0	0	0	263	6	0	2,632	2,900
	o/w non-Group	0	(172)[(1)]	2	8	612	450	0	1	0	0	0	1
Percentage of total purchases excluding taxes for the year	**Total**	**0%**	**0%**	**0%**	**0%**	**1%**	**1%**						
	o/w Group	0%	0%	0%	0%	0%	0%						
	o/w non-Group	0%	0%	0%	0%	1%	1%						
Percentage of net sales (excluding taxes) for the year	**Total**							**0%**	**0%**	**0%**	**0%**	**2%**	**2%**
	o/w Group							0%	0%	0%	0%	0%	0%
	o/w non-Group							0%	0%	0%	0%	2%	2%
(B) Invoices excluded from (A) because they are disputed or not recognised in the financial statements													
Number of invoices excluded	**Total**						**1**						**3**
	o/w Group						0						1
	o/w non-Group						1						2
Total value including taxes of the invoices excluded	**Total**						**54**						**116**
	o/w Group						0						115
	o/w non-Group						54						1
(C) Benchmark contractual or statutory payment terms used – Articles L. 441-6 or L. 443-1 of the French Commercial Code													
Payment terms used to determine overdue invoices		Statutory: 60 days from invoice date						Contractual: quarterly invoicing with advance payment					

(1) Of which a credit note to be issued for €205 thousand.

In 2018, the Company reported an operating loss of €4.1 million, *versus* an operating loss of €2.3 million in 2017.

Net financial income came in at €86.8 million, *versus* a net financial expense of €111.9 million the year before, mainly comprising:

- €568.1 million in income from investments in subsidiaries and associates *versus* €405.7 million in 2017;
- €93.3 million in other financial income (mainly reversals of provisions and impairment) in 2018 *versus* €63.9 million in 2017;
- €574.6 million in financial expenses in 2018 *versus* €581.6 million in 2017.

Recurring profit before tax came in at €82.7 million in 2018, *versus* a recurring loss before tax of €114.2 million in 2017.

Non-recurring income amounted to €1,050.6 million, *versus* €207.3 million in 2017. It mainly reflected the €1,173.3 million gain on the transfer of Géant Holding BV securities to Trévir.

Profit before tax came to €1,133.3 million, *versus* €93.1 million in 2017.

Net profit for the year came to €1,538.0 million, *versus* €394.2 million in 2017.

2.4.3. Non-deductible expenses

In accordance with the disclosures required by Article 223 *quater* of the French General Tax Code *(Code général des impôts)*, the 2018 parent company financial statements include an amount of €97,913 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 €33,711.

2.5. SUBSIDIARIES AND ASSOCIATES

The business performance of the main subsidiaries and controlled companies is described on pages 24 to 26.

A list of consolidated companies is provided on pages 140 to 142.

Information on Casino, Guichard-Perrachon's subsidiaries and associates is provided on pages 173 and 174.

2.5.1. Investments made and control acquired in 2018

The direct interests and direct or indirect control acquired as a result of merger-related asset transfers, acquisitions or company creations in France in 2018 were as follows:

CASINO PARTICIPATIONS FRANCE GROUP

Aioros (100%), Belkati (100%), Erantys (100%), Muscary (100%), Shura (100%), Motaka (100%), Vamaka (100%), Vityka (100%), Dirca (100%), Hilex (100%), Nildor (100%), Urago (100%), Cauméa (100%), Bakeka (100%), Dhokko (100%), Kymka (100%), Ononys (100%) and Visioca (100%).

GreenYellow sub-group

Holding d'Exploitation de Centrales Photovoltaïques 28 (100%), Holding d'Exploitation de Centrales Photovoltaïques 29 (100%), Holding d'Exploitation de Centrales Photovoltaïques 30 (100%), Holding d'Exploitation de Centrales Photovoltaïques 31 (100%), Green Yellow Énergie pro (100%) and Reservoir Sun (50%).

L'Immobilière Groupe Casino sub-group

SCI Rennes-Anglet (70%).

CNOVA N.V. GROUP/CDISCOUNT

C-Logistics (100%), Karya (100%), Haltaé (100%) and Neosys (51%).

CASINO GROUP SUPPLY CHAIN

Ocommerce (100%) and Ologistique (100%).

DISTRIBUTION CASINO FRANCE GROUP

Ccomag (100%), Sumacas Arcachon (100%), Sumacas Montussan (100%), Sumacas Souillac (100%), Erinoma (100%) and ScaleMax (51%).

Franprix-Leader Price Holding sub-group

Proxymartin (100%), Jos (100%), Wyn (100%), Pierdis (100%), Akairosa (ex-Kanola) (100%), Adarness (100%), Antony Distrib (100%), Auladis (100%), Barpadis Hard Discount (100%), Bigadis Hard Discount (100%), Bouffemont Distribution (100%), Bouscadis Hard Discount (100%), Cadaujadis Hard Discount (100%), Casadis (100%), Caulain Mag (100%), Ciedis Hard Discount (100%), Distribon (100%), Distrijolie (100%), Fimeri Hard Discount (100%), Izondis Hard Discount (100%), Juvisydis (100%), Langodis Hard Discount (100%), Leader Fontenay (99.99%), Leader Menton (100%), Leader Price Cavignac (100%), Lormodis Hard Discount (100%), Louvois (100%), Martiguedis (100%), Mini LP 19 (99.99%), Mini LP 51 (99.99%), Mini LP 73 (99%), Minimarché Sarcelles (100%), Nano Caulaincourt (100%), Newfpmag 17 (99%), Newfpmag 19 (99.99%), Peri Distribution (100%), Saint Brice Distribution (99.99%), Saint Maximin Distribution (100%), Société des Magasins Économiques des Marnaudes (100%), Société Super Montedour (100%), Sodan Hard Discount (100%), Soliac Hard Discount (100%), Steed (100%), Super Losserand (100%), Superant (100%), Union Commerciale du Kremlin Bicêtre "U.C.K.B." (100%), Virodis (100%), Wilsondis (100%), Distrileader Chateaubourg (99.99%), Distrileader Varennes (99.99%), Leader Chaumontel (99.99%), Leader Grenat (99.99%), Leader Nemours (99.99%), Leader Thiais (99.99%), Mini LP 80 (99.99%), RLPG Saint Jean d'Angely

(99.99%), Lab Franprix (50%), Ansedis (100%), Distrileader Lognes (99.99%), Leader Vallauris (100%), Sogivilliers (99.99%), Belriv Angers (100%), Belriv Cholet (100%), Chatenay Distribution (100%), Distrimitry II (100%), Leader Price Libération (100%), Leader Price Trillade (100%), Nano Boutique 1 (100%), Castedis Hard Discount (100%), Leader Price Delage (100%), Leader Price Roche Chalais (100%), Mazamet Discount (100%), Darcy Distribution (100%), Districhel (100%), Leader Price Beguey (100%), Amaloua (100%), Société Alimentaire de Fontenay SAF (100%), Bien Beaurepaire (100%), BREC (100%), Beauredis (100%), Distrileader Melle (99.99%), Holding Mag Île-de-France (100%), Minimarché Essonne (100%), Minimarché Gonesse (100%), Noisydis (100%), SAS Miramar (51%), Namurdis (99.99%) and Minimarché Marne (100%).

CASINO RESTAURATION GROUP

CJ Restauration (100%).

MONOPRIX GROUP

Gare des Gobelins Logistique (100%), Montmartre Logistique (100%) and Monoprix Online (100%).

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

2.5.3. Pledged assets

Assets pledged by the Company or companies in the Group do not represent a material percentage of the Group's assets (1% of non-current assets or €209 million).

2.5.4. Related-party transactions

The Company maintains normal relations with all its subsidiaries in its day-to-day management of the Group, as described in section 2.4.1 on page 32.

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 2018 was €760,000 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 on 13 December 2018, and on the recommendation of the Audit Committee, the Board of Directors approved an agreement providing for the reimbursement by the Company of the specific expenses borne by Mercialys in connection with the process for the sale of all or part of Casino's interest in Mercialys' capital, as follows: (i) external expenses, corresponding mainly to legal advisors' fees, to be reimbursed upon presentation of vouchers and up to a maximum aggregate amount of €200,000 excluding VAT for the period to 31 December 2019, and (ii) exceptional compensation, including related payroll taxes, which would be paid by Mercialys to its top management (the two senior corporate officers and the Chief Financial Officer, whose roles are critical in organising the sale process and ensuring that it goes smoothly), representing a lump sum amount of three months' fixed compensation for 2018, *i.e.*, €236,250 in total, plus payroll taxes for an estimated aggregate amount of €303,200.

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 379 and page 175 of this document, respectively).

No agreements were entered into in 2018, 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 section 2.6 in Chapter 2 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 "Prior review of agreements between related parties by the Audit Committee", on page 332 of this document.

2.6. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2.6.1. Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2018

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 regulations 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 2018.

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 2018 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 1 January 2018 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 for Statutory Auditors *(Code de déontologie de la profession de Commissaire aux comptes)*.

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 2018, the net carrying amounts of goodwill and brands with an indefinite life recorded in the consolidated statement of financial position amount to, respectively, €8,690 million and €1,515 million, which represents approximately 27% of total consolidated assets. As part of the valuation of these assets, the Group allocates goodwill and brands to cash-generating units (CGUs) using the method described in Notes 10.1, 10.2 and 10.5 to the consolidated financial statements, respectively. The Group performs impairment tests at least once a year and whenever a trigger for impairment is identified. 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 analyzed in particular: ▪ the consistency of cash flow projections with the budget and the medium-term business plan 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. With the assistance of our valuation experts, we recalculated these discount rates using the most recent market data available, compared the results obtained with (i) the rates adopted by management and (ii) the rates observed for several players operating in the same business sector as the Group, and assessed the reasonableness of the rates adopted by management; ▪ 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, especially 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 on the basis of a percentage defined contractually, and applied 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 year, the large number of contracts involved and the necessity for management to estimate the related purchases 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 significant subsidiaries and carried out tests on the key controls; ▪ reconciled, on a sampling basis, the contractual terms relating to rebates to be received from suppliers with their valuation; ▪ 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; ▪ followed up on the collection of these receivables subsequent to the year-end date.

Recognition of tax credits and follow up on the contingent tax liabilities at GPA

Risk identified	Our response
Please see Notes "5.1 – Key indicators by reportable segment", "6.8 – 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 €519 million as of 31 December 2018. These tax credits are accounted for as a reduction of cost of goods sold in the income statement.	We interviewed the various persons who hold responsibilities in the GPA organization to identify and to obtain an understanding of the tax credits, existing disputes and liabilities and the related judgements.
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 estimated to €315 million the amount of contingent PIS and COFINS tax credit assets in relation to the exclusion of ICMS from the calculation basis of these two taxes. 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 that are estimated at €2,128 million as of 31 December 2018 were analysed as contingent liabilities and no provisions weere recognized as of 31 December 2018, as indicated in Note 13.3 to the consolidated financial statements.	Concerning tax credits, we examined: ▪ the internal control environment and process in which these tax credits are monitored and we tested the related key controls using sampling techniques; ▪ the documentation that evidences 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 shown in the consolidated financial statements; ▪ the 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 qualification of the various disputes as contingent liabilities; ▪ examined the risk estimates prepared by the Group and reconciled them with the figures in relation to the contingent tax liabilities that are included in the notes to the consolidated financial statements.
We considered the recognition and recoverability of both the tax credits and the valuation and monitoring of contingent tax liabilities 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 2018, (ii) the complexity of the Brazilian tax legislation related to taxes and (iii) the use of judgements and estimates by management in connection with the recognition of tax credits and the valuation of the 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	
Via Varejo constitutes the entire "Latam Electronics" operating sector and the e-commerce business in Brazil through its subsidiary Cnova Brazil (hereinafter "Via Varejo"). As of 31 December 2018, the Via Varejo assets and liabilities held for sale are shown on a separate line and total respectively €5,698 million and €4,426 million, hence net assets amounting to €1,272 million (about 11% of the consolidated net assets). As described in Note 2 to the consolidated financial statements, the disposal of the Group's investment in Via Varejo initiated in 2016 could not be finalized as of 31 December 2018. However, while seeking to continue with such disposal to strategic investors, the subsidiary's Board of Directors authorized alternatives to conclude this disposal by 31 December 2019. As the Group therefore estimated the disposal of Via Varejo to be highly probable in 2019, Via Varejo's activities were maintained in discontinued operations in accordance with IFRS 5: ▪ the assets and liabilities as well as the cash flow of Via Varejo were presented on a separate lines respectively 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 was 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. Given the significance of Via Varejo's contribution to the consolidated financial statements and the degree of judgement in relation to (i) the highly probable nature of the disposal that justifies to maintain the recording of the Via Varejo's business in the discontinued operations and (ii) the valuation of the investment, we believe the presentation and valuation of the discontinued operations of Via Varejo to be a key audit matter	Within the scope of our audit: ▪ we analyzed the documentation underlying the ongoing disposal of Via Varejo which led the Group's management to maintain Via Varejo in assets held for sale and discontinued operations, particularly (i) the minutes of the GPA Board of Directors' meeting which authorized the alternatives to conclude the sale by 31 December 2019, including the possibility of selling its investment via stock market transactions and (ii) the terms of sale of a portion of the ordinary shares of Via Varejo in December 2018, as described in Note 2 to the consolidated financial statements; ▪ we examined the 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. ▪ we assessed the methods for determining the fair value of these assets and liabilities, less estimated selling costs, as of 31 December 2018. In particular, we considered whether the estimate of the fair value of Via Varejo was consistent with the disposal arrangements planned by management. Finally, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

SPECIFIC VERIFICATIONS

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.

We attest that the consolidated statement of non-financial performance provided by Article L. 225-102-1 of the French Commercial Code features in the Group information presented in the management report, it being specified that, pursuant to Article L. 823-10 of this Code, we have not verified the fairness of the information contained in this statement or its consistency with the consolidated financial statements and it should be covered in a report by an independent third-party body.

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 2018, our audit firms were both in their 9th 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, 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 bring to its attention any significant deficiencies 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 and in the French Code of Ethics 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, 13 March 2019

The Statutory Auditors

Ernst & Young et Autres	Deloitte & Associés	
Yvon SALAÜN	Frédéric MOULIN	Patrice CHOQUET

2.6.2. Consolidated financial statements

2.6.2.1. CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	2018	2017 (restated)[1]
CONTINUING OPERATIONS			
Net sales	5/6.1	36,604	37,490
Other revenue	6.1	532	555
Total revenue	**6.1**	**37,136**	**38,045**
Cost of goods sold	6.2	(27,831)	(28,555)
Gross margin	**5.1**	**9,305**	**9,490**
Selling expenses	6.3	(6,679)	(6,902)
General and administrative expenses	6.3	(1,416)	(1,376)
Trading profit	**5.1**	**1,209**	**1,213**
As a % of net sales		*3.3%*	*3.2%*
Other operating income	6.5	423	185
Other operating expenses	6.5	(798)	(666)
Operating profit		**834**	**732**
As a % of net sales		*2.3%*	*2.0%*
Income from cash and cash equivalents	11.3.1	37	81
Finance costs	11.3.1	(364)	(449)
Net finance costs	**11.3.1**	**(327)**	**(367)**
Other financial income	11.3.2	122	161
Other financial expenses	11.3.2	(260)	(239)
Profit before tax		**369**	**286**
As a % of net sales		*1.0%*	*0.8%*
Income tax (expense)/benefit	9.1	(204)	(48)
Share of profit of equity-accounted investees	3.3.3	17	13
Net profit/(loss) from continuing operations		**182**	**251**
As a % of net sales		*0.5%*	*0.7%*
Attributable to owners of the parent		(45)	108
Attributable to non-controlling interests		227	143
DISCONTINUED OPERATIONS			
Net profit/(loss) from discontinued operations	**3.5.2**	**(21)**	**47**
Attributable to owners of the parent	3.5.2	(9)	(7)
Attributable to non-controlling interests	3.5.2	(11)	54
CONTINUING AND DISCONTINUED OPERATIONS			
Consolidated net profit/(loss)		**161**	**298**
Attributable to owners of the parent		(54)	101
Attributable to non-controlling interests	12.8	215	198

Earnings per share

(€)	Notes	2018	2017 (restated)[1]
From continuing operations, attributable to owners of the parent	**12.10.2**		
▪ Basic		(0.86)	0.52
▪ Diluted		(0.86)	0.52
From continuing and discontinued operations, attributable to owners of the parent	**12.10.2**		
▪ Basic		(0.95)	0.46
▪ Diluted		(0.95)	0.46

(1) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3.).

2.6.2.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	**2018**	2017 (restated)[1]
Consolidated net profit/(loss)	**161**	**298**
Items that may subsequently be reclassified to profit or loss	**(791)**	**(1,303)**
Cash flow hedges and cash flow hedge reserve[2]	19	(40)
Foreign currency translation adjustments[3]	(796)	(1,259)
Available-for-sale financial assets	–	(1)
Debt instruments at fair value through other comprehensive income (OCI)	2	–
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	(10)	(15)
Income tax effects	(6)	13
Items that will never be reclassified to profit or loss	**(13)**	**(32)**
Equity instruments at fair value through other comprehensive income	(2)	–
Actuarial gains and losses	(15)	(40)
Share of items of equity-accounted investees that will never be subsequently reclassified to profit or loss	(2)	–
Income tax effects	6	9
Other comprehensive income/(loss) for the year, net of tax	**(804)**	**(1,335)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(643)**	**(1,037)**
Attributable to owners of the parent	*(392)*	*(525)*
Attributable to non-controlling interests	*(251)*	*(512)*

(1) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3).

(2) The change in the cash flow hedge reserve in 2018 was not material.

(3) The €796 million negative net translation adjustment in 2018 arose primarily from the depreciation of the Brazilian and Colombian currencies (€693 million and €46 million, respectively). The €1,259 million negative net translation adjustment in 2017 mainly concerned the depreciation of the Brazilian and Colombian currencies, for €1,116 million and €89 million, respectively.

Changes in other comprehensive income are presented in Note 12.7.2.

2.6.2.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)[(1)]	1 January 2017 (restated)[(1)]
Goodwill	10.1	8,690	9,031	9,595
Intangible assets	10.2	2,906	2,879	3,109
Property, plant and equipment	10.3	5,878	7,289	8,123
Investment property	10.4	497	460	411
Investments in equity-accounted investees	3.3.3	500	575	609
Other non-current assets	6.9	1,275	1,199	1,075
Deferred tax assets	9.2.1	553	522	678
Total non-current assets		**20,299**	**21,955**	**23,599**
Inventories	6.6	3,843	3,815	3,939
Trade receivables	6.7	905	937	886
Other current assets	6.8	1,437	1,287	1,543
Current tax assets		165	138	130
Cash and cash equivalents	11.1	3,730	3,391	5,750
Assets held for sale	3.5.1	7,061	6,593	6,120
Total current assets		**17,141**	**16,161**	**18,368**
TOTAL ASSETS		**37,440**	**38,116**	**41,967**

Equity and liabilities

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)[(1)]	1 January 2017 (restated)[(1)]
Share capital	12.2	168	170	170
Additional paid-in capital, treasury shares, retained earnings and consolidated net profit/(loss)		6,563	7,385	8,272
Equity attributable to owners of the parent		**6,731**	**7,555**	**8,441**
Non-controlling interests	**12.8**	**5,288**	**5,468**	**5,986**
Total equity	**12**	**12,019**	**13,023**	**14,427**
Non-current provisions for employee benefits	8.2	366	358	312
Other non-current provisions	13.1	483	514	615
Non-current financial liabilities	11.2	6,817	7,229	7,733
Non-current put options granted to owners of non-controlling interests	3.4.1	63	28	41
Other non-current liabilities	6.10	472	489	627
Deferred tax liabilities	9.2.2	636	725	1,094
Total non-current liabilities		**8,837**	**9,343**	**10,422**
Current provisions for employee benefits	8.2	11	11	12
Other current provisions	13.1	154	162	163
Trade payables		6,688	6,664	6,936
Current financial liabilities	11.2	2,211	1,493	2,482
Current put options granted to owners of non-controlling interests	3.4.1	126	143	341
Current tax liabilities		124	88	54
Other current liabilities	6.10	2,643	2,509	2,727
Liabilities associated with assets held for sale	3.5.1	4,628	4,680	4,404
Total current liabilities		**16,584**	**15,750**	**17,118**
TOTAL EQUITY AND LIABILITIES		**37,440**	**38,116**	**41,967**

(1) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3).

2.6.2.4. CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	**2018**	2017 (restated)[1]
Profit before tax from continuing operations		369	286
Profit/(loss) before tax from discontinued operations	3.5.2	(46)	74
Consolidated profit before tax		**323**	**360**
Depreciation and amortisation expense	6.4	656	688
Provision expense	4.1	221	51
Losses/(gains) arising from changes in fair value	11.3.2	45	(47)
Expenses/(income) on share-based payment plans	8.3.1	21	18
Other non-cash items		60	(47)
(Gains)/losses on disposals of non-current assets	4.4	(231)	11
(Gains)/losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		(29)	29
Dividends received from equity-accounted investees	3.3.1/3.3.2	55	101
Net finance costs	11.3.1	327	367
Non-recourse factoring and associated transaction costs	11.3.2	81	83
Gain on disposal of discontinued operations	3.5.2	–	-
Adjustments related to discontinued operations	3.5.3	131	387
Net cash from operating activities before change in working capital, net finance costs and income tax		**1,659**	**2,002**
Income tax paid		(241)	(114)
Change in operating working capital	4.2	(192)	(303)
Income tax paid and change in operating working capital: discontinued operations	3.5.3	266	(78)
Net cash from operating activities		**1,492**	**1,506**
Of which continuing operations		*1,141*	*1,123*
Cash outflows related to acquisitions of:			
▪ Property, plant and equipment, intangible assets and investment property	4.3	(1,185)	(1,247)
▪ Non-current financial assets		(53)	(39)
Cash inflows related to disposals of:			
▪ Property, plant and equipment, intangible assets and investment property	4.4	1,241	303
▪ Non-current financial assets		31	12
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.5	(95)	(69)
Effect of changes in scope of consolidation related to equity-accounted investees	4.6	170	(17)
Change in loans and advances granted		(21)	(47)
Net cash from/(used in) investing activities of discontinued operations	3.5.3	(119)	(97)
Net cash used in investing activities		**(30)**	**(1,202)**
Of which continuing operations		*89*	*(1,105)*

(€ millions)	Notes	**2018**	2017 (restated)[1]
Dividends paid:			
▪ to owners of the parent	12.9	(338)	(346)
▪ to non-controlling interests	4.7	(104)	(52)
▪ to holders of deeply subordinated perpetual bonds	12.9	(48)	(47)
Increase/(decrease) in the parent's share capital		–	–
Transactions between the Group and owners of non-controlling interests	4.8	232	(117)
(Purchases)/sales of treasury shares	12.4	(103)	(11)
Additions to borrowings	4.9	1,542	1,589
Repayments of borrowings	4.9	(1,346)	(2,534)
Interest paid, net	4.10	(424)	(505)
Net cash used in financing activities of discontinued operations	3.5.3	(167)	(451)
Net cash used in financing activities		**(756)**	**(2,473)**
Of which continuing operations		***(588)***	***(2,022)***
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		(232)	(333)
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		(96)	(148)
CHANGE IN CASH AND CASH EQUIVALENTS	**4.9**	**377**	**(2,651)**
Net cash and cash equivalents at beginning 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
Net cash and cash equivalents at end of period		**4,514**	**4,137**
▪ Of which net cash and cash equivalents of continuing operations	11.1	3,592	3,236
▪ Of which net cash and cash equivalents of discontinued operations		922	901

(1) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3).

2.6.2.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions) (before appropriation of profit)	Share capital	Additional paid-in capital(1)	Treasury shares
AS AT 1 JANUARY 2017 (REPORTED)	**170**	**3,992**	**(5)**
Effects of applying IFRS 15 (Note 1.3)	–	–	–
AS AT 1 JANUARY 2017 (RESTATED)(*)	**170**	**3,992**	**(5)**
Other comprehensive income/(loss) for the year (restated)(*)	–	–	–
Net profit/(loss) for the year (restated)(*)	–	–	–
Consolidated comprehensive income/(loss) for the year (restated)(*)	**–**	**–**	**–**
Issue of share capital	–	–	–
Purchases and sales of treasury shares	–	–	–
Dividends paid/payable to shareholders(6)	–	–	–
Dividends paid/payable to holders of deeply-subordinated perpetual bonds(6)	–	–	–
Share-based payments	–	–	–
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(7)	–	–	–
Other movements	–	–	–
AS AT 31 DECEMBER 2017 (RESTATED)(*)	**170**	**3,992**	**(5)**
Effect of applying IFRS 9, IAS 29 and amendments to IFRS 2 (Note 1.3)	–	–	–
AS AT 1 JANUARY 2018	**170**	**3,992**	**(5)**
Other comprehensive income/(loss) for the year	–	–	–
Net profit/(loss) for the year	–	–	–
Consolidated comprehensive income/(loss) for the year	**–**	**–**	**–**
Issue of share capital	–	–	–
Purchases and sales of treasury shares(5)	(2)	(53)	(28)
Dividends paid/payable to shareholders(6)	–	–	–
Dividends paid/payable to holders of deeply subordinated perpetual bonds(6)	–	–	–
Share-based payments	–	–	–
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(7)	–	–	–
Other movements	–	–	–
AS AT 31 DECEMBER 2018	**168**	**3,939**	**(33)**

(*) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3).

(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) See Note 12.6.

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

(4) See Note 12.8.

(5) See Note 12.4 for information about treasury share transactions.

(6) See Note 12.9 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 concern GPA for €46 million, Franprix-Leader Price for €24 million and Éxito for €19 million (2017: GPA for €31 million, Éxito for €15 million and subsidiaries in Uruguay for €8 million).

(7) The €206 million positive impact corresponds for the most part to (a) the acquisition by Tikehau Capital and Bpifrance of shares in GreenYellow for €142 million (Note 2) and (b) the additional contribution of €85 million made by the private equity fund Fondo Inmobiliaro Colombia to the Viva Malls real estate trust created by Éxito in 2016. In 2017, the €84 million positive impact primarily concerned (a) the additional contribution of €80 million made by the private equity fund Fondo Inmobiliaro Colombia to the Viva Malls real estate trust and (b) the results of the public tender offer for Cnova N.V. shares, in the amount of €22 million, offset by the €15 million negative fair value adjustment to the NCI put on Disco shares.

Deeply-subordinated perpetual bonds (TSSDI)	Retained earnings and profit for the year	Other reserves[2]	Equity attributable to owners of the parent[3]	Non-controlling interests[4]	Total equity
1,350	**4,412**	**(1,469)**	**8,450**	**5,990**	**14,440**
–	(9)	–	(9)	(4)	(12)
1,350	**4,403**	**(1,469)**	**8,441**	**5,986**	**14,427**
–	–	(626)	(626)	(710)	(1,335)
–	101	–	101	198	298
–	**101**	**(626)**	**(525)**	**(512)**	**(1,037)**
–	–	–	–	–	–
–	(7)	–	(7)	–	(7)
–	(346)	–	(346)	(69)	(415)
–	(50)	–	(50)	–	(50)
–	12	–	12	9	21
–	–	–	–	1	1
–	31	(1)	30	54	84
–	(1)	–	(1)	(2)	(3)
1,350	**4,144**	**(2,096)**	**7,555**	**5,468**	**13,023**
–	32	(17)	15	25	40
1,350	**4,177**	**(2,114)**	**7,570**	**5,493**	**13,063**
–	–	(338)	(338)	(466)	(804)
–	(54)	–	(54)	215	161
–	**(54)**	**(338)**	**(392)**	**(251)**	**(643)**
–	–	–	–	–	–
–	(17)	–	(100)	–	(100)
–	(338)	–	(338)	(103)	(441)
–	(48)	–	(48)	–	(48)
–	8	–	8	11	19
–	–	–	–	(35)	(35)
–	31	–	31	174	206
–	–	–	–	(2)	(1)
1,350	**3,759**	**(2,452)**	**6,731**	**5,288**	**12,019**

2.6.3. 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 2018 reflect the accounting situation of the Company and its subsidiaries, as well as the Group's interests in associates and joint ventures.

The 2018 consolidated financial statements of Casino, Guichard-Perrachon were approved for publication by the Board of Directors on 13 March 2019.

Note 1 Significant accounting policies

1.1. ACCOUNTING STANDARDS

Pursuant to European Commission Regulation No. 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 2018.

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, and the application of IAS 29 to Libertad as from 1 January 2018 following the classification of Argentina as a hyperinflationary economy (Note 1.3.3).

Standards, amendments to standards, and interpretations adopted by the European Union and mandatory for financial years beginning on or after 1 January 2018

The European Union has adopted the following standards, amendments and interpretations which must be applied by the Group for its financial year beginning on 1 January 2018:

- IFRS 9 – Financial Instruments;
- IFRS 15 – Revenue from Contracts with Customers;
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions.

The effects of applying IFRS 15 and IFRS 9 and the amendments to IFRS 2 are presented in Note 1.3.

The following texts have no material impact on the Group's financial statements:

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration

  This interpretation is applicable 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;

- Amendments to IAS 40 – Transfers of Investment Property

  These amendments are applicable on a prospective basis. They 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;

- IFRS Annual Improvements – 2014-2016 cycle

  The main standard concerned is IFRS 12 – Disclosure of Interests in Other Entities. These amendments are 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).

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 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, assets within France Retail segment and Mercialys shares 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);
- recognition, presentation and measurement of the recoverable amounts of tax credits or taxes (mainly ICMS, PIS and COFINS in Brazil) (Notes 5.1, 6.9 and 13);
- provisions for risks (Note 13), particularly tax and employee-related risks in Brazil.

1.3. CHANGES IN ACCOUNTING METHODS

1.3.1. Impact of first-time adoption of IFRS 15 – Revenue from Contracts with Customers

IFRS 15 defines the principles for recognising revenue and replaces IAS 18 – Revenue, IAS 11 – Construction Contracts and all related interpretations. The standard defines a single 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 the allocation of the transaction price for contracts with multiple performance obligations.

The Group has decided to apply IFRS 15 from 1 January 2018 under the full retrospective approach, by restating comparative information. In view of the nature of the Group's businesses, the application of the standard had no material impact on the revenue and trading profit previously published by the Group.

Adoption of IFRS 15 has mainly led to reclassifications between net sales, other revenue, cost of goods sold and selling expenses. This mainly concerns certain services provided to suppliers, certain promotional offers granted directly by suppliers to end-customers, agent/principal qualifications in certain contracts and the presentation of rental revenue. Retrospective application of IFRS 15 to the 2017 financial statements led to a €332 million decrease in net sales and a €30 million decrease in trading profit (including €19 million in the France Retail segment and €10 million in the E-commerce segment) compared to the previously reported amounts.

The amended accounting policy applied to revenue is presented in Note 6.

1.3.2. Impact of the first-time adoption of IFRS 9 – Financial Instruments

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.

The Group has applied IFRS 9 as from 1 January 2018 by recording the cumulative impact in opening equity at the transition date. The main individually non-material changes resulting from the application of IFRS 9 are as follows:

- in line with the new impairment model for financial assets (including contract assets), incurred losses recorded under IAS 39 have been replaced by lifetime expected credit losses. The Group has applied the simplified model for all these assets, in particular receivables from franchisees and tenants. With respect to continuing operations excluding equity-accounted investees, application of the new model led to a €51 million increase in provisions for asset impairment and a €35 million reduction in equity, net of tax;
- credit card receivables (Brazil) have been classified as debt instruments at fair value through other comprehensive income, resulting in a €3 million reduction in trade receivables and a €2 million reduction in equity;
- equity instruments previously classified as "Available-for-sale financial assets" have been reclassified mainly as equity instruments at fair value through profit or loss;
- bond swaps have been restated, leading to a €19 million increase in debt and a €15 million reduction in equity, net of tax;
- with respect to equity-accounted investees (Mercialys, Banque du Groupe Casino and FIC), an €11 million reduction in equity, net of tax was recognised against equity-accounted investees, mainly due to the application of the new impairment model for financial assets;
- with respect to Via Varejo's discontinued operations, a €47 million reduction in equity, net of tax was recognised against assets held for sale, as a result of the application of the new impairment model for consumer finance receivables and to the classification of credit card receivables as debt instruments at fair value through other comprehensive income.

The table below shows the original measurement categories under IAS 39 and the new categories used as from 1 January 2018 under IFRS 9 for each class of financial assets. The financial liability categories are unchanged and are therefore not presented.

(€ millions)	Original classification (IAS 39)	**New classification (IFRS 9)**	Original carrying amount as at 31 December 2017 (IAS 39)[1]	**New carrying amount as at 1 January 2018 (IFRS 9)**
Equity instruments	Available-for-sale – at cost	Fair value through profit or loss	4	4
Equity instruments	Available-for-sale – at fair value	Fair value through profit or loss	32	32
Cash and cash equivalents	Held-for-trading financial assets	Fair value through profit or loss	4	4
Cash and cash equivalents	Loans and receivables	Amortised cost	3,386	3,386
Hedging derivative assets	Hedging instruments	Fair value – hedging instruments	98	98
Credit card receivables (Brazil)	Loans and receivables	Debt instruments at fair value through other comprehensive income	119[2]	116[2]
Trade receivables and other current and non-current assets	Loans and receivables	Amortised cost	2,170	2,119

(1) The original carrying amounts as at 31 December 2017 are presented in Note 11.4.1.
(2) The original carrying amount and the new carrying amount under IFRS 9 of Via Varejo's debt instruments (reclassified as "Assets held for sale" and not included in the table above) represent €421 million and €405 million, respectively.

The new accounting principles applicable to financial instruments are presented in Note 11.

1.3.3. Impact on the consolidated financial statements

The following tables show the impact on the previously published consolidated income statement, statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows resulting from:

- the first-time application of IFRS 15 – Revenue from Contracts with Customers (Note 1.3.1);
- application of IFRS 9 – Financial Instruments from 1 January 2018 (Note 1.3.2); as permitted by the standard, the Group has opted not to restate comparative information;
- prospective application of the amendments to IFRS 2 – Share-based Payment: the impact consists in the reclassification in non-controlling interests at 1 January 2018 of a €5 million debt corresponding to withholding taxes due on stock option plans in Brazil;
- limited retrospective application at 1 January 2018 (cumulative catch-up without restating 2017) of IAS 29 – Financial Reporting in Hyperinflationary Economies in Argentina. IAS 29 requires that the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies should be (i) restated by applying a general price index so that they are stated in terms of the measuring unit current at the end of the reporting period, and (ii) converted into euros at the period-end exchange rate.

Moreover, certain changes have been made to the presentation of the consolidated income statement in connection with the application of IFRS 15. These changes concern (i) the addition of a new indicator, "Total revenue", representing the sum of "Net sales" and "Other revenue", (ii) the reclassification of the cost of property development and property trading activities and changes in related inventories from "Selling expenses" to "Cost of goods sold", and (iii) reclassifications between "Net sales" and "Other revenue" of various items including:

- rental revenues, which are now reported under "Other revenue";
- franchising and service fees billed to franchisees, which are now reported under "Net sales".

The new presentation has been applied retrospectively, by restating 2017 comparative information on the same basis.

Impact on the main consolidated income statement indicators of retrospective application of IFRS 15

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)
Net sales	37,822	(332)	37,490
Other revenue	414	141	555
TOTAL REVENUE	**38,236**	**(192)**	**38,045**
Cost of goods sold	(28,694)	140	(28,555)
Selling expenses	(6,942)	41	(6,902)
General and administrative expenses	(1,357)	(19)	(1,376)
Trading profit	**1,242**	**(30)**	**1,213**
Operating profit	**762**	**(30)**	**732**
Net finance costs	(367)	–	(367)
Other financial income and expenses	(78)	–	(78)
Profit before tax	**316**	**(30)**	**286**
Income tax (expense)/benefit	(56)	8	(48)
Share of profit of equity-accounted investees	13	–	13
Net profit/(loss) from continuing operations	**273**	**(22)**	**251**
Attributable to owners of the parent	*127*	*(19)*	*108*
Attributable to non-controlling interests	*146*	*(2)*	*143*
Net profit/(loss) from discontinued operations	**47**	**-**	**47**
Attributable to owners of the parent	*(7)*	–	*(7)*
Attributable to non-controlling interests	*54*	–	*54*
CONSOLIDATED NET PROFIT/(LOSS)	**320**	**(22)**	**298**
Attributable to owners of the parent	*120*	*(19)*	*101*
Attributable to non-controlling interests	*200*	*(2)*	*198*

No impact on the consolidated statement of comprehensive income aside from the impact on the consolidated income statement referred to above.

Impact on the main consolidated statement of financial position indicators

Impact of first-time application of IFRS 15 at 1 January 2017

(€ millions)	1 January 2017 (reported)	IFRS 15 adjustments	1 January 2017 (restated)
Goodwill	9,595	-	9,595
Intangible assets, property, plant and equipment, and investment property	11,642	-	11,642
Investments in equity-accounted investees	625	(16)	609
Other non-current assets	1,080	(6)	1,075
Deferred tax assets	687	(9)	678
Total non-current assets	**23,629**	**(30)**	**23,599**
Inventories	3,990	(51)	3,939
Trade receivables	880	6	886
Other current assets	1,542	1	1,543
Current tax assets	130	-	130
Cash and cash equivalents	5,750	-	5,750
Assets held for sale	6,120	-	6,120
Total current assets	**18,412**	**(44)**	**18,368**
TOTAL ASSETS	**42,042**	**(74)**	**41,967**
Equity attributable to owners of the parent	8,450	(9)	8,441
Non-controlling interests	5,990	(4)	5,986
Total equity	**14,440**	**(12)**	**14,427**
Non-current provisions for employee benefits	312	-	312
Other non-current provisions	615	-	615
Non-current financial liabilities	7,733	-	7,733
Non-current put options granted to owners of non-controlling interests	41	-	41
Other non-current liabilities	618	9	627
Deferred tax liabilities	1,094	-	1,094
Total non-current liabilities	**10,413**	**9**	**10,422**
Current provisions for employee benefits	12	-	12
Other current provisions	163	-	163
Trade payables	6,939	(3)	6,936
Current financial liabilities	2,482	-	2,482
Current put options granted to owners of non-controlling interests	341	-	341
Current tax liabilities	54	-	54
Other current liabilities	2,795	(67)	2,727
Liabilities associated with assets held for sale	4,404	-	4,404
Total current liabilities	**17,189**	**(71)**	**17,118**
TOTAL EQUITY AND LIABILITIES	**42,042**	**(74)**	**41,967**

Impact of retrospective application of IFRS 15 at 31 December 2017, and impact of first-time application of IFRS 9 and IAS 29 and the amendments to IFRS 2 at 1 January 2018

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)	IFRS 9 adjustments	IAS 29 and IFRS 2 adjustments (1)	1 January 2018 (restated)
Goodwill	9,031	–	9,031	–	61	9,092
Intangible assets, property, plant and equipment, and investment property	10,629	–	10,629	–	104	10,732
Investments in equity-accounted investees	587	(13)	575	(11)	–	563
Other non-current assets	1,220	(21)	1,199	–	–	1,199
Deferred tax assets	523	(1)	522	23	(22)	523
Total non-current assets	**21,990**	**(35)**	**21,955**	**12**	**142**	**22,110**
Inventories	3,871	(57)	3,815	–	–	3,815
Trade receivables	946	(9)	937	(49)	–	888
Other current assets	1,272	15	1,287	(5)	–	1,282
Current tax assets	138	–	138	–	–	138
Cash and cash equivalents	3,391	–	3,391	–	–	3,391
Assets held for sale	6,593	–	6,593	(47)	4	6,551
Total current assets	**16,212**	**(51)**	**16,161**	**(101)**	**4**	**16,064**
TOTAL ASSETS	**38,202**	**(86)**	**38,116**	**(89)**	**146**	**38,174**
Equity attributable to owners of the parent	7,584	(29)	7,555	(66)	81	7,570
Non-controlling interests	5,473	(5)	5,468	(46)	71	5,493
Total equity	**13,057**	**(34)**	**13,023**	**(112)**	**152**	**13,063**
Non-current provisions for employee benefits	358	–	358	–	–	358
Other non-current provisions	514	–	514	–	–	514
Non-current financial liabilities	7,229	–	7,229	19	–	7,249
Non-current put options granted to owners of non-controlling interests	28	–	28	–	–	28
Other non-current liabilities	481	8	489	–	(3)	486
Deferred tax liabilities	725	–	725	–	–	725
Total non-current liabilities	**9,335**	**8**	**9,343**	**19**	**(3)**	**9,360**
Current provisions for employee benefits	11	–	11	–	–	11
Other current provisions	162	–	162	–	–	162
Trade payables	6,649	15	6,664	–	–	6,664
Current financial liabilities	1,493	–	1,493	–	–	1,493
Current put options granted to owners of non-controlling interests	143	–	143	–	–	143
Current tax liabilities	88	–	88	–	–	88
Other current liabilities	2,584	(74)	2,509	4		2,513
Liabilities associated with assets held for sale	4,680	–	4,680	–	(2)	4,678
Total current liabilities	**15,809**	**(60)**	**15,750**	**4**	**(2)**	**15,751**
TOTAL EQUITY AND LIABILITIES	**38,202**	**(86)**	**38,116**	**(89)**	**146**	**38,174**

(1) These impacts arise mainly from the application of IAS 29; impacts related to IFRS 2 are limited to the reclassification in non-controlling interests of a €5 million debt.

Impact on the main consolidated statement of cash flows indicators

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)
Net cash from operating activities	**1,506**	**-**	**1,506**
▪ Of which consolidated profit/(loss) before tax	390	(30)	360
▪ Of which other components of cash flow	1,645	(3)	1,641
▪ Of which change in operating working capital and income tax paid	(528)	33	(495)
Net cash used in investing activities	**(1,203)**	**-**	**(1,202)**
Net cash used in financing activities	**(2,473)**	**-**	**(2,473)**
Effect of changes in exchange rates on cash and cash equivalents	(481)	-	(481)
CHANGE IN CASH AND CASH EQUIVALENTS	**(2,651)**	**-**	**(2,651)**
Net cash and cash equivalents at beginning of period	6,787	-	6,787
Net cash and cash equivalents at end of period	4,137	-	4,137

Note 2 Significant events of the year

Significant events of the year are the following:

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 stake in its subsidiary Via Varejo, in line with its long-term strategic refocusing on the food retailing business.

Throughout 2018, GPA actively sought to sell the company to strategic investors. However, due to external factors that were beyond GPA's control, related mainly to the macro-economic environment in Brazil, no potential buyer had been found as of 31 December 2018. While continuing the process of seeking out potential buyers, on 21 December 2018, GPA's Board of Directors authorised management to explore alternative solutions to enable the sale to be completed before 31 December 2019, including by selling the Via Varejo shares in a series of transactions on the stock market.

The process to transfer all Via Varejo shares to the New Market segment of the B3-Brasil Bolsa Balcão stock market was completed in November 2018.

In this context, at the end of December 2018, GPA signed an agreement for the sale of 50 million Via Varejo ordinary shares (3.86% of the capital) through a total return swap (TRS) with a leading financial institution with the purpose of subsequently selling the shares on the market over a period ending at the latest on 30 April 2019. The sales were completed ahead of this date, with the last transaction carried out on 20 February.

The operation had no impact on the control or governance of Via Varejo. As of 31 December 2018, because the TRS did not meet the requirements for derecognition under IFRS 9, the underlying sale was not recorded in the accounts and a liability was recorded for the €49 million received from the counterparty (Notes 11.2.2 and 11.2.4). As at 31 December 2018, GPA held 39.4% of Via Varejo's voting rights and 43.23% of the shares.

Therefore, the sale of Via Varejo in 2019 is considered highly probable, and in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations:

- the assets and liabilities held for sale are reported on a separate line of the consolidated statement of financial position (Note 3.5.1);
- Via Varejo's net profit and cash flows for the years ended 31 December 2018 and 2017 are reported on separate lines in the consolidated income statement and consolidated statement of cash flows;
- Via Varejo has been excluded from tables in the notes, in particular those 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.

Pursuant to the authorisation given by its Board of Directors on 20 February 2019, GPA has contracted a second total return swap for 40 million Via Varejo shares (see Note 15).

BOND ISSUE

On 24 January 2018, Casino placed a €200 million tap of its bond issue due June 2022, at an effective interest rate of 1.58%. The operation issue raised the total nominal amount of the bond from €550 million to €750 million.

ACQUISITION OF SARENZA (NOTE 3.1.1)

COMMERCIAL PARTNERSHIP BETWEEN MONOPRIX AND AMAZON

On 26 March 2018, Monoprix and Amazon announced that they were forming a commercial partnership to deliver grocery items sourced from Monoprix to Amazon's Prime service customers in Paris and its inner suburbs.

On 12 September 2018, the two partners announced the launch of a dedicated virtual store on the Amazon Prime Now app and website, giving Amazon Prime members access to over 6,000 products with delivery to the address of their choice in less than two hours.

ANNOUNCEMENT OF AN ASSET DISPOSAL PLAN

On 11 June 2018, the Group announced that it was launching an asset disposal plan to support ongoing transformation of the business model and accelerate the deleveraging process in France. The plan concerned non-strategic real estate and other assets identified by the Group with an estimated total realisable value of €1.5 billion. The objective was for half of the plan to be completed in 2018.

As at 31 December 2018, disposals under the plan totalled €1,105 million and included:

- sale of 15% of Mercialys shares through an equity swap for €213 million (Note 3.1.4);
- entry of Tikehau Capital and Bpifrance into the capital of GreenYellow for €150 million (see below);
- sale of Monoprix real estate assets: following the synallagmatic agreements signed on 28 September and 17 October 2018, the Group completed the sale of buildings pertaining to 53 Monoprix stores to Generali Group and 14 stores to AG2R La Mondiale on 20 December 2018. After deducting registration fees, these transactions amounted to €742 million and generated a capital gain of €166 million, net of transaction costs (Note 6.5). The Group will continue to operate the stores under leases representing an annual rent of €35 million.

Indicative offers have also been received for other assets included in the disposal plan, some of which have led to agreements being signed since the beginning of 2019 (Note 15).

COOPERATION IN PURCHASING WITH AUCHAN RETAIL, METRO AND THE SCHIEVER GROUP

On 29 June 2018, the Casino, Auchan Retail, METRO and Schiever groups announced the signature of several agreements covering their cooperation in purchasing, internationally and in France. Previously, the Casino Group and Auchan Retail had announced on 3 April 2018 that they had begun exclusive talks to build a global strategic partnership. This coincided with Casino and Intermarché's mutually agreed termination of their purchasing alliance. The Dia group joined the partnership at the end of August 2018.

The new alliances, called Horizon, will focus on moving away from purely transactional negotiations towards a collaborative, balanced and innovative type of negotiations.

After being granted approval by the relevant competition authorities, Horizon International Services has been up and running since 15 February 2019 and covers 47 countries in Europe, Asia and South America in which these companies operate.

BOND BUYBACKS

A total of €128 million worth of bonds maturing at different dates between 2018 and 2026 were bought back in July and August 2018. The bonds were purchased as and when market opportunities arose, at prices that the Group considered attractive. The transactions were in line with the strategy to pay down gross debt. The impact on the consolidated financial statements was as follows:

- reduction in debt, including fair value hedges with a negative fair value: €135 million (Note 11.2.2);
- reduction in hedging instruments with a positive fair value: €3 million;
- recognition in "Finance costs, net" of a €4 million gain (not taking into account future interest savings).

RATING DOWNGRADES

On 3 September 2018, Standard & Poor's announced that it was downgrading Casino's rating from BB+ Stable outlook to BB Negative outlook. On 28 September 2018, Moody's announced that it was downgrading Casino's rating from Ba1, stable outlook to Ba1, negative outlook.

These changes have not had any impact on the cost of Casino's bond debt or on its liquidity position.

ENTRY OF TIKEHAU CAPITAL AND BPIFRANCE IN THE CAPITAL OF GREENYELLOW

On 12 October 2018, the Group announced the signing of an agreement under which Tikehau Capital, an asset management and investment firm, and Bpifrance would acquire a stake in GreenYellow, Casino's subsidiary dedicated to solar energy and energy efficiency solutions. The operation was completed on 18 December 2018, through a €150 million share issue underwritten by the two new shareholders, giving them a combined 24% stake. The impact (net of transaction costs) on the Group's consolidated financial statements was a €108 million increase in non-controlling interests and a €35 million increase in equity attributable to equity holders of the parent.

PARTNERSHIP WITH THE QUATTRUCCI FAMILY

On 15 October 2018, the Group announced the signing of a partnership with the Quattrucci family whereby twelve stores specialising in fresh products would join the Casino Group.

These stores, located in the Île-de-France region and the Oise department, generated more than €300 million in sales in 2017. Since 1 January 2019, the stores have been supplied by the Casino Group; seven have been converted to the "Marché frais Géant" banner and the other five to the "Marché frais Leader Price" banner.

CREATION OF A JOINT VENTURE WITH ENGIE

On 17 October 2018, GreenYellow and the ENGIE group announced the creation of a joint venture, Reservoir Sun, to help local authorities and companies in France to generate solar power to meet their electricity needs. The joint venture had no material impact on the consolidated financial statements at 31 December 2018.

INTERIM DIVIDEND

On 5 December 2018, the Company paid an interim dividend of €170 million (Note 12.9).

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.

Costs and expenses related to intra-group transfers of shares and to internal restructuring in general are included in "Other operating expenses".

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.

In accordance with IAS 29, the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies are (i) restated to take account of changes in the general purchasing power of the local currency, using official price indices applicable on the reporting date, and (ii) converted into euros at the exchange rate on the reporting date. The Group has qualified Argentina as a hyperinflationary economy since 2018 (see Note 1.3.3).

3.1. TRANSACTIONS AFFECTING THE SCOPE OF CONSOLIDATION IN 2018

3.1.1. Acquisition of Sarenza

On 30 April 2018, Monoprix acquired Sarenza, a leading online footwear retailer. The price paid for 100% of the shares was €22 million (Note 4.5).

Sarenza has been consolidated at net book value, leading to the recognition of provisional goodwill of €24 million (corresponding to the difference between the book value of the acquired net assets and the consideration transferred), which has been allocated to the Monoprix CGU.

Sarenza's contribution to consolidated net sales for the period from 30 April 2018 to 31 December 2018 was €97 million. If control of Sarenza had been acquired on 1 January 2018, it would have increased consolidated net sales by €70 million. Its contribution to pre-tax profit for the period was not material.

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

On 28 February 2018, Franprix-Leader Price sold control of 105 Franprix and Leader Price stores to a master franchisee. The sale proceeds amounted to €33 million (Note 4.5). The transactions generated a loss of €15 million which is recognised in "Other operating expenses". If the transactions had been completed on 1 January 2018, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

Franprix-Leader Price has retained a 49% interest in the group of stores and has a call option exercisable between 2021 and 2023 (Note 3.4.2).

The same master franchisee acquired a 40% stake in another group of Franprix-Leader Price stores. The investment was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake and Franprix-Leader Price has a call option. A debt of €17 million was recognised on the date of the transaction (Note 3.4.1). This transaction had no material impact on consolidated equity.

In addition, Franprix-Leader Price acquired control of 126 stores during 2018, at a total cost of €79 million, including €68 million paid in cash during the period (Note 4.5). Provisional goodwill on these transactions amounted to €76 million. Some of the stores acquired were 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 €22 million gain in "Other operating income".

If the acquisitions had been completed on 1 January 2018, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

3.1.3. Sale of a group of Casino supermarkets without loss of control

During first-half 2018, Distribution Casino France sold a 40% stake in five Casino supermarkets to a master franchisee. This sale without loss of control was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake – recognised in an amount of €19 million on the date of the transaction – and Distribution Casino France has a call option.

This transaction had no material impact on consolidated equity.

3.1.4. Mercialys TRS

On 26 July 2018, in connection with the announced asset disposal plan, the Group reduced its stake in Mercialys from 40.3% of the voting rights to 25.3%, through the block sale to a bank of shares representing 15% of the capital under a total return swap (TRS). Under the terms of the transaction, the Group received immediate proceeds amounting to €213 million (Note 4.6).

Under IFRS 9, the block sale is only effective once the shares are actually sold on the market by the bank. Consequently the shares have not been derecognised at 31 December 2018 and a liability was recorded for €198 million corresponding to the value of the shares not yet sold on the market (Note 11.2.2). The income statement impact of the bank's sale during 2018 of 1% of the capital was not material.

At 31 December 2018, the consolidated financial statements include the Group's 39.2% equity in Mercialys, of which 14% corresponds to the shares not sold on the market at that date by the bank.

The shares under the TRS have been reclassified as "Assets held for sale" in accordance with IFRS 5, for €114 million (Note 3.5.1).

3.2. TRANSACTIONS AFFECTING THE SCOPE OF CONSOLIDATION IN 2017

3.2.1. 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).

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).

3.2.2. 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 4.8).

In addition, as part of the ongoing strategy to transform the store network and improve its profitability, Franprix-Leader Price had begun the process of selling a group of 105 Franprix and Leader Price stores to a master franchisee (Note 3.1.2). At 31 December 2017, the assets and liabilities of these stores – representing net assets of €33 million – had been reclassified as "Assets held for sale" for €67 million and "Liabilities associated with assets held for sale" for €34 million.

Lastly, Franprix-Leader Price acquired control of various stores during 2017, at a total cost of €43 million (of which €23 million disbursed during 2017 and the balance in 2018). Provisional goodwill on these transactions amounted to €29 million. In light of the Group's equity-accounted investments in some of the entities concerned, the previously-held interests were remeasured at their acquisition-date fair value, leading to the recognition of a €9 million gain in "Other operating income".

If the acquisitions had been completed on 1 January 2017, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

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:

	2018				2017 (restated)			
(€ millions)	Mercialys	Tuya[2]	Banque du Groupe Casino	FIC[3]	Mercialys[1]	Tuya[2]	Banque du Groupe Casino	FIC[iii]
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
% interests and voting rights[4]	39%[1]	50%	50%	50%	40%	50%	50%	50%
Total revenue	258	314	164	225	187	403	139	274
Net profit from continuing operations	85	24	7	50	79	12	3	50
Other comprehensive income	–	–	–	–	–	–	–	–
TOTAL COMPREHENSIVE INCOME	**85**	**24**	**7**	**50**	**79**	**12**	**3**	**50**
Non-current assets	2,869	–	24	13	2,882	–	17	17
Current assets[5]	468	771	1,193	1,339	274	728	978	1,163
Non-current liabilities	(1,236)	–	(34)	(2)	(1,401)	–	(19)	(3)
Current liabilities	(746)	(661)	(1,051)	(1,188)	(335)	(657)	(864)	(1,013)
of which credit activities-related liabilities	*–*	*(544)*	*(1,051)*	*(453)*	*–*	*(516)*	*(844)*	*(994)*
Net assets	**1,355**	**109**	**132**	**162**	**1,420**	**71**	**112**	**164**
Of which net assets attributable to owners of the parent	*1,260*	*109*	*132*	*162*	*1,322*	*71*	*112*	*164*
Share of net assets	**494**	**55**	**66**	**81**	**532**	**35**	**56**	**82**
Goodwill	20	–	33	–	20	–	33	–
Elimination of share of intra-group margins	(192)	–	–	–	(202)	–	–	–
IFRS 5 reclassifications	(114)	–	–	(22)	–	–	–	(22)
Other adjustments[6]	–	–	–	(14)	–	(3)	–	(15)
Investments in equity-accounted investees (Note 3.3.3)	**207**	**55**	**99**	**46**	**350**	**32**	**89**	**45**
Dividends received from associates or joint ventures	**43**	**6[7]**	**–**	**6[8]**	**38**	**–**	**–**	**59[8]**

(1) As at 31 December 2018, the Group held 25% of the capital of Mercialys (39% interest of which 14% corresponding to shares classified as held-for-sale in accordance with IFRS 5). 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) Tuya was set up in partnership with Éxito and Bancolombia to manage the banking services offered to customers of the stores in Colombia, primarily the possibility of signing up for credit cards in the stores. The partnership structure changed in October 2016 when Éxito became a 50% shareholder of Tuya.

(3) FIC was set up by GPA in partnership with Banco Itaú Unibanco SA ("Itaú Unibanco") to finance purchases by GPA's customers. It is accounted for using the equity method as GPA exercises significant influence over its operating and financial policies.

(4) 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 41.92% of the capital (including 6.16% through Via Varejo which is classified as held-for-sale in accordance with IFRS 5).

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

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

(7) Stock dividends worth COP 20 billion (€6 million) paid to the joint venture partners.

(8) This amount only concerns GPA's direct interest and does not include €2 million in dividends received by Via Varejo (2017: €25 million).

3.3.2. Other investments in associates and joint ventures

At 31 December 2018, the carrying amounts of investments in other associates and joint ventures stood at €75 million and €19 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 €5 million in 2018 (2017: €4 million).

3.3.3. Changes in investments in equity-accounted investees

(€ millions)	Opening balance (restated)	IFRS 9 adjustments	Impairment loss	Share of profit for the year	Dividends	Other	Closing balance
Associates							
FIC (GPA)	92	-	-	18	(53)	(12)	45
Mercialys	351(*)	-	-	29	(38)	9(1)	350
Franprix-Leader Price Group associates	2	-	-	(39)	-	40(2)	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 (RESTATED)	**609**	**-**	**-**	**13**	**(96)**	**48**	**575**
Associates							
FIC (GPA)	45	(5)	-	18	(6)	(6)	46
Mercialys	350	(1)	-	30	(43)	(129)(1)	207
Franprix-Leader Price Group associates	4	-	-	(50)	-	54(2)	8
Other	39	-	-	-	(5)	33	67
Joint ventures							
Banque du Groupe Casino	89	(5)	-	3	-	11	99
Tuya (Éxito)	32	-	-	15	-	7	55
Other	15	-	-	-	-	4	19
2018	**575**	**(11)**	**-**	**17**	**(55)**	**(26)**	**500**

(*) Restatement of the investment in Mercialys following the retrospective application of IFRS 15 had a negative impact of €16 million.

(1) The €129 million negative movement in 2018 mainly reflects the reclassification as "Assets held for sale" in accordance with IFRS 5 of the shares underlying a total return swap and not yet sold on the market, for €114 million (Note 3.1.4). It also includes the previously eliminated share of margin on transactions between Mercialys and the Group, recorded in trading profit for €5 million following the sale on the market of Mercialys shares representing 1% of the capital that were included in the TRS described in Note 2. The €9 million increase in 2017 corresponded 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.

(2) The amount of €54 million in 2018 mainly related to (i) the same type of reclassification concerning the share of these losses from associates as in 2017 for an amount of €20 million; and (ii) and an amount of €20 million subscribed by Franprix-Leader Price to the capital increase of a master franchisee. The amount of €40 million in 2017 related to the reclassification of the share of losses from associates of Franprix-Leader Price that exceeds 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 impairment tests carried out at 31 December 2018 and 31 December 2017 did not result in the recognition of any impairment loss.

The fair value of the investment in Mercialys at the reporting date was €432 million for 39.2% of net assets, determined using the share price on 31 December 2018 (31 December 2017: €683 million for 40.2%). This did not result in the recognition of any impairment loss. Mercialys' EPRA NNNAV at 31 December 2018 amounted to €1,940 million on a 100% basis, of which the Group's share was €761 million.

3.3.5. Share of contingent liabilities of equity-accounted investees

As at 31 December 2018 and 31 December 2017, 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 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. These transactions are carried out on arm's length terms.

	2018		2017 (restated)	
(€ millions)	Associates	Joint ventures	Associates	Joint ventures
Loans	28	11	15	13
of which impairment	*(44)*	–	*(63)*	–
Receivables	139	48	120	49
of which impairment	–	–	*(1)*	–
Payables	30	549	10	274
Expenses	81(1)	2,323(2)	89(1)	1,117(2)
Income	1,051(3)	38	937(3)	17

(1) Of which rental revenue excluding occupancy costs for the 70 leases signed with Mercialys for €53 million in 2018 (2017: 74 leases for €55 million). At 31 December 2018, future minimum lease payments due to Mercialys on property assets amounted to €111 million, including €40 million due within one year.

(2) Including €1,164 million in fuel purchases from Distridyn and €1,127 million in goods purchases from CD Supply Innovation in 2018 (2017: €1,095 million and €0 million respectively).

(3) Income of €1,051 million in 2018 (2017: €937 million) includes sales of goods by Franprix-Leader Price and Distribution Casino France to master franchisees accounted for by the equity method, for €899 million (2017: €826 million). It also includes income related to property development transactions with Mercialys reported under "Other revenue" for €33 million (2017: €38 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 2018, the related management fees amounted to €6 million (2017: €6 million).
- Partnership agreement: this agreement was approved by Casino's Board of Directors on 19 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 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.

  No projects were sold under the partnership agreement in 2018.
- Support services agreement: the Group provides administrative, finance/accounting, IT and real estate support services to Mercialys. In 2018, the related fees amounted to €2 million (2017: €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 2018 or 2017.

  The parties decided to terminate the agreement on 31 December 2018. A new fixed-term agreement has been signed with an initial term of six months (1 January to 30 June 2019), covering asset management services provided by Mercialys' teams on projects managed on Casino's behalf. The agreement is automatically renewable for successive six-month terms up to a maximum of 48 months in total.
- Exclusive sale mandate: Casino seeks buyers for real estate assets on behalf of Mercialys.
- 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 an annual 38-bps commitment fee (40% of the maximum 95-bps spread) on undrawn amounts. This agreement had no material impact in 2018 or 2017.

In 2018, the Group signed a property development contract with Sacré Cœur, a subsidiary of Mercialys. After eliminating a percentage corresponding to the Group's interest in Mercialys, the contract led to the recognition of €24 million in "Other revenue" and a non-material contribution to EBITDA.

In addition, the Group sold three property development projects of hypermarkets scheduled for transformation to third parties. After eliminating a percentage corresponding to the Group's 10% interest in the associates concerned, the transactions led to the recognition of €47 million in "Other revenue" and a €24 million contribution to EBITDA in 2018.

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 €93 million at 31 December 2018 (31 December 2017: €125 million), including €68 million on behalf of Distridyn and €25 million on behalf of CD Supply Innovation.

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. The options may be exercisable at any time or on a specified date. 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. 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 was 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 2018:

(€ millions)	% Group interest	Commitment to non-controlling interests	Fixed or variable exercise price	Non-current liabilities[(4)]	Current liabilities[(4)]
Franprix-Leader Price[(1)]	58.67% to 70.00%	30.00% to 41.33%	F/V	39	7
Éxito (Disco)[(2)]	62.49%	29.82%	V	–	117
Distribution Casino France[(3)]	60.00%	40.00%	V	20	–
Other				4	1
TOTAL NCI PUT LIABILITIES				**63**	**126**

(1) The value of NCI puts on subsidiaries of the Franprix-Leader Price sub-group is generally based on net profit or a multiple of net sales. A 10% increase or decrease in these indicators would not have a material impact. The options expire between 2018 and 2031.

(2) This option is exercisable at any time until 21 June 2021. The exercise price is the highest amount obtained using different calculation formulas. The formula applied at 31 December 2018 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 2018.

(3) The value of the puts is based on a multiple of net sales generated by the five underlying Casino supermarkets (Note 3.1.3). A 10% increase or decrease in the indicator would not have a material impact. The option is exercisable between 1 April and 30 June 2023.

(4) As at 31 December 2017, NCI put liabilities amounted to €171 million, including current liabilities of €143 million. The increase in 2018 mainly reflected new puts granted to master franchisees on Franprix-Leader Price and Casino stores in the transactions described in Notes 3.1.2 and 3.1.3.

3.4.2. Off-balance sheet commitments

Accounting principle

Puts and calls relating to non-controlling interests are generally accounted for as derivative instruments. The exercise price of these options generally reflects the fair value of the underlying assets.

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 stood at €15 million as at 31 December 2018 (31 December 2017: €16 million), and concerned entities within the Monoprix and Franprix-Leader Price sub-groups.

Call options granted to the Group on shares in non-controlled companies stood at €348 million as at 31 December 2018 (31 December 2017: €421 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;
- lastly, in connection with the transactions carried out with master franchisees described in Notes 3.1.2, 3.2.1 and 3.2.2, the Group has call options on stores that are exercisable between 2018 and 2023 at prices based on a percentage of the improvement in EBITDA or a multiple of net sales.

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 2018		31 December 2017	
(€ millions)	Notes	Assets	Liabilities	Assets	Liabilities
Via Varejo sub-group	2/3.5.2	5,698	4,426	6,041	4,571
Other France Retail[(1)]		1,342	202	545	109
Other Latam Retail		20	–	7	–
TOTAL		**7,061**	**4,628**	**6,593**	**4,680**
Net assets		2,433		1,913	
Of which attributable to owners of the parent of the selling subsidiary	*11.2*	*1,689*		*1,070*	

(1) At 31 December 2018, this line corresponds primarily to stores and property assets for approximately €874 million (attributable to owners of the parent) relating to asset disposal plans and optimisation of the store base, and Mercialys shares underlying a total return swap (TRS) for €114 million (Note 3.1.4). At 31 December 2017, this item mainly included stores and property assets.

3.5.2. Discontinued operations

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

(€ millions)	**2018**[1]	2017
Net sales	6,253	7,115
Expenses	(6,298)	(7,006)
Gain on disposal of discontinued operations	–	–
Disposal proceeds	–	–
Disposal costs	–	–
Carrying amount of net assets sold	–	–
Other items of comprehensive income/(loss) reclassified to profit or loss, net of tax[2]	–	–
Impairment loss resulting from the measurement of Via Varejo at fair value less costs to sell[3]	–	(36)
NET PROFIT/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS	**(46)**	**74**
Income tax (expense)/benefit	16	(34)
Share of profit of equity-accounted investees	9	7
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**(21)**	**47**
Attributable to owners of the parent	*(9)*	*(7)*
Attributable to non-controlling interests	*(11)*	*54*

(1) In 2018, Via Varejo reported EBITDA of €268 million (2017: €414 million).
(2) The reclassification of Via Varejo in "Discontinued operations" had no impact on other comprehensive income in 2018 or 2017. The sale of Via Varejo will not lead to any related foreign currency translation adjustments being reclassified to profit or loss.
(3) No additional impairment loss was recorded in 2018. As at 31 December 2018, the share price was BRL 4.39, representing a market value of €1,279 million before the control premium.

Earnings per share of discontinued operations are presented in Note 12.10.

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

In 2018 and 2017, net cash from/(used in) discontinued operations mainly concerned Via Varejo.

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	**2018**	2017
Goodwill impairment	10.1.2	(1)	(5)
Impairment of intangible assets	10.2.2	(12)	(11)
Impairment of property, plant and equipment	10.3.2	(54)	(54)
Impairment of investment property	10.4.2	(1)	(6)
Impairment of other assets(1)		(142)	(4)
Net (additions to)/reversals of provisions for risks and charges		(12)	29
PROVISION EXPENSE ADJUSTMENT IN THE STATEMENT OF CASH FLOWS		**(221)**	**(51)**

(1) Mainly concerns net assets classified as held for sale in accordance with IFRS 5.

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

(€ millions)	Notes	31 December 2017 (restated)	Effect of applying IFRS 9 and IFRS 2	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	Reclass. and other	31 December 2018
Goods inventories	6.6	(3,689)	-	(198)	-	(58)	177	103	(3,665)
Property development work in progress	6.6	(126)	-	(41)	-	(2)	4	(14)	(179)
Trade payables	B/S	6,664	-	329	-	47	(284)	(68)	6,688
Trade receivables	6.7	(937)	46	(121)	-	10	37	60	(905)
Other (receivables)/payables	6.8.1/6.9.1/6.10	512	1	(161)	(56)	64	(10)	52	403
TOTAL		**2,425**	**47**	**(192)**	**(56)**	**62**	**(76)**	**133**	**2,343**

(€ millions)	Notes	1 January 2017 (restated)	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	Reclass. and other	31 December 2017 (restated)
Goods inventories	6.6	(3,769)	(216)	-	(3)	252	48	(3,689)
Property development work in progress	6.6	(170)	85	-	38	(1)	(78)	(126)
Trade payables	B/S	6,936	173	-	10	(423)	(33)	6,664
Trade receivables	6.7	(886)	(106)	-	(1)	42	13	(937)
Other (receivables)/payables	6.8.1/6.9.1/6.10	737	(240)	73	(53)	4	(9)	512
TOTAL		**2,848**	**(303)**	**73**	**(8)**	**(126)**	**(58)**	**2,425**

4.3. RECONCILIATION OF ACQUISITIONS OF NON-CURRENT ASSETS

(€ millions)	Notes	2018	2017
Additions to and acquisitions of intangible assets	10.2.2	(211)	(183)
Additions to and acquisitions of property, plant and equipment	10.3.2	(881)	(931)
Additions to and acquisitions of investment property	10.4.2	(59)	(130)
Changes in amounts due to suppliers of non-current assets		(46)	(31)
New finance leases		2	14
Capitalised borrowing costs (IAS 23)	10.3.3	11	14
CASH USED IN ACQUISITIONS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY		**(1,185)**	**(1,247)**

4.4. RECONCILIATION OF DISPOSALS OF NON-CURRENT ASSETS

(€ millions)	Notes	2018	2017
Disposals of intangible assets	10.2.2	15	19
Disposals of property, plant and equipment	10.3.2	326	249
Disposals of investment property	10.4.2	1	1
Gains/(losses) on disposals of non-current assets		232	(12)
Changes in receivables related to non-current assets		(26)	(54)
Reclassification of non-current assets as "Assets held for sale"		693	101
CASH FROM DISPOSALS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY		**1,241**	**303**

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

(€ millions)	**2018**	2017
Amount paid for acquisitions of control	(112)	(48)
Cash acquired/(bank overdrafts assumed) in acquisitions of control	(18)	2
Proceeds from losses of control	34	8
(Cash sold)/bank overdrafts transferred in losses of control	–	(31)
EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION RESULTING IN ACQUISITION OR LOSS OF CONTROL	**(95)**	**(69)**

In 2018, the net impact of these transactions on cash and cash equivalents mainly comprised:

- an outflow of €43 million for the acquisition of Sarenza (Note 3.1.1), including the €20 million negative cash acquired and the €22 million sale price paid;
- an outflow of €78 million for acquisitions by the Franprix-Leader Price sub-group, including an outflow of €68 million for transactions during the period (Note 3.1.2) and an outflow of €11 million for transactions in 2017 (Note 3.2.2);
- an inflow of €27 million for transactions involving loss of control by the Franprix-Leader Price sub-group, including an inflow of €33 million for the sale of 105 stores (as described in Note 3.1.2).

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

- an outflow of €30 million in cash sold in the transaction resulting in the loss of control of all Casino supermarkets (Note 3.2.1);
- an outflow of €23 million for the acquisition of various controlling interests in the Franprix-Leader Price sub-group (Note 3.2.2);
- an outflow of €15 million for the settlement of the balance of the price for the 2015 acquisition of control of the Super Inter stores.

4.6. EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION RELATED TO EQUITY-ACCOUNTED INVESTEES

(€ millions)	**2018**	2017
Amount paid for the acquisition of shares in equity-accounted investees	(39)	(17)
Amount received from the sale of shares in equity-accounted investees	209	–
EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION RELATED TO EQUITY-ACCOUNTED INVESTEES	**170**	**(17)**

In 2018, the net impact of these transactions resulted for the most part from the block sale of Mercialys shares representing 15% of the capital (Note 3.1.4).

4.7. RECONCILIATION OF DIVIDENDS PAID TO NON-CONTROLLING INTERESTS

(€ millions)	Notes	**2018**	2017
Dividends paid and payable to non-controlling interests	12.8	(103)	(69)
Payment during the year of dividends accrued at the prior year-end		(2)	11
Effect of movements in exchange rates		(2)	(2)
Effect of discontinued operations		2	7
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS AS PRESENTED IN THE STATEMENT OF CASH FLOWS		**(104)**	**(52)**

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

(€ millions)	Notes	2018	2017
Distribution Casino France – Disposal without loss of control	3.1.3	20	–
GreenYellow – Disposal without loss of control[1]	2	149	–
Éxito – Additional contribution of FIC to Viva Malls[1]		77	80
Franprix-Leader Price sub-group – Acquisition of Sarjel	3.2.2	–	(19)
Public tender offer for Cnova N.V. shares		(3)	(171)
Other		(12)	(7)
EFFECT ON CASH AND CASH EQUIVALENTS OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS		**232**	**(117)**

(1) See footnote (vii) of the consolidated statement of changes in equity.

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

(€ millions)	Notes	2018	2017
Change in cash and cash equivalents		**377**	**(2,651)**
Additions to borrowings[1]		(1,542)	(1,589)
Repayments of borrowings[1]		1,346	2,534
Non-cash changes in debt[1]		452	388
▪ Change in net assets held for sale attributable to owners of the parent		624	366
▪ Change in other financial assets		47	–
▪ Effect of changes in scope of consolidation		(225)	–
▪ Change in fair value hedges		(60)	(92)
▪ Change in accrued interest		34	109
▪ Other		32	5
Effect of applying IFRS 9 at 1 January 2018		(19)	–
Effect of movements in exchange rates[1]		163	350
Change in debt of discontinued operations		(71)	208
CHANGE IN NET DEBT		**705**	**(759)**
Net debt at beginning of period		4,126	3,367
Net debt at end of period	11.2	3,421	4,126

(1) These impacts relate exclusively to continuing operations.

4.10. RECONCILIATION OF NET INTEREST PAID

(€ millions)	Notes	2018	2017
Net finance costs reported in the income statement	**11.3.1**	**(327)**	**(367)**
Neutralisation of unrealised exchange gains and losses		4	(4)
Neutralisation of amortisation of debt issuance/redemption costs and premiums		27	23
Capitalised borrowing costs	10.3.3	(11)	(14)
Change in accrued interest and in fair value hedges of borrowings[1]		(35)	(60)
Non-recourse factoring and associated transaction costs	11.3.2	(81)	(83)
INTEREST PAID, NET AS PRESENTED IN THE STATEMENT OF CASH FLOWS		**(424)**	**(505)**

(1) In 2018, the item includes the impact of unwinding interest rate swaps in France for €59 million (2017: €90 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, the Group's reportable segments are as follows:

- 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	2018
External net sales (Note 6.1)	19,061	15,577	1,965	36,604
EBITDA	914[(1)]	932[(2)]	19	1,865
Recurring depreciation and amortisation (Notes 6.3 and 6.4)	(335)	(288)	(33)	(656)
Trading profit/(loss)	579[(1)]	644[(2)]	(14)	1,209

(1) Of which €61 million for property development transactions carried out in France.

(2) Of which BRL 481 million (€111 million) in respect of tax credits recognised by GPA during the period (mainly reversal of the valuation allowance on Assai's ICMS-ST tax credit following a change in the law – see below).

(€ millions)	France Retail	Latam Retail	E-commerce	2017 (restated)
External net sales (Note 6.1)	18,799	16,782	1,908	37,490
EBITDA	882[(1)]	1,029[(2)]	(10)	1,900
Recurring depreciation and amortisation (Notes 6.3 and 6.4)	(345)	(316)	(27)	(688)
Trading profit/(loss)	536[(1)]	713[(2)]	(37)	1,213
Including effect of applying IFRS 15 on net sales	*(104)*	*(141)*	*(87)*	*(332)*
Including effect of applying IFRS 15 on trading profit	*(19)*	-	*(10)*	*(30)*

(1) Of which €87 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.

5.2. KEY INDICATORS BY GEOGRAPHICAL AREA

(€ millions)	France	Latin America	Other regions	Total
External net sales for 2018	21,022	15,568	13	36,604
External net sales for 2017 (restated)	20,703	16,782	5	37,490

(€ millions)	France	Latin America	Other regions	Total
Non-current assets as at 31 December 2018[(1)]	10,073	8,488	51	18,612
Non-current assets as at 31 December 2017 (restated)[(1)]	11,486	8,822	49	20,357

(1) Non-current assets include goodwill, intangible assets and property, plant, and equipment, investment property, investments in equity-accounted investees, contract assets and prepaid expenses beyond one year.

Note 6 Activity data

6.1. TOTAL REVENUE

Following the first-time adoption of IFRS 15 from 1 January 2018, the Group revised its revenue accounting policy.

Accounting principle

Total revenue

Total revenue is analysed between "Net sales" and "Other revenue".

"Net sales" include sales by the Group's stores, service stations, e-commerce sites and restaurants, franchise fees, revenues from business leases and financial services revenues.

Most of the amount reported under Group "Net sales" corresponds to revenue included in the scope of IFRS 15.

"Other revenue" consists of revenue from the property development and property trading businesses, rental revenues, miscellaneous service revenues, incidental revenues and revenues from secondary activities, and revenues from the energy business.

The majority of amounts reported under "Other revenue" are included in the scope of IFRS 15, while rental revenues are included in the scope of IAS 17.

Revenue is measured at the contract price, corresponding to the consideration to which the Group expects to be entitled in exchange for the supply of goods or services. The transaction price is allocated to the performance obligations in the contract, which represent the units of account for revenue recognition purposes. Revenue is recognised when the performance obligation is satisfied, *i.e.*, when control of the good or service passes to the customer. Revenue may therefore be recognised at a specific point in time or over time based on the stage of completion.

The Group's main sources of revenue are as follows:

- sales of goods (including through the property trading business): in this case, the Group generally has only one performance obligation, that of delivering the good to the customer. Revenue from these sales is recognised when control of the good is transferred to the customer upon delivery, *i.e.*, generally:
  - at the checkout for in-store sales,
  - on receipt of the goods by the franchisee or affiliated store,
  - on receipt of the goods by the customer for e-commerce sales;
- sales of services, for example sales of subscriptions, franchising fees, logistics services, rental revenue and property management services: in this case, for operations included in the scope of IFRS 15, the Group generally has only one performance obligation, to supply the service, and the related revenues are recognised over the period in which the services are performed;
- property development revenues: in this case, the Group generally has several performance obligations, some of which may be satisfied at a given point in time and others over time based on the project's percentage of completion. Profit from property development activities is generally calculated on a percentage-of-completion basis by reference to the projected margin on completion weighted by the percentage of completion determined by the inputs method;

- revenues from the energy business, for which the Group generally identifies a performance obligation when the solar power plant is delivered (in exchange for variable consideration in some cases) or when the energy performance contracts are sold. The Group also sells energy services for which the related revenue is recognised when the service is performed.

The vast majority of revenues are recognised at a given point in time.

If settlement of the consideration is deferred for an unusually long time and no promise of financing is explicitly stated in the contract or implied by the payment terms, revenue is recognised by adjusting the consideration for the effects of the time value of money. If significant, the difference between this price and the unadjusted transaction price is recognised in "Other financial income" over the payment deferral period, determined using the effective interest method.

The Group operates loyalty programmes that enable customers to obtain discounts or award credits on their future purchases. Award credits granted to customers under loyalty programmes represent a performance obligation that is separately identifiable from the initial sales transaction. This performance obligation gives rise to the recognition of a contract liability. The corresponding revenue is deferred until the award credits are used by the customer.

Contract assets and liabilities, incremental costs to obtain a contract and costs to fulfil a contract

- A contract asset corresponds to an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. Based on this definition, a receivable does not constitute a contract asset.

  The Group recognises a contract asset when it has fulfilled all or part of its performance obligation but does not have an unconditional right to payment (*i.e.*, the Group does not yet have the right to invoice the customer). In light of its business, contract assets recognised by the Group are not material.

- A contract liability corresponds to an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

  The Group recognises contract liabilities mainly for award credits granted under its loyalty programmes, advances received and sales for which all or part of the performance obligation has not yet been fulfilled (*e.g.*, sales of subscriptions and gift cards, and future performance obligations of the property development business for which the customer has already been invoiced followed by payment of consideration).

- The incremental costs to obtain a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained and which it expects to recover.

  The costs to fulfil a contract are costs related directly to a contract that generate or enhance the resources that will be used by the Group in satisfying its performance obligations and which it expects to recover.

  For the Group, the costs of obtaining and fulfilling contracts correspond primarily to the costs incurred in connection with its franchising and affiliation business. These costs are capitalised and amortised over the life of the franchise or affiliation contract. The capitalised amounts are tested regularly for impairment.

Contract assets and the costs of obtaining and fulfilling contracts are tested for impairment under IFRS 9.

6.1.1. Breakdown of total revenue

(€ millions)	France Retail	Latam Retail	E-commerce	**2018**
Net sales	19,061	15,577	1,965	36,604
Other revenue	381	151	-	532
TOTAL REVENUE	**19,442**	**15,728**	**1,965**	**37,136**

(€ millions)	France Retail	Latam Retail	E-commerce	2017 (restated)
Net sales	18,799	16,782	1,908	37,490
Other revenue	397	158	-	555
TOTAL REVENUE	**19,197**	**16,940**	**1,908**	**38,045**

6.1.2. Incremental costs of obtaining contracts and costs to fulfil contracts, contract assets and liabilities

(€ millions)	Notes	**31 December 2018**	31 December 2017 (restated)
Incremental costs of obtaining contracts and costs to fulfil contracts	6.8/6.9	152	131
Contract assets	6.8/6.9	10	12
Right-of return assets included in inventories	6.6	3	3
Contract liabilities	6.10	119	115

6.2. COST OF GOODS SOLD

Following the first-time adoption of IFRS 15 from 1 January 2018, the Group revised its accounting policy concerning the 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, amortisation of the incremental costs of obtaining contacts and costs to fulfil contracts, and logistics costs. It also includes property development and property trading business costs and changes in the related inventories.

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.

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 sites. Transport costs included in suppliers' invoices (*e.g.*, for goods purchased on a "delivery duty paid" or "DDP" basis) are included in "Purchases and change in inventories". Outsourced transport costs are recognised under "Logistics costs".

(€ millions)	Note	**2018**	2017 (restated)
Purchases and change in inventories		(26,323)	(27,022)
Logistics costs	6.3	(1,508)	(1,532)
COST OF GOODS SOLD		**(27,831)**	**(28,555)**

6.3. EXPENSES BY NATURE AND FUNCTION

Following the first-time adoption of IFRS 15 from 1 January 2018, the Group revised its accounting policy concerning "Selling expenses".

Accounting principle

Selling expenses

"Selling expenses" consist of point-of-sale costs.

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

Pre-opening costs that do not meet the criteria for capitalisation and post-closure costs are recognised in operating expense when incurred.

(€ millions)	Logistics costs[1]	Selling expenses	General and administrative expenses	**2018**
Employee benefits expense	(548)	(3,135)	(824)	(4,507)
Other expenses	(926)	(3,066)	(448)	(4,441)
Depreciation and amortisation expense (Notes 5.1/6.4)	(34)	(478)	(144)	(656)
TOTAL	**(1,508)**	**(6,679)**	**(1,416)**	**(9,604)**

(€ millions)	Logistics costs[1]	Selling expenses	General and administrative expenses	2017 (restated)
Employee benefits expense	(556)	(3,262)	(789)	(4,607)
Other expenses	(938)	(3,132)	(444)	(4,515)
Depreciation and amortisation expense (Notes 5.1/6.4)	(38)	(507)	(143)	(688)
TOTAL	**(1,532)**	**(6,902)**	**(1,376)**	**(9,810)**

(1) Logistics costs are reported under "Cost of goods sold".

A competitiveness and employment tax credit (CICE) was 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 and 6% for salaries paid as from 1 January 2018 (9% for Vindémia). In 2018, the CICE tax benefit of €78 million (2017: €104 million) was recognised as a deduction from employee benefits expense and the receivable was sold on a no-recourse basis, as in 2017. The CICE has been abolished with effect from 1 January 2019 and replaced by a reduction in social security contributions.

6.4. DEPRECIATION AND AMORTISATION

(€ millions)	Notes	**2018**	2017
Amortisation of intangible assets	10.2.2	(126)	(122)
Depreciation of property, plant and equipment	10.3.2	(522)	(553)
Depreciation of investment property	10.4.2	(8)	(12)
TOTAL DEPRECIATION AND AMORTISATION EXPENSE	**5.1/6.3**	**(656)**	**(688)**

6.5. OTHER OPERATING INCOME AND EXPENSES

Accounting principle

This caption covers two types of items:

- 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);
- 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).

(€ millions)	2018	2017
Total other operating income	423	185
Total other operating expenses	(798)	(666)
	(375)	(480)
BREAKDOWN BY TYPE		
Gains and losses on disposal of non-current assets(1)(6)	256	1
Net asset impairment losses(2)(6)	(177)	(70)
Net income/(expense) related to changes in scope of consolidation(3)(6)	(146)	(90)
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	**(67)**	**(159)**
Restructuring provisions and expenses(4)(6)	(211)	(217)
Provisions and expenses for litigation and risks(5)	(84)	(92)
Other	(14)	(13)
Sub-total	**(308)**	**(321)**
TOTAL NET OTHER OPERATING INCOME (EXPENSES)	**(375)**	**(480)**

(1) The net gain on disposal of non-current assets in 2018 primarily concerned the France Retail segment and especially disposals of Monoprix store properties (Note 2).

(2) The impairment loss recognised in 2018 mainly concerns the France Retail segment. Impairment losses recorded in 2017 mainly concerned individual assets in the France Retail segment for €36 million, the Latam Retail segment (primarily GPA) for €28 million, and the E-commerce segment for €7 million.

(3) The net expense of €146 million recorded in 2018 resulted primarily from the reclassification to profit or loss, in accordance with IAS 21, of foreign currency translation adjustments accumulated in the foreign currency translation reserve for an amount of €67 million (Note 12.7.2). 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 3.2.1), a net expense related to various changes in scope at Franprix-Leader Price for €9 million, and fees of €31 million.

(4) Restructuring provisions and expenses in 2018 primarily concerns the France Retail segment for €140 million (including employee costs and store closure costs for €102 million and store transformation costs for €24 million) and the Latam Retail segment (mainly GPA) for €58 million. Restructuring provisions and expenses in 2017 mainly 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.

(5) Provisions and expenses for litigation and risks represent a net expense of €84 million in 2018, including €35 million for tax risks at GPA. The net expense of €92 million in 2017 included €60 million for the tax amnesty programmes in which GPA participated during the period.

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

(€ millions)	Notes	2018	2017
Goodwill impairment losses	10.1.2	(1)	(5)
Impairment (losses)/reversals on intangible assets, net	10.2.2	(12)	(11)
Impairment (losses)/reversals on property, plant and equipment, net	10.3.2	(54)	(54)
Impairment (losses)/reversals on investment property, net	10.4.2	(1)	(6)
Impairment (losses)/reversals on other assets, net (IFRS 5 and other)		(150)	(11)
NET IMPAIRMENT LOSSES OF CONTINUING OPERATIONS		**(218)**	**(87)**
of which presented under "Restructuring provisions and expenses"		*(24)*	*(11)*
of which presented under "Net impairment (losses)/reversals on assets"		*(177)*	*(70)*
of which presented under "Net income/(expense) related to changes in scope of consolidation"		*(19)*	*(8)*
of which presented under "Gains and losses on disposal of non-current assets"		*4*	*1*

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 is 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 2018**	31 December 2017 (restated)
Goods	3,714	3,736
Property assets	206	155
Gross amount	**3,919**	**3,891**
Accumulated impairment losses on goods	(49)	(47)
Accumulated impairment losses on property assets	(27)	(29)
Accumulated impairment losses	**(76)**	**(76)**
NET INVENTORIES (NOTE 4.2)	**3,843**	**3,815**

6.7. TRADE RECEIVABLES

Following the first-time adoption of IFRS 9 from 1 January 2018, the Group reviewed its accounting policies concerning trade receivables.

Accounting principle

The Group's trade receivables are current financial assets (Note 11) that correspond to an unconditional right to receive consideration. They are 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. A loss allowance for expected credit losses is recorded upon recognition of the receivable. The Group applies the simplified approach for the measurement of expected credit losses on all of its trade receivables, which are determined based on credit losses observed for receivables with the same profile, as adjusted to take into account forward-looking factors such as the customer's credit status or the economic environment.

Trade receivables can be sold to banks and continue to be carried as assets in the statement of financial position for as long as the contractual cash flows and substantially all the related risks and rewards are not transferred to a third party.

6.7.1. Breakdown of trade receivables

(€ millions)	Notes	**31 December 2018**	31 December 2017 (restated)
Trade receivables	11.5.3	1,030	1,020
Accumulated impairment losses on trade receivables	6.7.2	(125)	(83)
NET TRADE RECEIVABLES	**4.2**	**905**	**937**

6.7.2. Accumulated impairment losses on trade receivables

(€ millions)	2018	2017
ACCUMULATED IMPAIRMENT OF TRADE RECEIVABLES AS AT 1 JANUARY – REPORTED	**(83)**	**(76)**
Effects of applying IFRS 9 (Note 1.3)	(49)	-
ACCUMULATED IMPAIRMENT OF TRADE RECEIVABLES AS AT 1 JANUARY – RESTATED	**(132)**	**(76)**
Additions	(76)	(55)
Reversals	78	51
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	4	(2)
ACCUMULATED IMPAIRMENT OF TRADE RECEIVABLES AS AT 31 DECEMBER	**(125)**	**(83)**

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 2018	31 December 2017 (restated)
Other receivables		1,022	950
Financial assets held for cash management purposes and short-term financial investments	11.2	37	31
Financial assets arising from a significant disposal of non-current assets	11.2	41	7
Tax and employee-related receivables in Brazil	6.9	137	128
Current accounts of non-consolidated companies		30	33
Accumulated impairment losses on other receivables and current accounts	6.8.2	(31)	(24)
Fair value hedges – assets	11.5.1	34	4
Derivatives not qualifying for hedge accounting and cash flow hedges – assets	11.5.1	6	-
Incremental costs of obtaining contracts and costs to fulfil contracts	6.1.2	41	33
Contract assets	6.1.2	10	12
Prepaid expenses		109	113
OTHER CURRENT ASSETS		**1,437**	**1,287**

Other receivables primarily include tax and employee-related receivables (excluding Brazil) 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)	2018	2017
ACCUMULATED IMPAIRMENT LOSSES ON OTHER RECEIVABLES AND CURRENT ACCOUNTS AS AT 1 JANUARY – REPORTED	**(24)**	**(29)**
Effects of applying IFRS 9 (Note 1.3)	(5)	-
ACCUMULATED IMPAIRMENT LOSSES ON OTHER RECEIVABLES AND CURRENT ACCOUNTS AS AT 1 JANUARY – RESTATED	**(29)**	**(29)**
Additions	(42)	(8)
Reversals	38	5
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	2	8
ACCUMULATED IMPAIRMENT LOSSES ON OTHER RECEIVABLES AND CURRENT ACCOUNTS AS AT 31 DECEMBER	**(31)**	**(24)**

6.9. OTHER NON-CURRENT ASSETS

6.9.1. Analysis of other current assets

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Available-for-sale financial assets (AFS)		–	40
Financial assets at fair value through profit or loss		35	–
Financial assets at fair value through other comprehensive income		4	–
Non-current fair value hedges – assets	11.5.1	67	94
Other financial assets		285	382
Loans		*165*	*172*
Non-hedging derivatives – assets	*11.5.1*	*9*	*–*
Other long-term receivables(1)		*111*	*210*
Tax and employee-related receivables in Brazil (see below)(2)		618	439
Legal deposits paid by GPA	13.2	175	192
Impairment of other non-current assets	6.9.2	(48)	(69)
Incremental costs of obtaining contracts and costs to fulfil contracts	6.1.2	111	98
Contract assets	6.1.2	–	–
Prepaid expenses		29	24
OTHER NON-CURRENT ASSETS		**1,275**	**1,199**

(1) The decrease mainly concerns the extinction of a GPA receivable in respect of leases on store properties ("Paes Mendonça receivable"). This receivable was extinguished in September 2018 by offsetting it against the bonus paid when the leases on these stores were renewed for a 30 year-period, which led to the recognition of an intangible asset in the amount of BRL 652 million (€151 million – Note 10.2.2). Following the renewal, BRL 101 million (€23 million) of this amount represented interest and was recognised in "Other financial income" for 2018 (Note 11.3.2).

(2) The increase in 2018 corresponds primarily to the reversal of the allowance recorded against Assaí's ICMS-ST tax credit (Note 5.1).

GPA has a total of €755 million in tax receivables (of which €618 million in long-term receivables and €137 million in short-term receivables), corresponding primarily to ICMS (VAT) for €519 million, PIS/COFINS (VAT) and INSS (employer social security contributions). GPA expects the main tax receivable (ICMS) to be recovered as follows:

(€ millions)	31 December 2018
Within one year	78
In one to five years	313
In more than five years	128
TOTAL	**519**

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)	2018	2017
ACCUMULATED IMPAIRMENT LOSSES ON OTHER NON-CURRENT ASSETS AS AT 1 JANUARY – REPORTED	**(69)**	**(40)**
Effects of applying IFRS 9 (Note 1.3)	–	–
ACCUMULATED IMPAIRMENT LOSSES ON OTHER NON-CURRENT ASSETS AS AT 1 JANUARY – RESTATED	**(69)**	**(40)**
Additions	–	–
Reversals	–	2
Other reclassifications and movements	21	(31)
ACCUMULATED IMPAIRMENT LOSSES ON OTHER NON-CURRENT ASSETS AS AT 31 DECEMBER(1)	**(48)**	**(69)**

(1) Corresponding mainly to impairment losses recognised on loans granted by Franprix-Leader Price to master franchisees following inclusion of the share of losses from associates of Casino in certain stores of these master franchisees (Note 3.3.3).

6.10. OTHER LIABILITIES

	31 December 2018			31 December 2017 (restated)		
(€ millions)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Derivative instruments – liabilities (Note 11.5.1)[1]	285	2	288	260	17	277
Accrued tax and employee-related liabilities	135	1,383	1,518	166	1,359	1,525
Sundry liabilities	36	833	869	37	712	749
Amounts due to suppliers of non-current assets	1	204	205	–	230	230
Current account advances	–	26	26	–	10	10
Contract liabilities (Note 6.1.2)	2	116	119	8	107	115
Deferred income	13	79	91	18	74	92
TOTAL	**472**	**2,643**	**3,115**	**489**	**2,509**	**2,999**

(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 2018	31 December 2017
Assets pledged as collateral[1]	209	236
Bank guarantees given[2]	2,286	2,088
Guarantees given in connection with disposals of non-current assets	32	22
Other commitments	61	67
TOTAL COMMITMENTS GIVEN	**2,588**	**2,413**
Expiring:		
Within one year	*170*	*194*
In one to five years	*2,410*	*2,198*
In more than five years	*7*	*21*

(1) Current and non-current assets pledged, mortgaged or otherwise given as collateral. As at 31 December 2018, this concerns GPA for €192 million, mainly in connection with the tax disputes described in Note 13.2 (31 December 2017: €218 million).

(2) As at 31 December 2018, this amount includes €2,173 million in bank guarantees given by GPA (31 December 2017: €1,937 million) mainly in connection with the tax disputes described in Note 13.2. It also comprises guarantees issued on behalf of joint ventures for €93 million (31 December 2017: €125 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 2018**	31 December 2017
Bank guarantees received	63	73
Secured financial assets	89	72
Undrawn confirmed lines of credit (Note 11.2.4)	3,404	3,697
Other commitments	25	29
TOTAL COMMITMENTS RECEIVED	**3,581**	**3,871**
Expiring:		
Within one year	*419*	*501*
In one to five years	*3,037*	*3,251*
In more than five years	*126*	*120*

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 benefits 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 €987 million in 2018, including €840 million for real estate leases, of which €556 million in the France Retail segment and €193 million in Brazil (2017: €982 million, including €852 million for real estate leases, of which €546 million in the France Retail segment and €222 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:

	Future minimum lease payments	
(€ millions)	**31 December 2018**	31 December 2017
Within one year	688	643
In one to five years	1,155	944
In more than five years	695	551
TOTAL[(1)]	**2,538**	**2,139**
of which France	*1,814*	*1,258*
of which GPA Food[(2)]	*92*	*99*
of which Éxito	*418*	*652*
of which Uruguay	*65*	*67*
of which E-commerce	*147*	*61*

(1) Minimum lease payments of Via Varejo discontinued operations not included in the above table amounted to €231 million as at 31 December 2018 (31 December 2017: €279 million).

(2) GPA has analysed the lease terms and has concluded that early termination is possible. In this case, the minimum payment would correspond to a termination penalty, generally ranging from one to twelve months' rent.

Future minimum lease payments receivable under non-cancellable sub-leases amounted to €40 million as at 31 December 2018 (31 December 2017: €39 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:

	Future minimum lease payments	
(€ millions)	**31 December 2018**	31 December 2017
Within one year	162	125
In one to five years	477	377
In more than five years	75	85
TOTAL[(1)]	**714**	**587**

(1) Primarily in the France Retail segment.

Future minimum lease payments receivable under non-cancellable sub-leases amounted to €14 million as at 31 December 2018 (31 December 2017: €10 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:

	Future minimum lease payments	
(€ millions)	**31 December 2018**	31 December 2017
Within one year	76	67
In one to five years	149	109
In more than five years	128	121
TOTAL	**353**	**296**

Contingent rental revenue received by the Group and recorded in the income statement in 2018 amounted to €5 million (2017: €6 million).

7.3. FINANCE LEASE EXPENSES

Contingent rental payments under finance leases recorded in the income statement amounted to €5 million in 2018 (2017: €5 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 2018			31 December 2017		
(€ millions)	Gross amount	Accumulated depreciation and amortisation	Net	Gross amount	Accumulated depreciation and amortisation	Net
Intangible assets	85	(60)	25	95	(59)	36
Land	20	(2)	18	26	(2)	24
Buildings	89	(52)	37	156	(97)	59
Equipment and other	377	(363)	13	414	(395)	18
TOTAL	**571**	**(478)**	**93**	**691**	**(554)**	**137**

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 tables below compare future minimum lease payments under finance leases before and after discounting.

As at 31 December 2018, the Group had lease liabilities of €47 million (Note 11.2), of which €11 million related to real estate assets and €36 million to equipment.

Finance leases on real estate where the Group is lessee

	31 December 2018		31 December 2017	
(€ millions)	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Within one year	4	2	5	2
In one to five years	12	4	15	5
In more than five years	33	6	39	7
Total future minimum lease payments	**49**	**11**	**59**	**14**
Interest expense	(38)		(44)	
TOTAL PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**11**		**14**	

Finance leases on equipment where the Group is lessee

	31 December 2018		31 December 2017	
(€ millions)	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Within one year	12	10	17	15
In one to five years	26	25	36	34
In more than five years	-	-	1	1
Total future minimum lease payments	**38**	**36**	**54**	**50**
Interest expense	(3)		(4)	
TOTAL PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**36**		**50**	

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 (based on resignations only).

  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 2018			31 December 2017		
(€ millions)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Pensions	318	10	328	307	10	317
Jubilees	38	1	38	41	1	41
Bonuses for services rendered	11	–	11	10	–	11
PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS AND FOR LONG-TERM EMPLOYEE BENEFITS	**366**	**11**	**377**	**358**	**11**	**369**

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 2018, defined contribution plans represented a cost of €326 million of which 89% concerned the Group's French subsidiaries (2017: €334 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 rates and mortality rates.

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

	France		International	
	2018	2017	**2018**	2017
Discount rate	1.7%	1.5%	1.7%-7.1%	1.5%-7.7%
Expected rate of future salary increases	1.6%-2.0%	1.5%-2.0%	1.0%-3.5%	1.0%-3.5%
Retirement age	62-65 years	62-65 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 5.9% (increasing the projected benefit obligation by 6.1%).

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 5.8%).

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 2018 and 31 December 2017.

		France		International		Total	
(€ millions)		**2018**	2017	**2018**	2017	**2018**	2017
Projected benefit obligation as at 1 January		**326**	**288**	**14**	**14**	**340**	**302**
Items recorded in the income statement		**15**	**16**	**1**	**1**	**16**	**16**
Service cost		19	17	–	–	19	17
Interest cost		5	5	1	1	5	6
Past service cost		–	–	–	–	–	–
Curtailments/settlements		(9)	(6)	–	–	(9)	(6)
Items included in other comprehensive income		**14**	**42**	**(1)**	**-**	**13**	**42**
(1) Actuarial (gains) and losses related to:		14	42	(1)	1	13	43
(i) changes in financial assumptions		*(2)*	*5*	–	–	*(2)*	*5*
*(ii) changes in demographic assumptions**		*19*	*34*	*(1)*	*1*	*19*	*34*
(iii) experience adjustments		*(4)*	*3*	–	*1*	*(4)*	*4*
(2) Effect of movements in exchange rates		–	–	–	(1)	–	(1)
Other		**(14)**	**(20)**	**(6)**	**(1)**	**(19)**	**(20)**
Paid benefits		(12)	(16)	(1)	(1)	(13)	(16)
Changes in scope of consolidation		1	(1)	–	–	1	(1)
Other movements		(2)	(3)	(5)	–	(7)	(3)
Projected benefit obligation as at 31 December	**A**	**341**	**326**	**8**	**14**	**349**	**340**
Weighted average duration of plans						**17**	**16**

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

		France		International		Total	
(€ millions)		**2018**	2017	**2018**	2017	**2018**	2017
Fair value of plan assets as at 1 January		**23**	**29**	**-**	**-**	**23**	**29**
Items recorded in the income statement		**-**	**-**	**-**	**-**	**-**	**-**
Interest on plan assets		–	–	–	–	–	–
Items included in other comprehensive income		**-**	**1**	**-**	**-**	**-**	**1**
Actuarial (losses) gains (experience adjustments)		–	1	–	–	–	1
Effect of movements in exchange rates		–	–	–	–	–	–
Other		**(2)**	**(8)**	**-**	**-**	**(2)**	**(8)**
Paid benefits		(2)	(8)	–	–	(2)	(8)
Changes in scope of consolidation		–	–	–	–	–	–
Other movements		–	–	–	–	–	–
Fair value of plan assets as at 31 December	**B**	**21**	**23**	**-**	**-**	**21**	**23**

		France		International		Total	
(€ millions)		**2018**	2017	**2018**	2017	**2018**	2017
Net post-employment benefit obligation	**A-B**	**320**	**303**	**8**	**14**	**328**	**317**
Unfunded projected benefit obligation under funded plans		**91**	**82**	**-**	**-**	**91**	**82**
Projected benefit obligation under funded plans		112	104	–	–	112	104
Fair value of plan assets		(21)	(23)	–	–	(21)	(23)
Projected benefit obligation under unfunded plans		**229**	**221**	**8**	**14**	**201**	**235**

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

Reconciliation of provisions recorded in the statement of financial position

	France		International		Total	
(€ millions)	**2018**	2017	**2018**	2017	**2018**	2017
As at 1 January	303	259	14	14	317	273
Expense for the year	15	15	1	1	16	16
Actuarial gains or losses recognised in equity	14	41	(1)	1	13	42
Effect of movements in exchange rates	–	–	–	(1)	–	(1)
Paid benefits	(10)	(8)	(1)	(1)	(11)	(9)
Partial reimbursement of plan assets	–	–	–	–	–	–
Changes in scope of consolidation	1	(1)	–	–	1	(1)
Other movements	(2)	(3)	(5)	–	(7)	(3)
AS AT 31 DECEMBER	**320**	**303**	**8**	**14**	**328**	**317**

Breakdown of expense for the year

	France		International		Total	
(€ millions)	**2018**	2017	**2018**	2017	**2018**	2017
Service cost	19	17	–	–	19	17
Interest cost(1)	5	5	1	1	5	5
Past service cost	–	–	–	–	–	–
Curtailments/settlements	(9)	(6)	–	–	(9)	(6)
EXPENSE FOR THE YEAR	**15**	**15**	**1**	**1**	**16**	**16**

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

Undiscounted future cash flows

		Undiscounted cash flows					
(€ millions)	Statement of financial position	2019	2020	2021	2022	2023	Beyond 2023
Post-employment benefits	328	10	6	11	15	24	988

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 operating income in 2018 was €21 million (2017: €18 million), including €12 million for Casino, Guichard-Perrachon and €9 million for GPA. The net cost is balanced by a positive impact on equity for €18 million.

8.3.2. Casino, Guichard-Perrachon stock option plans

As at 31 December 2018, 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	Number of shares to be delivered as at 31/12/2018	Of which number of performance shares[1]	Share price (€)[2]	Fair value of the share (€)[2]
13/12/2018	14/12/2021	32,218	32,218	-	37.10	27.70
13/12/2018	01/12/2020	13,088	13,088	-	37.10	31.46
13/12/2018	01/08/2020	4,144	4,144	-	37.10	30.81
13/12/2018	01/07/2020	2,630	2,630	-	37.10	30.63
15/05/2018	15/05/2023	7,326	7,326	7,326	40.75	17.01
15/05/2018	15/05/2021	1,500	1,500	-	40.75	31.36
15/05/2018	15/05/2021	177,117	146,398	146,398	40.75	18.35
25/04/2018	01/02/2020	11,955	7,477	-	41.89	35.15
25/04/2018	26/04/2019	99,587	99,587	-	41.89	36.28
20/04/2017	20/04/2022	5,666	5,666	5,666	51.00	27.25
20/04/2017	20/04/2020	156,307	106,098	106,098	51.00	28.49
20/04/2017	31/01/2020	245	245	-	51.00	43.17
20/04/2017	20/04/2019	9,555	9,555	-	51.00	46.31
14/10/2016	14/10/2019	20,859	20,859	-	41.96	32.53
14/10/2016	01/07/2019	3,477	3,477	1,159	41.96	32.52
14/10/2016	31/03/2019	870	870	-	41.96	35.68
14/06/2016	14/01/2019	9,780	9,780	-	49.98	43.70
13/05/2016	13/05/2020	7,178	4,085	4,085	53.29	34.45
13/05/2016	13/01/2019	17,610	11,313	-	53.29	43.89
06/05/2014	06/05/2019	3,750	960	960	90.11	69.28
TOTAL		**584,862**	**487,276**	**271,692**		

(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	2018	2017
Unvested shares as at 1 January	**542,580**	**598,634**
Free share rights granted	349,565	269,658
Free share rights cancelled	(124,120)	(108,114)
Shares issued	(280,749)	(217,598)
UNVESTED SHARES AS AT 31 DECEMBER	**487,276**	**542,580**

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 31/12/2018** *(thousands)*
C5 Series	31/05/2018	31/05/2021	30/11/2021	499	62.61	493
B5 Series	31/05/2018	31/05/2021	30/11/2021	499	0.01	493
C3 Series – Tranche 2	27/04/2018	30/05/2019	30/11/2019	95	56.83	95
B3 Series – Tranche 2	27/04/2018	30/05/2019	30/11/2019	95	0.01	95
C4 Series	31/05/2017	31/05/2020	30/11/2020	537	56.78	336
B4 Series	31/05/2017	31/05/2020	30/11/2020	537	0.01	335
C3 Series	30/05/2016	30/05/2019	30/11/2019	823	37.21	441
B3 Series	30/05/2016	30/05/2019	30/11/2019	823	0.01	467
					26.03	**2,755**

Main assumptions used to value stock options

GPA uses the following assumptions to value its plans ("Series" 2, 3, 4 and 5 respectively):

- dividend yield: 1.37%, 2.50%, 0.57% and 0.41%;
- projected volatility: 24.34%, 30.20%, 35.19% and 36.52%;
- risk-free interest rate: 12.72%, 13.25%, 9.28%/10.07% and 9.29%.

The average fair value of outstanding stock options at 31 December 2018 was BRL 45.24.

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

	2018		2017	
	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	**2,539**	**29.48**	**2,394**	**29.21**
Of which exercisable options	–	–	*169*	*80.00*
Options granted during the period	1,378	30.91	1,073	28.40
Options exercised during the period	(697)	31.96	(699)	22.14
Options cancelled during the period	(229)	38.64	(110)	40.56
Options that expired during the period	(236)	68.62	(119)	83.33
OPTIONS OUTSTANDING AS AT 31 DECEMBER	**2,755**	**26.03**	**2,539**	**29.48**
Of which exercisable options	–	–	–	–

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

(€ millions)	**2018**	2017
Short-term benefits excluding social security contributions(1)	32	22
Social security contributions on short-term benefits	5	4
Termination benefits for key executives	3	2
Share-based payments(2)	7	6
TOTAL	**47**	**34**

(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	**2018**	2017
Managers	11,624	11,225
Staff	180,735	180,989
Supervisors	22,099	22,565
GROUP TOTAL	**214,458**	**214,779**

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 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

	2018			2017 (restated)		
(€ millions)	France	International	Total	France	International	Total
Current income tax	(113)	(137)	(251)	20	(107)	(87)
Other taxes (CVAE)	(66)	-	(66)	(60)	-	(60)
Deferred taxes	107	5	112	111	(12)	99
Total income tax (expense)/benefit recorded in the income statement	**(72)**	**(133)**	**(204)**	**70**	**(119)**	**(48)**
Income tax on items recognised in "Other comprehensive income" (Note 12.7.2)	**1**	**(1)**	**-**	**19**	**2**	**21**
Income tax on items recognised in equity	**(2)**	**-**	**(2)**	**3**	**-**	**3**

9.1.2. Tax proof

(€ millions)	2018		2017 (restated)	
Profit before tax	**369**		**286**	
Theoretical income tax expense(1)	**(127)**	**-34.43%**	**(99)**	**-34.43%**
Reconciliation of theoretical income tax expense to actual income tax expense				
Impact of differences in foreign tax rates	9	2.4%	18	6.2%
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences(2)	87	23.6%	32	11.1%
Unrecognised deferred tax assets/valuation allowances on recognised deferred tax assets on tax loss carryforwards or other deductible temporary differences(3)	(37)	-10.0%	(59)	-20.5%
Change in corporate tax rate(4)	(33)	-8.9%	13	4.6%
CVAE net of income tax	(43)	-11.8%	(40)	-13.8%
Non-deductible interest expense(5)	(26)	-7.0%	(21)	-7.2%
Non-taxable CICE tax credits(6)	27	7.3%	36	12.5%
Non-deductible asset impairment losses	(40)	-10.9%	(1)	-0.3%
Non-deductible exchange losses(7)	(22)	-6.0%	-	-
3% surtax on distributed earnings(8)	-	-	54	18.7%
Tax effect of Brazilian dividends(9)	18	4.8%	1	0.4%
Other taxes on distributed earnings(10)	(10)	-2.8%	(5)	-1.7%
Deductible interest on deeply-subordinated perpetual bonds	17	4.5%	17	6.1%
Taxation of Mercialys shares(11)	(6)	-1.7%	14	4.9%
Other	(17)	-4.6%	(10)	-3.6%
ACTUAL INCOME TAX (EXPENSE)/BENEFIT / EFFECTIVE TAX RATE	**(204)**	**-55.4%**	**(48)**	**-16.8%**

(1) The reconciliation of the effective tax rate paid by the Group is based on the current French rate of 34.43%, unchanged from 2017.

(2) In 2018, this concerned the E-commerce segment for €39 million and the France Retail segment for €43 million. In 2017, following the review of earnings outlooks and tax options implemented at Segisor (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.

(3) In 2018, this concerned the E-commerce segment for €28 million and the France Retail segment for €9 million. In 2017, this concerned the E-commerce segment for €32 million and the Latam Retail segment for €19 million.

(4) In 2018, the main impact relates to disposals of Monoprix store properties. In 2017, deferred taxes were measured at the tax rate expected to apply when the temporary differences reverse, taking into account the adoption on 21 December 2017 of the 2018 Finance Act providing for a gradual reduction in the corporate tax rate to 25.825% in 2022 and beyond. 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) Corresponding to the non-deductible negative foreign currency translation reserve reclassified to profit or loss (Note 6.5).

(8) 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, including €54 million relating to previous years.

(9) This concerns dividends paid by Brazilian subsidiaries in the form of interest on equity.

(10) Corresponding to taxation of intra-group dividends.

(11) In 2017, a deferred tax liability of €10 million was recorded on the taxable temporary difference between the carrying amount of Mercialys shares and their tax basis, in accordance with IAS 12.

9.2. DEFERRED TAXES

9.2.1. Change in deferred tax assets

(€ millions)	2018	2017 (restated)
As at 1 January	**522**	**678**
Effect of applying IFRS 9 as at 1 January 2018	23	–
Effect of applying IAS 29 as at 1 January 2018	(25)	–
(Expense)/benefit for the year	78	150
Impact of changes in scope of consolidation	5	2
IFRS 5 reclassifications	(4)	–
Effect of movements in exchange rates and other reclassifications	(46)	(32)
Changes in deferred tax liabilities recognised directly in equity	1	24
AS AT 31 DECEMBER	**553**	**522**

The deferred tax benefit, net of deferred tax liabilities (Note 9.2.2) of discontinued operations, was €6 million in 2018 (2017: €46 million).

9.2.2. Change in deferred tax liabilities

(€ millions)	2018	2017 (restated)
As at 1 January	**725**	**1,094**
Expense/(benefit) for the year	(40)	(295)
Impact of changes in scope of consolidation	1	1
IFRS 5 reclassifications	(10)	–
Effect of movements in exchange rates and other reclassifications	(43)	(74)
Changes in deferred tax liabilities recognised directly in equity	3	(2)
AS AT 31 DECEMBER	**636**	**725**

9.2.3. Deferred tax assets and liabilities by source

		Net	
(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Intangible assets		(660)	(710)
Property, plant and equipment		(171)	(318)
of which finance leases		*(14)*	*(30)*
Inventories		(9)	22
Financial instruments		34	70
Other assets		(75)	(77)
Provisions		206	205
Regulated provisions		(128)	(141)
Other liabilities		76	63
of which finance lease liabilities		*1*	*2*
Tax loss carryforwards and tax credits		643	683
NET DEFERRED TAX ASSET (LIABILITY)		**(84)**	**(203)**
Deferred tax assets recognised in the statement of financial position	9.2.1	553	522
Deferred tax liabilities recognised in the statement of financial position	9.2.2	636	725
NET		**(84)**	**(203)**

The tax saving realised by the Casino, Guichard-Perrachon tax group amounted to €399 million in 2018 (2017: €243 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 2018, deferred tax assets amounted to €305 million for Casino, Guichard-Perrachon, €109 million for Éxito and €45 million for GPA. These amounts are expected to be recovered by 2026 for Casino, Guichard-Perrachon, 2022 for Éxito and 2023 for GPA.

9.2.4. Unrecognised deferred tax assets

At 31 December 2018, unrecognised deferred tax assets for tax loss carryforwards amounted to €400 million, representing an unrecognised deferred tax effect of €106 million (31 December 2017: €501 million, representing an unrecognised deferred tax effect of €133 million). The loss carryforwards mainly concern Cdiscount, the Franprix-Leader Price sub-group and Wilkes.

Expiry dates of unrecognised tax loss carryforwards

(€ millions)	**2018**	2017
Within one year	–	1
In one to two years	–	–
In two to three years	2	–
In more than three years	6	3
Without expiry date	98	130
TOTAL	**106**	**133**

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 (CGU) 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 2018 Net**	31 December 2017 Net
France Retail	**5,494**	**5,594**
Hypermarkets, supermarkets and convenience stores	*1,432*	*1,451*
Franprix-Leader Price	*2,693*	*2,606*
Monoprix	*1,331*	*1,301*
Other	*38*	*237*
E-commerce (France)	**61**	**59**
Latam Retail	**3,134**	**3,378**
Argentina[1]	*66*	*8*
Brazil (GPA Food)	*2,272*	*2,531*
Colombia	*501*	*521*
Uruguay	*296*	*318*
CASINO GROUP	**8,690**	**9,031**

(1) Including revaluations of €61 million in application of IAS 29, following the classification of Argentina as a hyperinflationary economy in 2018.

10.1.2. Movements for the year

(€ millions)	**2018**	2017
Carrying amount as at 1 January	**9,031**	**9,595**
Goodwill recognised during the year[1]	121	41
Impairment losses recognised during the year	(1)	(5)
Goodwill written off on disposals	(4)	(15)
Effect of movements in exchange rates	(316)	(506)
Reclassifications and other movements[2]	(142)	(79)
CARRYING AMOUNT AS AT 31 DECEMBER	**8,690**	**9,031**

(1) The €121 million increase in goodwill as at 31 December 2018 mainly reflects (a) goodwill of €76 million recognised on the acquisition of various sub-groups and individual businesses by Franprix-Leader Price (Note 3.1.2) and (b) goodwill of €24 million recognised on the acquisition of Sarenza (Note 3.1.1). The €41 million increase in goodwill as at 31 December 2017 corresponded primarily to goodwill of €32 million recognised on the acquisition of various controlling interests by Franprix-Leader Price (Note 3.2.2).

(2) In 2018, this line reflects (i) reclassification of assets from the France Retail segment in assets held for sale; and (ii) the remeasurement of goodwill in Argentina for €61 million, in application of IAS 29.

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 2018			31 December 2017		
(€ millions)	Gross amount	Accumulated amortisation and impairment	Net	Gross amount	Accumulated amortisation and impairment	Net
Concessions, trademarks, licences and banners	1,541	(26)	1,516	1,652	(33)	1,618
Lease premiums	794	(17)	777	725	(17)	708
Software	1,227	(824)	403	1,160	(766)	394
Other	271	(61)	210	207	(48)	160
INTANGIBLE ASSETS	**3,834**	**(928)**	**2,906**	**3,743**	**(864)**	**2,879**

10.2.2. Movements for the year

(€ millions)	Concessions, trademarks, licences and banners	Lease premiums	Software	Other intangible assets	Total
Carrying amount as at 1 January 2017	**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)
Carrying amount as at 31 December 2017	**1,618**[(2)]	**708**	**394**	**160**	**2,879**
Change in scope of consolidation	6	4	–	3	13
Additions and acquisitions	1	10	66	135	211
Assets disposed of during the year	–	(13)	(1)	(2)	(15)
Amortisation for the year	(1)	(2)	(109)	(14)	(126)
Impairment (losses)/reversals, net	(6)	2	(6)	(2)	(12)
Effect of movements in exchange rates	(98)	(36)	(19)	–	(153)
IFRS 5 reclassifications	(5)	(40)	–	(1)	(47)
Other reclassifications and movements[(1)]	1	145	79	(68)	157
CARRYING AMOUNT AS AT 31 DECEMBER 2018	**1,516**[(2)]	**777**	**403**	**210**	**2,906**

(1) Including BRL 633 million (€147 million) corresponding to the Paes Mendonça receivable reclassified to "Lease premiums" (Note 6.9.1).
(2) Including trademarks for €1,515 million (31 December 2017: €1,613 million).

Internally-generated intangible assets (mainly information systems developments) represented €65 million in 2018 (2017: €35 million).

Intangible assets as at 31 December 2018 include trademarks and lease premiums with an indefinite life, carried in the statement of financial position for €1,515 million and €777 million respectively. These assets are allocated to the following groups of CGUs:

(€ millions)	**31 December 2018**	31 December 2017
Latam Retail	**1,352**	**1,330**
of which Brazil (GPA Food)(1)	*1,166*	*1,135*
of which Colombia	*157*	*164*
of which Uruguay	*28*	*31*
France Retail	**931**	**987**
of which Casino France	*64*	*67*
of which Franprix-Leader Price	*59*	*54*
of which Monoprix(1)	*803*	*860*
E-commerce	**9**	**4**

(1) Trademarks and lease premiums are allocated to the following GPA Food banners in Brazil and Monoprix banners in France:

	31 December 2018		31 December 2017	
(€ millions)	Trademarks	Lease premiums	Trademarks	Lease premiums
GPA Food	**753**	**413(1)**	**842**	**293**
Pão de Açúcar	235	92	262	91
Extra	404	254	452	179
Assaí	115	65	128	22
Other	–	1	–	2
Monoprix	**566**	**237**	**572**	**289**
Monoprix	552	212	552	265
Naturalia	14	25	14	24
Monshowroom	–	–	6	–

(1) The increase corresponds mainly to the BRL 633 million (€147 million) Paes Mendonça receivable reclassified to "Lease premiums" (Note 6.9.1).

Intangible assets were tested for impairment as at 31 December 2018 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 2018			31 December 2017		
(€ millions)	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Land and land improvements	1,226	(78)	1,148	1,932	(93)	1,839
Buildings, fixtures and fittings	3,757	(1,468)	2,289	4,479	(1,686)	2,794
Other	6,989	(4,548)	2,441	7,407	(4,750)	2,657
PROPERTY, PLANT AND EQUIPMENT	**11,972**	**(6,094)**	**5,878**	**13,818**	**(6,529)**	**7,289**

10.3.2. Movements for the year

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other	Total
Carrying amount as at 1 January 2017	**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[1]	(39)	148	(189)	(80)
Carrying amount as at 31 December 2017	**1,839**	**2,794**	**2,657**	**7,289**
Change in scope of consolidation	18	25	34	77
Additions and acquisitions	18	175	688	881
Assets disposed of during the year	(65)	(108)	(153)	(326)
Depreciation for the year	(4)	(139)	(379)	(522)
Impairment (losses)/reversals, net	(14)	26	(66)	(54)
Effect of movements in exchange rates	(56)	(169)	(88)	(314)
IFRS 5 reclassifications	(598)	(399)	(158)	(1,155)
Other reclassifications and movements	9	85	(93)	1
CARRYING AMOUNT AS AT 31 DECEMBER 2018	**1,148**	**2,289**	**2,441**	**5,878**

(1) 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 2018 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 2018 amounted to €11 million, reflecting an average interest rate of 6.1% (2017: €14 million at an average rate of 7.7%).

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. 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

	31 December 2018			31 December 2017		
(€ millions)	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
INVESTMENT PROPERTY	**603**	**(106)**	**497**	**534**	**(73)**	**460**

10.4.2. Movements for the year

(€ millions)	2018	2017
Carrying amount as at 1 January	460	411
Change in scope of consolidation	1	1
Additions and acquisitions	59	130
Assets disposed of during the year	(1)	(1)
Depreciation for the year	(8)	(12)
Impairment (losses)/reversals, net	(1)	(6)
Effect of movements in exchange rates	(29)	(50)
IFRS 5 reclassifications	(7)	(42)
Other reclassifications and movements(1)	22	29
CARRYING AMOUNT AS AT 31 DECEMBER	**497**	**460**

(1) In 2018, including revaluations of investment property held by Libertad for a total of €34 million in application of IAS 29 – Financial Reporting in Hyperinflationary Economies (2017: including reclassification of property in Colombia from property, plant and equipment to investment property for €39 million).

As at 31 December 2018, investment property totalled €497 million, of which 69% (€342 million) concerned Éxito. Investment property as at 31 December 2017 amounted to €460 million, of which 70% concerned Éxito.

Amounts recognised in the income statement in respect of rental revenue and operating expenses on investment properties were as follows:

(€ millions)	2018	2017
Rental revenue from investment properties	99	100
Directly attributable operating expenses on investment properties		
▪ that generated rental revenue during the year	(18)	(21)
▪ that did not generate rental revenue during the year	(31)	(27)

Fair value of investment property

The main investment properties as at 31 December 2018 were held by Éxito.

As at 31 December 2018, the fair value of investment property was €847 million (31 December 2017: €798 million). For most investment properties, fair value is determined on the basis of valuations carried out by independent valuers. In accordance with international valuation standards, they are based on market value as confirmed by market indicators, representing a level 3 fair value input.

In addition, the fair value of investment property classified as "Assets held for sale" was €24 million as at 31 December 2018 and primarily concerned the France Retail segment (31 December 2017: €56 million).

10.5. IMPAIRMENT OF NON-CURRENT ASSETS (INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND GOODWILL)

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

Net impairment losses recognised in 2018 on goodwill, intangible assets, property, plant and equipment and investment property totalled €68 million (Note 6.5), of which €24 million arose from restructuring operations (mainly in the France Retail segment) and €43 million corresponded to write-downs of individual assets (mainly in the France Retail segment for €41 million and the E-commerce segment for €4 million).

Following the tests carried out in 2017, impairment losses totalling €76 million had been recognised on goodwill, intangible assets and property, plant and equipment, of which €11 million arose from restructuring operations mainly in the France Retail segment and €63 million corresponded to write-downs of individual assets (primarily in the France Retail and Latam Retail segments).

10.5.2. Goodwill impairment losses

Annual impairment testing consists of determining the recoverable amounts of the CGUs 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 2018 for internal calculations of values in use

Region	2018 perpetual growth rate(1)	2018 after-tax discount rate(2)	2017 perpetual growth rate(1)	2017 after-tax discount rate(2)
France (retailing)	1.9%	5.6%	1.8%	5.6%
France (other businesses)	1.9% and 2.4%	5.6% and 7.7%	1.8% and 2.3%	5.6% and 7.0%
Argentina	4.9%	14.4%	8.8%	15.5%
Brazil(3)	5.5%	10.1%	5.5%	9.9%
Colombia(3)	3.0%	9.0%	3.0%	8.8%
Uruguay	6.1%	11.2%	6.1%	11.8%

(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 exercise by taking account of the sector's levered beta, a market risk premium and the Group's cost of debt for France and the local cost of debt for subsidiaries outside France.

(3) As at 31 December 2018, the market capitalisation of the listed subsidiaries GPA, Éxito and Cnova was €4,863 million, €1,490 million and €1,243 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).

No impairment loss was recognised as at 31 December 2018 from the annual goodwill impairment test conducted at the end of the year.

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 Senior Management, extrapolation of projections over a period of three years, a terminal value calculated from perpetual capitalisation of notional annual cash flow based on cash flows taken from the last year of forecasts, and a 5.6% discount rate (2017: 5.6%).

The cash flow projections for the budget period were based on the following assumptions:

- optimisation of the Leader Price store base;
- 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 €2,693 million in goodwill).

Change required for the Franprix-Leader Price CGU's carrying amount to be the same as its recoverable amount	31 December 2018(1)	31 December 2017
After-tax discount rate (5.6%)	+100 bps	+90 bps
Perpetual growth rate net of inflation (0%)	-130 bps	-110 bps
EBITDA margin used for the annual cash flow projection	-130 bps	-125 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 €260 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 €404 million as at 31 December 2018) is the most exposed to a risk of impairment. However, the tests carried out as at 31 December 2018 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 2018(1)
After-tax discount rate (10.1%)	+100 bps
Perpetual growth rate net of inflation (1.5%)	-125 bps
EBITDA margin used for the annual cash flow projection	-70 bps

(1) A 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 €280 million.

Note 11 Financial structure and finance costs

Following the first-time application of IFRS 9 from 1 January 2018 (Note 1.3.2), the Group revised its accounting policy for financial instruments.

Accounting principle

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs in the case of instruments not measured at fair value through profit or loss. Directly attributable transaction costs of financial assets measured at fair value through profit or loss are recorded in the income statement.

Financial assets are classified in the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss.

The classification depends on the business model within which the financial asset is held and the characteristics of the instrument's contractual cash flows.

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.

Financial assets at amortised cost

Financial assets are measured at amortised cost when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion).

They are subsequently measured at amortised cost, determined using the effective interest method, less any expected impairment losses in relation to the credit risk. Interest income, exchange gains and losses, impairment losses and gains and losses arising on derecognition are all recorded in the income statement.

This category primarily includes trade receivables (except for GPA credit card receivables), cash and cash equivalents as well as other loans and receivables.

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.

Financial assets at fair value through other comprehensive income (OCI)

This category comprises debt instruments and equity instruments.

- Debt instruments are measured at fair value through OCI when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion). Interest income, exchange gains and losses and impairment losses are recorded in the income statement. Other net gains and losses are recorded in OCI. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

  This category mainly consists of GPA credit card receivables.

- Equity instruments that are not held for trading may also be measured at fair value through OCI. This method may be chosen separately for each investment. The choice is irrevocable. Dividends received are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recorded in OCI and are never reclassified to profit or loss. At present, the Group's use of this option is non-material.

Financial assets at fair value through profit or loss

All financial assets that are not classified as financial assets at amortised cost or at fair value through OCI are measured at fair value through profit or loss. Gain and losses on these assets, including interest or dividend income, are recorded in the income statement.

This category mainly comprises derivative instruments that do not qualify for hedge accounting and 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.

Impairment of financial assets

IFRS 9 requires the recognition of lifetime expected credit losses on financial assets. This impairment model applies to financial assets at amortised cost (including cash-based instruments), contract assets and debt instruments at fair value through OCI.

The main financial assets concerned are trade receivables relating to Brazilian credit activities, trade receivables from franchisees and affiliated stores and rent receivables.

For trade and rent receivables and contract assets, the Group applies the simplified approach provided for in IFRS 9. This approach consists of estimating lifetime expected credit losses on initial recognition, usually using a provision matrix that specifies provision rates depending on the number of days that a receivable is past due.

For other financial assets, the Group applies the general impairment model.

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.

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.

The accounting treatment of put options granted to owners of non-controlling interests ("NCI puts") is described in Note 3.4.1.

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 mainly derivative instruments (see below). There are no 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 hold any financial liabilities for trading other than derivative instruments at fair value through profit or loss.

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 IFRS 9, the Group applies hedge accounting to:

- fair value hedges of a liability (for example, swaps to convert fixed rate debt to variable rate); the hedged item is recognised at fair value and any change in fair value is recognised in profit or loss. Gains and losses arising from remeasurement of the hedge at fair value 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 or 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). The premium/discount component of forward foreign exchange contracts is treated as a hedging cost. Changes in the fair value of this component are recorded in "Other comprehensive income" and reclassified to profit or loss as part of the cost of the hedged transaction on the transaction date (basis of adjustment method);
- 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 instruments and hedged items included in the hedging relationship are all eligible for hedge accounting;
- 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 2018	31 December 2017
Cash equivalents	1,184	1,531
Cash	2,546	1,860
Cash and cash equivalents	**3,730**	**3,391**
Bank overdrafts (Note 11.2.4)	(138)	(154)
NET CASH AND CASH EQUIVALENTS	**3,592**	**3,236**

As of 31 December 2018, cash and cash equivalents are not subject to any material restriction. Following the settlement of the debt towards the plaintiffs in the class action against Cnova N.V. (Note 13.3), the €24 million placed in escrow to guarantee the debt was released in 2018.

Bank guarantees are presented in Note 6.11.1.

11.2. FINANCIAL LIABILITIES

11.2.1. Breakdown of financial liabilities

Financial liabilities amounted to €9,027 million as at 31 December 2018 (31 December 2017: €8,722 million), breaking down as follows:

		31 December 2018			31 December 2017		
(€ millions)	Notes	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds(1)	11.2.3	5,470	939	6,409	6,008	498	6,506
Other borrowings and financial liabilities	11.2.4	1,311	1,257	2,568	1,164	956	2,120
Finance lease liabilities	7.5	35	12	47	47	17	65
Fair value hedges – liabilities(2)	11.5.1	–	3	3	10	22	32
Financial liabilities		**6,817**	**2,211**	**9,027**	**7,229**	**1,493**	**8,722**
Fair value hedges – assets(3)	11.5.1	(67)	(34)	(101)	(94)	(4)	(98)
Other financial assets	6.8.1/6.9.1	(8)	(78)	(86)	–	(38)	(38)
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.5	–	(1,689)	(1,689)	–	(1,070)	(1,070)
Cash and cash equivalents	11.1	–	(3,730)	(3,730)	–	(3,391)	(3,391)
Cash and cash equivalents, other financial assets and net assets held for sale		**(75)**	**(5,531)**	**(5,606)**	**(94)**	**(4,502)**	**(4,596)**
NET DEBT		**6,742**	**(3,321)**	**3,421**	**7,136**	**(3,010)**	**4,126**

(1) Of which bond issues totalling €5,491 million in France and €919 million at GPA as at 31 December 2018 (31 December 2017: of which bond issues totalling €5,757 million in France and €749 million at GPA).
(2) Of which fair value hedges (liabilities) totalling €2 million in Colombia and €1 million in Brazil as at 31 December 2018 (31 December 2017: of which fair value hedges totalling €16 million in Brazil, €10 million in Colombia and €6 million in France).
(3) Of which fair value hedges (assets) totalling €54 million in France, €20 million in Brazil and €27 million in Colombia as at 31 December 2018 (31 December 2017: of which fair value hedges totalling €89 million in France, €7 million in Brazil and €2 million in Colombia).

Breakdown of net debt by operating segment

	31 December 2018				31 December 2017			
(€ millions)	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	5,933	(2,097)	(1,126)	2,709	6,022	(1,872)	(435)	3,715
Latam Retail	2,673	(1,597)	(20)	1,056	2,326	(1,475)	(7)	845
of which GPA Food	*1,632*	*(1,000)*	*(8)*	*624*	*1,147*	*(952)*	*(6)*	*189*
of which Éxito(2)	*1,034*	*(596)*	*(12)*	*426*	*1,179*	*(522)*	*(1)*	*655*
Latam Electronics	–	–	(543)	(543)	–	–	(628)	(628)
E-commerce	234	(36)	–	199	238	(44)	–	194
TOTAL	**8,840**	**(3,730)**	**(1,689)**	**3,421**	**8,586**	**(3,391)**	**(1,070)**	**4,126**

(1) Financial liabilities net of fair value hedging derivative assets and other financial assets.
(2) Éxito excluding GPA, including Argentina and Uruguay.

During the first half of 2018, Segisor (Latam Retail segment – GPA Food), the holding company for the GPA shares, entered into a €400 million medium-term bank loan and used the proceeds to distribute the same total amount to Éxito and Casino, Guichard-Perrachon.

11.2.2. Change in financial liabilities

(€ millions)	**2018**	2017
Financial liabilities at beginning of period	*8,722*	*10,215*
Fair value hedges – assets	*(98)*	*(291)*
Financial liabilities at 1 January (including hedging instruments) (reported)	**8,625**	**9,924**
Effects of applying IFRS 9 (Note 1.3)	*19*	*–*
Financial liabilities at 1 January (including hedging instruments) (restated)	**8,644**	**9,924**
New borrowings(1)(3)	1,542	1,589
Repayments of borrowings(2)(3)	(1,346)	(2,534)
Change in fair value of hedged debt	60	92
Change in accrued interest	(34)	(109)
Foreign currency translation reserves	(170)	(352)
Changes in scope of consolidation(4)	303	10
Reclassification of financial liabilities associated with non-current assets held for sale	54	(17)
Other and reclassifications(5)	(127)	22
Financial liabilities at end of period (including hedging instruments)	**8,926**	**8,625**
Financial liabilities at end of period (Note 11.2.1)	*9,027*	*8,722*
Fair value hedges – assets (Note 11.2.1)	*(101)*	*(98)*

(1) New borrowings in 2018 primarily consisted of the following: (a) a €200 million bond issue by Casino, Guichard-Perrachon (Note 2), (b) at GPA, three bond issues for a total of BRL 2,000 million (€464 million) and new bank loans for BRL 1,168 million (€271 million), (c) a €400 million loan taken out by Segisor and (d) drawdowns on lines of credit by Éxito for COP 500 billion (€143 million).

New borrowings in 2017 mainly included: (a) at GPA, a bond issue in BRL for €300 million along with a 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 expenses.

(2) Repayments of borrowings in 2018 mainly concern Casino, Guichard-Perrachon for €516 million (of which (a) the €135 million bond buyback described in Note 2, and (b) redemption of a €348 million bond issue), GPA for €583 million and Éxito for €240 million.

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 programme), GPA for €974 million and Éxito for €649 million.

(3) In 2018, cash flows from financing activities can be summarised as a net disbursement of €227 million; they consist of repayments of borrowings for €1,346 million and net interest paid for €424 million (Note 4.10), offset by new borrowings for €1,542 million.

In 2017, cash flows from financing activities represented a net disbursement of €1,450 million; they consisted of repayments of borrowings for €2,534 million and net interest paid for €505 million (Note 4.10), offset by new borrowings for €1,589 million.

(4) In 2018, including €198 million and €49 million related to total return swaps (TRS) set up during the year on Mercialys and Via Varejo shares respectively (Note 2).

(5) In 2018, including a €96 million reduction in bank overdrafts.

11.2.3. Breakdown of bonds

(€ millions)	Principal(1)	Nominal interest rate(2)	Effective interest rate(2)	Issue date	Maturity date	2018(3)	2017(3)
Casino, Guichard-Perrachon bonds in euros	**5,338**					**5,491**	**5,757**
2018 bonds	–	F: 5.73	6.47%	May 2010	November 2018	–	361
2019 bonds	675	F: 4.41	4.04%	August 2012 April 2013	August 2019	681	714
2020 bonds	497	F: 5.24	5.28%	March 2012	March 2020	507	559
2021 bonds	850	F: 5.98	6.53%	May 2011	May 2021	884	898
2022 bonds	744	F: 1.87	2.55%	June 2017 January 2018	June 2022	732	523
2023 bonds	720	F: 4.56	4.47%	January 2013 May 2013	January 2023	766	811
2024 bonds	900	F: 4.50	4.88%	March 2014	March 2024	941	912
2025 bonds	444	F: 3.58	3.62%	December 2014	February 2025	451	449
2026 bonds	508	F: 4.05	4.09%	August 2014	August 2026	530	530
GPA bonds in BRL	**921**					**919**	**749**
2019 bonds	–	V: 107.0% CDI	V: 107.0% CDI	September 2014	September 2019	–(4)	227
2019 bonds	228	V: 97.5% CDI	V: 97.5% CDI	December 2016	December 2019	227	255
2020 bonds	243	V: 96.0% CDI	V: 96.0% CDI	April 2017	April 2020	242	268
2021 bonds	180	V: 104.75% CDI	V: 104.75% CDI	January 2018	January 2021	180	–
2021 bonds	158	V: 106.0% CDI	V: 106.0% CDI	September 2018	September 2021	158	–
2022 bonds	113	V: 107.4% CDI	V: 107.4% CDI	September 2018	September 2022	112	–
TOTAL BONDS						**6,409**	**6,506**

(1) Corresponds to the principal of the bonds outstanding as at 31 December 2018.

(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) In 2018, GPA decided to anticipate the redemption of its bonds maturing in 2019. In early 2019, these borrowings were refinanced by new bonds with longer maturities and lower interest rates.

11.2.4. Other borrowings

(€ millions)	Principal	Type of rate	Issue date	Maturity date	2018	2017
France						
Negotiable European commercial paper (Casino Guichard-Perrachon)	221	Fixed	(1)	(1)	221	210
TRS Mercialys (Casino, Guichard-Perrachon) (Note 2)	198	Variable	July 2018	December 2020	198	–
Other Franprix-Leader Price borrowings	75	Variable/ Fixed(2)	2010 to 2016	2019 to 2025	75	72
Other(3)					25	24
International						
GPA	227	Variable(4)/ Fixed(5)	June 2013 to September 2017	September 2019 to May 2027	223	296
TRS Via Varejo (GPA) (Note 2)	49	Variable(4)	December 2018	April 2019	49	–
Éxito	1,053	Variable(4)	August 2015 to December 2017	February 2019 to August 2025	1,048	1,149
Segisor	400	Variable	June 2018	December 2021	397	–
Other					10	–
Bank overdrafts(6)					**138**	**154**
Accrued interest(7)					**183**	**215**
TOTAL OTHER BORROWINGS					**2,568**	**2,120**
Of which variable rate					*1,599*	*1,256*

(1) Negotiable European commercial paper (NEUCP) is short-term financing with a maturity of less than 12 months.
(2) Of which fixed-rate loans amounting to €12 million as at 31 December 2018 (31 December 2017: €2 million).
(3) Of which €12 million concerning Cdiscount (31 December 2017: €15 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 €8 million as at 31 December 2018 (31 December 2017: €11 million).
(6) Overdrafts are mostly in France.
(7) Accrued interest relates to all financial liabilities including bonds. As at 31 December 2018, this accrued interest primarily concerned Casino, Guichard-Perrachon for €159 million and GPA for €19 million (31 December 2017: Casino, Guichard-Perrachon for €164 million and GPA for €44 million).

Confirmed bank credit lines 2018

(€ millions)	Interest rate	Expiry date: Within one year	Expiry date: In more than one year	Amount of the facility	Drawdowns
Casino, Guichard-Perrachon syndicated credit lines(1)	Variable(1)	–	1,855	1,855	–
Casino, Guichard-Perrachon bilateral credit lines	Variable(2)	175	265	440	–
Other confirmed bank credit lines(4)	Variable(3)	225	911	1,136	27
TOTAL		**400**	**3,031**	**3,431**	**27**

(1) Syndicated credit lines comprise a €1,200 million line expiring in February 2021 and a USD 750 million line expiring in July 2022. 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 €240 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 (€405 million) and Éxito (€161 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 programme 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)	2018	2017
Gains (losses) on disposals of cash equivalents	–	–
Income from cash and cash equivalents	37	81
Income from cash and cash equivalents	**37**	**81**
Interest expense on borrowings after hedging	(357)	(439)
Interest expense on finance lease liabilities	(7)	(10)
Finance costs	**(364)**	**(449)**
NET FINANCE COSTS	**(327)**	**(367)**

11.3.2. Other financial income and expenses

(€ millions)	2018	2017
Investment income	–	1
Foreign currency exchange gains (other than on borrowings)	34	19
Discounting and accretion adjustments	2	2
Gains on remeasurement at fair value of non-hedging derivative instruments[(1)]	8	89
Gains on remeasurement at fair value of financial assets	2	–
Impact of applying IAS 29 to operations in Argentina	–	–
Other financial income[(2)]	76	50
Other financial income	**122**	**161**
Foreign currency exchange losses (other than on borrowings)	(42)	(25)
Discounting and accretion adjustments	(7)	(8)
Losses on remeasurement at fair value of non-hedging derivative instruments[(1)]	(52)	(42)
Losses on remeasurement at fair value of financial assets	(3)	–
Non-recourse factoring and associated transaction costs	(81)	(83)
Impact of applying IAS 29 to operations in Argentina	(13)	–
Other	(60)	(81)
Other financial expenses	**(260)**	**(239)**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**(138)**	**(78)**

(1) The net loss of €44 million on remeasurement at fair value of non-hedging derivative instruments reported in 2018 mainly reflects (a) fair value adjustments to the GPA TRS (positive adjustment of €5 million) and GPA forward (negative adjustment of €17 million) as well as dividend income (€3 million) and the cost of carry (€14 million) associated with these instruments, and (b) negative impacts related to other derivative instruments (€3 million). The net gain of €47 million on remeasurement at fair value of non-hedging derivative instruments reported in 2017 mainly reflected (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).

(2) Including BRL 101 million (€23 million) in interest recognised by GPA on the Paes Mendonça receivable (Note 6.9.1).

GPA TRS and forward

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 2018, 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 €172 million (31 December 2017: 7.8 million ADRs, a notional amount of €332 million and a negative fair value of €177 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 2018, it related to 5.8 million shares (2.2% of GPA's capital) representing a notional amount of USD 239 million (€209 million), and had a negative fair value of €101 million (31 December 2017: 5.8 million shares, a notional amount of USD 239 million (€199 million) and a negative fair value of €83 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 €272 million as at 31 December 2018 (31 December 2017: negative fair value of €260 million) (Note 11.5.1).

A 10% increase in the share price would have reduced the loss for the period by €25 million. A 10% decline in the share price would have produced the opposite effect.

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 tables below analyse financial assets according to the new measurement categories used as from 1 January 2018 under IFRS 9 and the original categories used in 2017 under IAS 39. The corresponding reclassifications are presented in Note 1.3.2.

In 2017, the Group did not hold any assets that would have been classified in the categories "financial assets at fair value through profit or loss" or "held-to-maturity financial assets".

		Breakdown by category of instrument			
(€ millions)	Total financial assets	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income (OCI)	Hedging instruments	Financial assets at amortised cost
AS AT 31 DECEMBER 2018					
Other non-current assets(1)	367	44	4	67	252
Trade receivables	905	–	28	–	877
Other current assets(1)	973	–	7	40	927
Cash and cash equivalents	3,730	17	–	–	3,713

		Breakdown by category of instrument				
(€ millions)	Total financial assets	Held-for-trading financial assets	Hedging instruments	Loans and receivables	AFS – measured at fair value	AFS – measured at cost
AS AT 31 DECEMBER 2017 (RESTATED)						
Other non-current assets(1)	703	–	94	573	32	4
Trade receivables(2)	937	–	–	937	–	–
Other current assets(1)(2)	795	–	4	791	–	–
Cash and cash equivalents	3,391	4	–	3,386	–	–

(1) Excluding non-financial assets.
(2) Trade receivables and other financial assets have been restated to reflect the retrospective application of IFRS 15.

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 2018				
Bonds	6,409	6,409	–	–
Other borrowings and financial liabilities	2,571	2,568	–	3
Put options granted to owners of non-controlling interests	188	–	188	–
Finance lease liabilities	47	47	–	–
Trade payables	6,688	6,688	–	–
Other liabilities(1)	2,083	1,796	–	287

(€ millions)	Total financial liabilities	Breakdown by category of instrument: Liabilities at amortised cost	NCI puts	Derivative instruments
AS AT 31 DECEMBER 2017 (RESTATED)				
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(2)	6,664	6,664	–	–
Other liabilities(1)	2,086	1,809	–	277

(1) Excluding non-financial liabilities.
(2) Trade payables have been restated to reflect the retrospective application of IFRS 15.

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, contract assets and liabilities, and cash and cash equivalents. 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.

			Fair value hierarchy		
As at 31 December 2018 *(€ millions)*	Carrying amount	Fair value	Market price = Level 1	Models with observable inputs = Level 2	Models with unobservable inputs = Level 3
ASSETS	**189**	**189**	**11**	**135**	**44**
Financial assets at fair value through profit or loss(1)	35	35	1	–	34
Financial assets at fair value through other comprehensive income(1)	38	38	10	28	–
Fair value hedges – assets(2)	101	101	–	101	–
Cash flow hedges and net investment hedges – assets(2)	6	6	–	6	–
Other derivative instruments – assets	9	9	–	–	9
LIABILITIES	**9,503**	**8,980**	**5,180**	**3,612**	**188**
Bonds(3)	6,409	6,087	5,180	907	–
Other borrowings and finance lease liabilities(4)	2,615	2,414	–	2,414	–
Fair value hedges – liabilities(2)	3	3	–	3	–
Cash flow hedges and net investment hedges – liabilities(2)	15	15	–	15	–
Other derivative instruments – liabilities(2)	273	273	–	273	–
Put options granted to owners of non-controlling interests(5)	188	188	–	–	188

			Fair value hierarchy		
As at 31 December 2017 *(€ millions)*	Carrying amount	Fair value	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

(1) The fair value of financial assets at fair value (presented in 2017 in the category "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 instrument. 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 (Note 3.4.1).

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 Senior Management. It has issued a Good Financial Practice Guide governing all financing, investment and hedging transactions carried out by Group entities.

Financing, short-term investment and financial risk management policies are overseen by the 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 dealing with any material identified risks.

The Group manages its exposure to interest rate risks and foreign currency risks using standard 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-tier bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.

Like many other large corporates, the Group may take very small, strictly controlled positions that do not qualify for hedge accounting, 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	2018	Interest rate risk	Foreign currency risk	Other market risks	2017
Derivatives – assets						
Derivatives at fair value through profit or loss	6.8.1 – 6.9	9	–	–	9	–
Cash flow hedges	6.8.1	6	–	6	–	–
Fair value hedges	6.8.1 – 6.9 – 11.2	101	56	45	–	98
TOTAL DERIVATIVES – ASSETS		**116**	**56**	**51**	**9**	**98**
of which non-current		*76*	*52*	*15*	*9*	*94*
of which current		*40*	*4*	*36*	*–*	*4*
Derivatives – liabilities						
Derivatives at fair value through profit or loss	6.10	273	1	–	272	260
Cash flow hedges	6.10	15	13	2	–	17
Fair value hedges	11.2	3	2	1	–	32
TOTAL DERIVATIVES – LIABILITIES		**291**	**16**	**3**	**272**	**309**
of which non-current		*286*	*14*	*–*	*272*	*270*
of which current		*5*	*2*	*3*	*–*	*39*

As at 31 December 2018, derivatives held as fair value hedges (on a notional amount of €5,261 million) had a positive net fair value of €98 million. The total included (i) interest rate hedges in France on a notional amount of €4,663 million with a positive fair value of €53 million and (ii) currency and interest rate hedges in Brazil on a notional amount of €199 million with a positive fair value of €19 million, and in Colombia on a notional amount of €399 million with a positive fair value of €25 million. All the currency and interest rate derivatives are backed by bank borrowings or bonds denominated either in the same currency or 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 2018, the cash flow hedge reserve included in equity had a debit balance of €8 million (31 December 2017: debit balance of €16 million after tax). 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 2018 was USD 159 million (€143 million – Note 11.5.2). In Colombia, the notional amount hedged by the derivatives is €73 million. Both France and Colombia apply cash flow hedge accounting regarding the hedging of interest rates on variable rate borrowings for notional amounts of €2,849 million and €513 million, respectively, at 31 December 2018. The ineffective portion of these cash flow hedges is not material.

Derivative instruments that do not qualify for hedge accounting under IFRS 9 had a negative fair value of €263 million at 31 December 2018 (31 December 2017: negative fair value of €260 million), including TRSs and forward contracts on GPA shares with a negative fair value of €272 million (31 December 2017: negative fair value of €260 million) (Note 11.3.2).

The fair value calculation as at 31 December 2018 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.

Interest rate risks are managed using various vanilla instruments. The main instruments are interest rate swaps and options (caps, floors and swaptions). 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 €5,338 million as at 31 December 2018 – 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.

As at 31 December 2018, Casino, Guichard-Perrachon had a portfolio of 68 interest rate swaps and options with a dozen bank counterparties. These instruments expire at various dates between 2019 and 2026.

As at 31 December 2018, 66% of Casino, Guichard-Perrachon's bond debt (€3,524 million) was hedged – including 31% at fixed rates (€1,677 million) and 35% at capped variable rates (€1,847 million) – and 34% was at variable rates (€1,814 million).

Sensitivity to a change in interest rates

Sensitivity to rate changes is calculated as shown in the table below.

(€ millions)	Notes	31 December 2018	31 December 2017
Casino, Guichard-Perrachon variable-rate bonds[1]		1,814	2,672
Casino, Guichard-Perrachon capped variable-rate bonds[1]		1,847	900
Brazil variable-rate bonds[2]	11.2.3	921	753
Other variable-rate borrowings and financial liabilities[3][4][5]	11.2.4	1,599	1,256
Finance lease liabilities	7.5	47	65
Total variable-rate bonds, other borrowings and financial liabilities		**6,227**	**5,646**
Cash and cash equivalents	11.1	(3,730)	(3,391)
NET VARIABLE-RATE POSITION		**2,497**	**2,255**
100-bps change in interest rates		13	17
Net finance costs	11.3.1	327	367
IMPACT OF CHANGE ON NET FINANCE COSTS		**3.9%**	**4.6%**

(1) Corresponding to fixed-rate bonds representing a principal amount of €5,338 million (31 December 2017: €5,614 million) (Note 11.2.3), including a principal amount of €3,660 million (31 December 2017: €3,572 million) swapped for variable rate debt, of which €1,847 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 974 million (€219 million) swapped for variable rate debt in BRL by means of cross-currency swaps where applicable (31 December 2017: BRL 1,137 million, representing €286 million).

(5) Including borrowings in Colombia originally denominated in COP or USD for COP 1,860 billion (€499 million), swapped for variable rate debt in COP by means of cross-currency swaps where applicable (31 December 2017: COP 2,581 billion, representing €721 million, 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 3.9% or €13 million increase (2.0% or €7 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 on the translation of the balance sheets and income statements of subsidiaries outside the euro zone 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 financial structure 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. These instruments are mainly over-the-counter instruments contracted with first-tier bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.

As a general principle, budgeted purchases are hedged using instruments with the same maturities as the underlying transactions.

Currency risks on debts 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 2018**	Of which USD	Total exposure 2017
Exposed trade receivables	(33)	(15)	(36)
Exposed other financial assets	(117)	(82)	(134)
Exposed derivatives at fair value through profit or loss	272	272	260
Exposed trade payables	226	197	187
Exposed financial liabilities	616	616	621
Exposed other financial liabilities	–	–	25
Gross exposure payable/(receivable)	**964**	**989**	**923**
Hedged other financial assets	–	–	–
Hedged trade payables	111	106	90
Hedged financial liabilities	614	614	620
NET EXPOSURE PAYABLE/(RECEIVABLE)	**240**	**270**	**214**
Hedges of future purchases	**143**	**143**	**256**
Exposed put options granted to owners of non-controlling interests[1]	**117**	**117**	**119**

(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 2017, the net statement of financial position exposure of €214 million mainly concerned the US dollar.

Sensitivity of net exposure after foreign currency hedging

A 10% appreciation of the euro as at 31 December 2018 and 2017 against the 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)	**2018**	2017
US dollar	27	26
Other currencies	(3)	(4)
IMPACT ON NET FINANCIAL INCOME (EXPENSE)	**24**	**21**

A 10% decline in the euro against those currencies as at 31 December 2018 and 2017 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:

	2018		2017 (restated)	
(€ millions)	Brazilian real	Colombian peso	Brazilian real	Colombian peso
Total revenue	(1,042)	(292)	(1,125)	(302)
Trading profit	(45)	(11)	(50)	(11)
Net profit	(21)	(2)	(21)	(1)
Equity	(590)	(75)	(650)	(51)

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)	2018	%	2017	%
Euro	1,931	52%	1,175	35%
US dollar	100	3%	100	3%
Brazilian real	1,109	30%	1,580	47%
Colombian peso	530	14%	468	14%
Uruguayan peso	28	1%	29	1%
Other currencies	32	1%	37	1%
CASH AND CASH EQUIVALENTS	**3,730**	**100%**	**3,391**	**100%**

Exchange rates against the euro

	2018		2017	
Exchange rates against the euro	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (BRL)	4.4440	4.3096	3.9729	3.6054
Colombian peso (COP)	3,726.09	3,487.48	3,580.94	3,336.06
Argentine peso (ARS)(1)	43.0451	43.0451	22.3333	18.7530
Uruguayan peso (UYP)	37.1753	36.2481	34.4626	32.3625
US dollar (USD)	1.1450	1.1806	1.1993	1.1297
Polish zloty (PLN)	4.3014	4.2617	4.1770	4.2570

(1) In accordance with IAS 29, the financial statements of Libertad have been translated at the year-end exchange rate.

Equity risk

As at 31 December 2018, 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, 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 2018	**690**	**89**	**46**	**49**	**184**	**156**	**1,030**
31 December 2017	728	69	36	34	139	153	1,020

Counterparty risk related to other assets

Credit risk on other financial assets – mainly comprising cash and cash equivalents, equity instruments, 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-tier counterparties and in first-tier 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 2018, trade payables totalling €1,832 million had been reverse factored, including €704 million in France Retail payables, €971 million in Latam Retail payables and €157 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 granted by BNDES totalling €8 million as at 31 December 2018 that are secured by 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 2018, the Group's liquidity position comprised:

- confirmed, undrawn lines of credit for a total of €3,404 million (of which €2,865 million for France);
- available cash of €3,730 million.

Casino, Guichard-Perrachon has a €9,000 million Euro medium term notes (EMTN) programme. Notes issued under the programme totalled €5,338 million at 31 December 2018.

As at the same date, issuance under Casino, Guichard-Perrachon's €2,000 million negotiable European commercial paper (NEU CP) programme amounted to €221 million.

The Company's bonds (other than deeply-subordinated perpetual bonds) have been rated BB with negative outlook by Standard & Poor's since 3 September 2018 (BB+ with a positive outlook previously) and Ba1 with negative outlook by Moody's since 28 September 2018 (Ba1 with a stable outlook previously). In line with the policy of rotating rating agencies, as recommended by the European regulator, Moody's Investors Service ("Moody's") was appointed as the Group's new rating agency in 2017. 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.

The changes in Standard & Poor's rating and outlook and Moody's rating outlook in 2018 had no impact on Casino's borrowing costs or liquidity position.

The bond indentures (other than for deeply-subordinated perpetual bonds) 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 the two deeply-subordinated perpetual bonds 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 2018
Consolidated net debt[1]/ Consolidated EBITDA[3] < 3.5	€1.2 billion syndicated credit line	Annually	2.74
	Bilateral credit lines totalling €350 million		
Consolidated net debt[1]/ Consolidated EBITDA[3] < 3.7	€50 million bilateral credit line		
Consolidated net debt[2]/ Consolidated EBITDA[3] < 3.5	USD 750 million syndicated credit line		1.84
	€40 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) For these facilities, the definition of net debt includes the net assets held for sale attributable to owners of the parent.

(3) 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 respect 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)
Segisor	Net debt/value of GPA shares < 50%	Quarterly	▪ Bank loans totalling €400 million (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 2018.

Exposure to liquidity risk

The table below presents an analysis by maturity of financial liabilities as at 31 December 2018, 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.

	Maturity						
31 December 2018 *(€ millions)*	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	2,492	1,790	1,514	2,451	2,091	10,338	8,977
Put options granted to owners of non-controlling interests	126	5	–	68	–	199	188
Finance lease liabilities	16	17	13	8	33	87	47
Trade payables and other financial liabilities	8,334	25	–	1	26	8,387	8,387
TOTAL	**10,964**	**1,838**	**1,527**	**2,529**	**2,150**	**19,007**	**17,599**
DERIVATIVE FINANCIAL INSTRUMENTS – ASSETS/(LIABILITIES):							
Interest rate derivatives							
Derivative contracts – received	16	4	–	–	–	20	
Derivative contracts – paid	(18)	(3)	–	–	–	(22)	
Derivative contracts – net settled	18	14	7	(1)	1	39	
Currency derivatives							
Derivative contracts – received	370	66	1	1	–	437	
Derivative contracts – paid	(342)	(57)	(1)	(1)	–	(400)	
Derivative contracts – net settled	15	8	–	–	–	23	
Other derivative instruments							
Derivative contracts – received	–	–	–	–	–	–	
Derivative contracts – paid	(19)	(293)	–	–	–	(311)	
Derivative contracts – net settled	–	–	–	–	–	–	
TOTAL	**40**	**(262)**	**7**	**(1)**	**1**	**(215)**	**(174)**

	Maturity						
31 December 2017 (restated) *(€ millions)*	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	8,432	19	–	1	25	8,478	8,478
TOTAL	**10,366**	**1,729**	**1,602**	**1,904**	**3,161**	**18,761**	**17,339**
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)**

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

At 31 December 2018, the Company's share capital amounted to €167,886,006 (31 December 2017: €169,825,404 and was composed of 109,729,416 ordinary shares issued and fully paid as at that date (31 December 2017: 110,996,996 shares).

The decrease was mainly due to the cancellation of (i) 413,622 shares by the Board of Directors on 7 March 2018, (ii) 335,909 shares by the Board of Directors on 15 May 2018, and (iii) 518,077 shares by the Board of Directors on 25 July 2018, representing a total of €55 million of which €2 million corresponding to the shares' aggregate par value. The 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 by delivering existing shares when the related rights vest.

12.4. TREASURY SHARES

Treasury shares result from shareholder-approved buybacks of Casino, Guichard-Perrachon S.A. shares. As at 31 December 2018, a total of 961,761 shares were held in treasury, representing €33 million (31 December 2017: 107,735 shares 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 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 2018, no Casino, Guichard-Perrachon S.A. shares were held in the liquidity account (31 December 2017: no shares).

In January 2019, the Group signed a new liquidity agreement with Rothschild Martin Maurel to take account of the changes in regulations governing such agreements, in accordance with AMF decision 2018-01 dated 2 July 2018. The new agreement, which came into effect on 1 January 2019, replaces the previous one. On the date of signature of the contract in January 2019, €30 million in cash was held in the liquidity contract and no shares.

Purchases and sales of treasury shares during 2018 led to a €100 million reduction in equity, net of tax (€103 million before tax, corresponding to the net cash outflow for the period).

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 notes 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 2018, the average coupon was 1.93% (2017: 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 Company's discretion with the first call date set for 31 January 2019 (not exercised) and the second on 31 January 2024. The bonds paid interest at 4.87% until 31 January 2019. Since then, as specified in the prospectus, the interest rate has been reset at 3.992%. This rate will be reset 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. BREAKDOWN OF OTHER RESERVES

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Total other reserves
As at 1 January 2017	11	(1)	(1,427)	(66)	14	(1,469)
Movements for the year	(26)	–	(569)	(32)	–	(627)
AS AT 31 DECEMBER 2017	**(16)**	**(1)**	**(1,997)**	**(97)**	**14**	**(2,096)**

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Equity instruments(1)	Debt instruments(1)	Total other reserves
As at 31 December 2017	(16)	(1)	(1,997)	(97)	14	–	–	(2,096)
Effects of applying IFRS 9 and IAS 29 (Note 1.3)	(3)	–	–	–	(14)	2	(2)	(17)
As at 1 January 2018	(18)	(1)	(1,997)	(97)	–	2	(2)	(2,114)
Movements for the period	10	–	(335)	(9)	–	(4)	–	(338)
AS AT 31 DECEMBER 2018	**(8)**	**(1)**	**(2,332)**	**(107)**	**–**	**(2)**	**(2)**	**(2,452)**

(1) Financial instruments at fair value through other comprehensive income.

12.7. OTHER INFORMATION ON ADDITIONAL PAID-IN CAPITAL, RETAINED EARNINGS AND RESERVES

12.7.1. 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 2018

	Attributable to owners of the parent			Attributable to non-controlling interests			Total
(€ millions)	1 January 2018	Movements for the year	31 December 2018	1 January 2018	Movements for the year	31 December 2018	31 December 2018
Brazil	(1,571)	(280)	(1,852)	(2,492)	(418)	(2,909)	(4,761)
Argentina	(156)	(20)	(175)	(13)	(2)	(15)	(190)
Colombia	(282)	(15)	(296)	(320)	(34)	(355)	(651)
Uruguay	(17)	(17)	(34)	(31)	(15)	(46)	(80)
United States	19	–	20	1	–	1	20
Poland	17	(4)	13	–	–	–	14
Indian Ocean	(8)	(1)	(9)	(3)	–	(3)	(12)
Hong Kong	1	–	1	–	–	–	1
TOTAL FOREIGN CURRENCY TRANSLATION RESERVES	**(1,997)**	**(335)**	**(2,332)**	**(2,858)**	**(468)**	**(3,326)**	**(5,658)**

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)**

12.7.2. Notes to the consolidated statement of comprehensive income

(€ millions)	2018	2017
Available-for-sale financial assets	**–**	**–**
Change in fair value	–	(1)
Reclassifications to profit or loss	–	–
Income tax (expense)/benefit	–	1
Cash flow hedges and cash flow hedge reserve(1)	**13**	**(29)**
Change in fair value	14	(13)
Reclassifications to profit or loss	6	(29)
Income tax (expense)/benefit	(6)	13
Debt instruments at fair value through other comprehensive income	**2**	**–**
Net change in fair value	2	–
Reclassifications to profit or loss	–	–
Income tax (expense)/benefit	–	–
Foreign currency translation reserves (Note 12.7.1)	**(796)**	**(1,259)**
Foreign currency translation adjustments for the year	(862)	(1,259)
Reclassifications to profit or loss	67	–
Income tax (expense)/benefit	–	–
Equity instruments at fair value through other comprehensive income	**(2)**	**–**
Net change in fair value	(2)	–
Income tax (expense)/benefit	–	–
Actuarial gains and losses	**(9)**	**(32)**
Actuarial gains and losses for the year	(15)	(40)
Income tax (expense)/benefit	5	8
Share of other comprehensive income of equity-accounted investees	**(11)**	**(15)**
Available-for-sale financial assets – change in fair value	–	1
Available-for-sale financial assets – reclassifications to profit or loss	–	–
Cash flow hedges and cash flow hedge reserve – net change in fair value	(2)	1
Cash flow hedges and cash flow hedge reserve – reclassifications to profit or loss	(1)	–
Foreign currency translation reserve – adjustments for the year	(8)	(16)
Foreign currency translation reserve – reclassification to profit or loss	–	–
Equity instruments at fair value through other comprehensive income – change in fair value	(2)	–
Actuarial gains and losses – net gain or loss for the year	–	–
Income tax (expense)/benefit	1	(1)
TOTAL	**(804)**	**(1,335)**

(1) The change in the cash flow hedge reserve in 2018 was not material.

12.8. NON-CONTROLLING INTERESTS

The following table provides detailed information on material non-controlling interests.

(€ millions)	GPA Total GPA	GPA o/w Via Varejo	Éxito[(1)]	Other	Total
Country	Brazil	Brazil	Colombia		
As at 1 January 2017 (restated)	**4,817**	**1,434**	**1,092**	**77**	**5,986**
% of ownership interests held by non-controlling interests[(2)]	*66.8%*	*85.6%*	*44.7%*		
% of voting rights held by non-controlling interests[(2)]	*0.06%*	*37.4%*	*44.7%*		
Net profit/(loss)	172	66	50	(25)	198
Other comprehensive income/(loss)[(3)]	(644)	(230)	(62)	(3)	(710)
Dividends paid/payable	(31)	(11)	(23)	(15)	(69)
Other movements	11	1	43	9	63
As at 31 December 2017 (restated)	**4,324**	**1,261**	**1,101**	**43**	**5,468**
% of ownership interests held by non-controlling interests[(2)]	*66.9%*	*85.7%*	*44.7%*		
% of voting rights held by non-controlling interests[(2)]	*0.06%*	*37.5%*	*44.7%*		
Effect of applying IFRS 9 (Note 1.3.3)	(46)	(40)	-	-	(46)
Effect of applying IAS 29 and IFRS 2 (Note 1.3.3)	5	2	65	-	71
As at 1 January 2018	**4,284**	**1,222**	**1,166**	**43**	**5,493**
Net profit/(loss)	183	(9)	37	(4)	215
Other comprehensive income/(loss)[(3)]	(433)	60	(29)	(4)	(466)
Dividends paid/payable	(46)	(2)	(24)	(33)	(103)
Other movements	6	1	93	49	149
AS AT 31 DECEMBER 2018	**3,994**	**1,272**	**1,243**	**51**	**5,288**
% of ownership interests held by non-controlling interests[(2)]	*66.9%*	*85.7%*	*44.7%*		
% of voting rights held by non-controlling interests[(2)]	*0.06%*	*60.6%*	*44.7%*		
Average % of ownership interests held by the Group in 2018	*33.1%*	*14.3%*	*55.3%*		
% of ownership interests held by the Group as at 31 December 2018	*33.1%*	*14.3%*	*55.3%*		

(1) Éxito excluding GPA, including Uruguay and Argentina.
(2) The percentages of non-controlling interests set out in this table do not include the Group's own non-controlling interests in sub-groups.
(3) Other comprehensive income (loss) consists mainly of exchange differences arising on translation of foreign subsidiaries' financial statements.

GPA's capital consists of:

- 99,680 thousand ordinary shares with voting rights;
- 167,165 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:

- preferred right to a return of capital in the event of liquidation of the company;
- an annual non-cumulative preferred dividend of at least BRL 0.08 per share;
- a second preferred dividend equal to 10% more than the dividend paid on ordinary shares, as calculated including the non-cumulative dividend referred to above.

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 94 *et seq.* of GPA's annual report for 2017 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)	**2018**	2017 (restated)	**2018**	2017 (restated)
Net sales	11,416	12,333	4,153	4,449
Net profit from continuing operations	292	173	46	35
Net profit/(loss) from discontinued operations	(17)	63	–	–
Consolidated net profit/(loss)	**275**	**235**	**46**	**35**
Attributable to non-controlling interests in continuing operations	*195*	*116*	*37*	*50*
Attributable to non-controlling interests in discontinued operations	*(12)*	*56*	*–*	*–*
Other comprehensive income (loss)	(618)	(911)	–	(155)
Total comprehensive income (loss) for the year	**(344)**	**(676)**	**46**	**(119)**
Attributable to non-controlling interests	*(250)*	*(472)*	*8*	*(11)*
Non-current assets	6,676	6,995	3,648	3,729
Current assets	8,428	8,680	1,328	1,217
Non-current liabilities	(1,695)	(1,825)	(1,214)	(1,018)
Current liabilities	(7,443)	(7,352)	(1,708)	(1,745)
Net assets	**5,966**	**6,499**	**2,054**	**2,183**
Attributable to non-controlling interests	*3,994*	*4,324*	*1,243*	*1,101*
Net cash from operating activities	810	952	193	324
Net cash from/(used in) investing activities	(423)	(438)	(158)	(170)
Net cash from/(used in) financing activities	(219)	(1,015)	281	(37)
Effect of changes in exchange rates on cash and cash equivalents	(202)	(313)	(218)	(52)
Change in cash and cash equivalents	**(34)**	**(814)**	**98**	**66**
Dividends paid to the Group[(2)]	*33*	*8*	*14*	*16*
Dividends paid to owners of non-controlling interests during the period[(2)]	*51*	*18*	*24*	*33*

(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.

12.9. DIVIDENDS

At the Annual General Meeting of 15 May 2018, the shareholders approved the payment of a €3.12 cash dividend per ordinary share for the 2017 financial year. Including the interim dividend of €173 million paid in December 2017, the dividend was paid on 107,866,474 shares, representing a total payout in 2018 of €168 million recorded as a deduction from equity.

During its meeting on 12 November 2018, the Board of Directors decided to pay an interim dividend for 2018 of €1.56 per share and this was duly paid on 5 December 2018. The interim dividend was paid on 108,756,207 shares, representing a total payout of €170 million recorded as a deduction from equity. In all, dividends paid in 2018 had a €338 million impact on equity.

Note that dividends for 2016 amounted to €344 million, including interim dividends of €171 million paid in 2016 and final dividends of €173 million paid in 2017.

The Board of Directors will recommend setting the 2018 dividend at €3.12 per ordinary share. Based on 109,729,416 shares as at 31 December 2018, the recommended dividend represents a provisional amount of €342 million which includes the interim dividend of €170 million paid in December 2018 (see above). It will be adjusted in 2019 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)	2018	2017
Coupons payable on deeply-subordinated perpetual bonds (impact on equity)	**48**	**50**
Of which amount paid during the year	36	38
Of which amount payable in the following year	12	12
Impact on the statement of cash flows for the year	**48**	**47**
Of which coupons awarded and paid during the year	36	38
Of which interest awarded in the prior year and paid during the reporting year	12	9

12.10. 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 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.

12.10.1. Number of shares

Diluted number of shares used for the calculation		2018	2017
Weighted average number of shares outstanding during the period			
Total ordinary shares		110,169,352	110,996,996
Ordinary shares held in treasury		(1,780,356)	(262,622)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES BEFORE DILUTION	**(1)**	**108,388,996**	**110,734,374**
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)**	**108,388,996**	**110,734,374**

12.10.2. Profit/(loss) attributable to ordinary shares

(€ millions)		2018 Continuing operations	2018 Discontinued operations[(1)]	2018 Total	2017 (restated) Continuing operations	2017 (restated) Discontinued operations[(1)]	2017 (restated) Total
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT		**(45)**	**(9)**	**(54)**	**108**	**(7)**	**101**
Dividend payable on deeply-subordinated perpetual bonds		(48)	–	(48)	(50)	–	(50)
NET PROFIT/(LOSS) ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES	**(3)**	**(93)**	**(9)**	**(102)**	**58**	**(7)**	**51**
Potential dilutive effect of free share plans		–	–	–	–	–	–
DILUTED NET PROFIT/(LOSS) ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES	**(4)**	**(93)**	**(9)**	**(102)**	**58**	**(7)**	**51**
BASIC EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT *(€)*	**(3)/(1)**	**(0.86)**	**(0.09)**	**(0.95)**	**0.52**	**(0.06)**	**0.46**
DILUTED EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT *(€)*	**(4)/(1)**	**(0.86)**	**(0.09)**	**(0.95)**	**0.52**	**(0.06)**	**0.46**

(1) 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 2018	Additions 2018	Reversals (used) 2018	Reversals (not used) 2018	Change in scope of consolidation	Effect of movements in exchange rates	Other	**31 December 2018**
Claims and litigation	530	141	(39)	(102)	–	(51)	4	484
Other risks and expenses	118	44	(22)	(31)	1	(1)	–	109
Restructuring	27	56	(37)	(2)	–	–	–	43
TOTAL PROVISIONS	**676**	**241**	**(98)**	**(135)**	**1**	**(52)**	**4**	**637**
of which non-current	*514*	*135*	*(32)*	*(88)*	*–*	*(51)*	*5*	*483*
of which current	*162*	*106*	*(66)*	*(47)*	*1*	*–*	*(1)*	*154*

Provisions for claims and litigation, and for other risks and expenses are composed of a wide variety of provisions for employee-related disputes (before a labour court), 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 €484 million and include €439 million for GPA (Note 13.2). Of this amount, additions to provisions, reversals of used provisions and reversals of surplus provisions, respectively, amounted to €125 million, a negative €28 million and a negative €81 million.

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 2018	**31**	**316**	**65**	**26**	**439**
31 December 2017	32	324	83	35	475

(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).

	2018			2017		
(€ 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	53	189	2,033	51	216	1,843
Employee disputes	104	1	43	119	1	23
Civil and other litigation	17	3	97	21	2	70
TOTAL	**175**	**192**	**2,173**	**192**	**218**	**1,937**

(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 (mainly involving GPA – see below).

As stated in Note 3.3.5, no associates or joint ventures have any significant contingent liabilities.

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 were 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 claimed 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 19 March 2018, the United States District Court for the Southern District of New York announced its final approval of the proposed settlement of this class action for an amount of USD 28.5 million. The USD 28.5 million was paid in first-half 2018 (see Note 11.1) and most of the amount was covered by an insurance settlement received from Cnova's insurers. The balance, including estimated related costs, was covered by the provision recorded in 2016. Consequently, the settlement had no material impact on the Group's net profit.

On 14 December 2018, Cnova was informed by the American Securities and Exchange Commission (SEC) that it had completed the investigation into stock management issues and the audit of Cnova's former subsidiary in Brazil launched in December 2015 and that it was not planning to take any action against Cnova. No penalties were levied on Cnova concerning this matter.

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 as from 2005 and are automatically renewable for another 20-year period.

Despite the discussions concerning application of the lease terms, the request for arbitration has no impact on the operation of the leased stores, which is contractually guaranteed. At this stage of the arbitration process, it is not possible to make a reasonable estimate of the related risk. Based on the opinion of its legal advisors, the Company considers as possible the risk of an unfavourable ruling by the arbitral tribunal.

Proceedings brought by the DGCCRF against AMC and INCAA and investigations by the French and European competition authorities

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 €22.2 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.

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

The proceedings in both cases are still in progress.

The Group considers that it complied with the applicable regulations during negotiations with the suppliers concerned by both sets of proceedings. Consequently, no provision has been set aside for these matters.

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

In early February 2017, representatives of France's Competition Authority raided the premises of Vindémia Logistique and Vindémia Group and seized certain documents concerning their consumer goods supply and distribution activities on Reunion Island. At this stage, the Competition Authority has not issued any complaint. The Casino Group has contested the legitimacy of the raids before the Court of Cassation. The Group is not currently able to predict the outcome of the investigation.

At the end of February 2017, representatives of the European Commission raided the premises of Achats Marchandises Casino – A.M.C. (formerly E.M.C. Distribution) and Intermarché-Casino Achats (INCA-A), in connection with an investigation into fast-moving consumer goods supply contracts, contracts for the sale of services to manufacturers of branded products and contracts for the sale of fast-moving consumer goods to consumers. INCA-A has ceased operations since the raids took place. At this stage, the European Commission has not issued any complaint. The Casino Group has contested the legitimacy of the raids before the General Court of the European Union. The Group is not currently able to predict the outcome of this matter.

The preliminary investigations are still in progress and there were no significant developments in 2018.

In June 2018, after giving notice in accordance with French law No. 2015-990 of 6 August 2015, the French Competition Authority launched an informal investigation into the creation of joint purchasing organisations in the food retailing sector. The investigation concerns in particular the Horizon central purchasing organisation set up between Auchan, Casino, Metro and Schiever. It is still in progress.

GPA tax, social and civil contingent liabilities

(€ millions)	**31 December 2018**	31 December 2017
INSS (employer's social security contributions)	95	103
IRPJ – IRRF and CSLL (corporate income taxes)	224	201
PIS, COFINS and CPMF (VAT and similar taxes)	447	429
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	34	38
ICMS (state VAT)	1,329	1,460
Civil litigation	115	136
TOTAL(1)	**2,244**	**2,367**

(1) Contingent liabilities of Via Varejo classified in discontinued operations and not included in the above table amount to €365 million as at 31 December 2018 (31 December 2017: €407 million).

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 2018, the estimated amount was €38 million (31 December 2017: €40 million).

Casino 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 1,317 million at 31 December 2018 (31 December 2017: BRL 1,223 million), including penalties and interest. Under the terms of the guarantee, Casino has undertaken to indemnify GPA for 50% of any damages incurred, provided those damages are definitive. Based on the commitment given by Casino to its subsidiary, the risk exposure amounts to BRL 658 million (€148 million) at 31 December 2018 (31 December 2017: BRL 611 million, representing €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 considered that the probability of having to settle the amounts deducted in prior periods was low. It therefore released in first-half 2017 the corresponding provisions set up in prior periods for an amount of BRL 117 million (€32 million).

Since the supreme court's ruling on 15 March 2017, the procedure has continued in line with the expectations of GPA and its advisors, without GPA's judgement being called into question concerning the release of the provisions, although the court has not yet handed down its final decision. GPA and its external legal advisors believe that this decision concerning the application method will not limit its rights under the legal proceedings brought since 2003 which are still in progress. However, an asset cannot be recognised for the tax credits until all the stages in the procedure have been completed. Based on the information available as of 31 December 2018, GPA estimates that these tax credits represent a potential asset of BRL 1,400 million (€315 million) for its Retail business.

In the case of Via Varejo, which is classified as a discontinued operation, the estimated potential tax asset amounts to around BRL 1,106 million (roughly €249 million), including an additional amount of BRL 453 million (€102 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 €3.1 million for strategic advisory services and €0.6 million for the provision of staff and premises.

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

SIGNING OF PURCHASE PLEDGES FOR THE SALE OF SIX GÉANT HYPERMARKETS

On 19 January 2019, Casino Group announced that it had signed agreements to sell six hypermarkets in France to members of the E. Leclerc Group for a combined consideration of €101 million.

The hypermarket disposals do not form part of the non-strategic asset disposal plan announced on 11 June 2018 (Note 2); they result from the Group's stated intention to dispose of a certain number of structurally loss-making stores. The disposals are expected to close in the first half of 2019.

SALE OF HYPERMARKET AND SUPERMARKET PROPERTIES

On 21 January 2019, the Group announced that it had signed an agreement with investment fund Fortress Investment Group for the sale of 26 store properties (13 Géant Casino hypermarkets, 3 Casino hypermarkets and 10 Casino supermarkets) based on a total valuation of €501 million.

The transaction was completed on 8 March 2019 and the Group received payment of 80% of the value of the assets, *i.e.*, €392 million, net of transfer costs. The Group will now be associated with the value creation of the operation, *via* an interest held in the new entity created by the buyer to enhance the value of the portfolio and sell the portfolio on the market under the best possible conditions. As such, depending on the entity's performance, the Casino Group could receive up to an additional €150 million in the next few years.

The Group will continue to operate the stores under leases representing annual rent of €32 million.

AGREEMENT FOR THE SALE OF R2C

On 14 February 2019, Casino announced the signature of an agreement with Compass Group providing for the sale of Casino's contract catering services, R2C.

The transaction is expected to be completed by the end of the first half of 2019, subject to consultation with the employee representative bodies and the approval of the French Competition Authority.

SIGNING OF PURCHASE PLEDGES FOR THE SALE OF LOSS-MAKING STORES

On 15 February 2019, Casino announced the signature of agreements to sell a selection of structurally loss-making stores, both integrated stores and master franchisees' stores, for a total of €42 million.

In the case of the integrated stores, these commitments represent a value of €25 million in sale proceeds and relate to the following:

- 17 stores (8 Leader Price, 8 Casino supermarkets and 1 Hyper Casino) to be sold to Lidl, and
- the sale of the Géant hypermarket in Roubaix (northern France) to a Leclerc member with a simultaneous sale of its real estate to the owner of the shopping mall.

These 18 stores represented net sales of €88 million in 2018 for a trading loss of €12 million.

At the same time, master franchisees of the Group, with which the Casino group has a 49% stake, have signed an agreement to sell 16 stores (9 Leader Price and 7 Casino supermarkets) to Lidl for a total of €17 million.

These 16 stores represented net sales of €60 million in 2018 for a trading loss of €9 million.

The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies and the fulfilment of the usual conditions precedent.

BLOCK SALE OF VIA VAREJO SHARES UNDER A TOTAL RETURN SWAP (TRS) CONTRACT

Pursuant to the authorisation given by its Board of Directors on 20 February 2019, GPA has sold to a leading financial institution under a total return swap contract 40 million Via Varejo shares, representing 3.09% of the capital, for BRL 200 million (€45 million). The transaction will have the effect of reducing GPA's interest in Via Varejo to 36.27%.

SIGNATURE OF PURCHASE PLEDGES TO SELL TWO GÉANT HYPERMARKETS

On 28 February 2019, Casino announced the signature of unilateral purchase agreements with a view to the sale of two Géant hypermarkets located in the towns of Nevers and Montauban to Groupement Les Mousquetaires for a total value of €23.4 million covering the real estate and business assets.

These stores represented net sales of €36 million in 2018 for a trading loss of €3.5 million.

The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies with whom a meeting was held on 27 February, and the fulfilment of the usual conditions precedent.

Note 16 Statutory Auditors' fees

Statutory Auditors' fees for the year ended 31 December 2018 *(in € thousands)*	EY	Deloitte
Statutory audit and review of the parent company and consolidated financial statements	5,718	4,595
Non-audit services	728	536
TOTAL	**6,445**	**5,131**

Services other than the statutory audit of the financial statements ("Non-audit services") by the Statutory Auditors to Casino, Guichard-Perrachon, the parent company, and to its subsidiaries, correspond mostly to procedures related to the issuance of statements and reports on agreed-upon procedures regarding data contained in the accounting records, or regarding internal control.

Note 17 Main consolidated companies

As at 31 December 2018, the Casino Group comprised 1,791 consolidated companies. The main companies are listed below.

	31 December 2018			31 December 2017		
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
Casino International	100	100	FC	100	100	FC
CD Supply Innovation	50	50	EM	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
Horizon Achats	44	44	EM	–	–	–
Horizon Appels d'Offres	44	44	EM	–	–	–
Intermarché Casino Achats (INCAA)	50	50	EM	50	50	EM
Monoprix Group						
Les Galeries de la Croisette	100	100	FC	100	100	FC
Monoprix	100	100	FC	100	100	FC
Monoprix Exploitation	100	100	FC	100	100	FC
Monoprix On Line (formerly Sarenza)	100	100	FC	–	–	–
Monop'	100	100	FC	100	100	FC
Naturalia France	100	100	FC	100	100	FC
Simonop'1	–	–	–	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	100	100	FC
Sédifrais	100	100	FC	100	100	FC
Sofigep	100	100	FC	100	100	FC

	31 December 2018			31 December 2017		
Company	% control	% interest	Consolidation method	% control	% interest	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 and Energy						
GreenYellow	73.44	73.44	FC	97.52	97.52	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)[1]	**25.27**	**39.22**	**EM**	**40.24**	**40.24**	**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 Finance International	100	100	FC	100	100	FC
Casino Restauration	100	100	FC	100	100	FC
Restauration Collective Casino	100	100	FC	100	100	FC
Perspecteev	21.8	21.8	EM	-	-	-
E-COMMERCE						
Cnova N.V. Group (listed company)	**99.44**	**76.15**	**FC**	**99.46**	**76.11**	**FC**
Cdiscount Group	-	-	-	100	76.11	FC
Cdiscount	100	76.22	FC	100	76.19	FC
INTERNATIONAL – POLAND						
Mayland Real Estate	100	100	FC	100	100	FC
INTERNATIONAL – BRAZIL						
Wilkes	100	77.65	FC	100	77.65	FC
GPA Group (listed company)	**99.94**	**33.09**	**FC**	**99.94**	**33.12**	**FC**
Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento (FIC)[2][3]	50	41.92	EM	50	41.93	EM
GPA Malls & Properties Gestão de Ativos e Serviços. Imobiliários Ltda. (GPA M&P)[2]	100	100	FC	100	100	FC
Novasoc Comercial Ltda. (Novasoc)[2]	100	100	FC	100	100	FC
Sendas Distribuidora S.A. (Sendas)[2]	100	100	FC	100	100	FC
Via Varejo (listed company)[2]	**39.37**	**43.23**	**FC**	**62.53**	**43.31**	**FC**
Banco Investcred Unibanco S.A. (BINV)[2][3][6]	50	21.62	EM	50	21.65	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

	31 December 2018			31 December 2017		
Company	% control	% interest	Consolidation method	% control	% interest	Consolidation method
INTERNATIONAL – COLOMBIA, URUGUAY AND ARGENTINA						
Éxito Group (listed company)	**55.30**	**55.30**	**FC**	**55.30**	**55.30**	**FC**
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones SA DIDETEXCO)(5)	97.95	97.95	FC	97.75	97.75	FC
Viva Malls Trust(5)(7)	51	51	FC	51	51	FC
Viva Villavincencio Trust(5)	51	26.01	FC	51	51	FC
Barranquilla Trust(5)	90	45.90	FC	90	90	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
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
Segisor SA	100	77.65	FC	100	77.65	FC
Tevir SA	100	100	FC	100	100	FC
Tonquin BV	100	100	FC	100	100	FC

(1) As at 31 December 2018, the Group held 25.27% of the voting rights and 39.22% of the shares, including 13.95% classified as held for sale in accordance with IFRS 5 (Note 3.1.4).

(2) The percentage interests correspond to the percentages held by the GPA sub-group. As regards Via Varejo, GPA held 39.37% of the voting rights and 43.23% of the shares, including 3.86% through a total return swap (TRS) at 31 December 2018 (Note 2). On 20 February 2019, the holding increased to 36.27% following the signature of a second total return swap (Note 15).

(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.

(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 2018.

IFRS 16 – Leases

IFRS 16, which replaces IAS 17 and the related interpretations as from 1 January 2019, removes the 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 is replaced by depreciation of the right-of-use asset and interest expense on the financial liability. Up to now, the Group has classified most of its leases as operating leases and recognised rental expense on a straight-line basis over the lease term. No asset or liability is recognised except to reflect any timing difference between the rental payment period and the period in which the related expense is recognised. Consequently, adoption of IFRS 16 will have a positive impact on performance indicators such as EBITDA and, to a lesser extent, trading profit, and a negative impact on finance costs. Consolidated net profit may also be reduced because total rental expense is generally higher at the beginning of the lease and decreases over time, unlike the straight-line charge recognised under the current standard. Additionally, net cash from operating activities will be higher as cash outflows corresponding to repayment of the principal amount of the financial liability and to interest payments will be classified as cash flows from financing activities.

The Group mostly has property leases; annual rent on the roughly 6,400 property leases amounted to €840 million in 2018, out of total rental expense for the year of €987 million. The adoption of IFRS 16 will affect primarily the accounting for the operating leases on the Group's stores and warehouses, operated for the most part by the Retail business.

In 2018, the Group continued to identify and analyse the data required for the application of IFRS 16 as at 1 January 2019. During the year, the Group started to deploy an IT application to manage leases from an operational and financial standpoint on a fully integrated basis. The deployment process will be completed during the first half of 2019.

The Group has decided to apply the full retrospective approach on transition to IFRS 16 as at 1 January 2019, by restating the comparative information for 2018.

The Group has chosen to apply the recognition exemptions in IFRS 16 concerning:

- short-term leases, and
- leases for which the underlying asset is of low value.

Lease payments not included in the initial measurement of the financial liability (for example, variable lease payments) will be recorded in operating expense, together with payments for short-term leases and leases for which the underlying asset is of low value.

The lease term will correspond to the non-cancellable period, together with the period covered by any option to extend the lease, if the Group is reasonably certain to exercise that option, and the period covered by any option to terminate the lease, if the Group is reasonably certain not to exercise that option. The Group will apply the position of the French accounting standards authority (*Autorité des normes comptables* – ANC) concerning the lease term to be applied to commercial leases in France.

The discount rate used to calculate the value of the right-of-use asset and the financial liability will be determined on a country-by-country basis.

At this stage, the estimated effect of applying IFRS 16 has been determined based on property leases, which account for substantially all of the impact. It does not include the effect on equipment leases, which is in the process of being estimated.

The estimated effect on the opening statement of financial position at 1 January 2018 would be as follows (excluding equipment leases):

- an increase in assets (mainly arising from the recognition of right-of-use assets) of between €3.7 billion and €4.2 billion;
- an increase in liabilities (arising from the recognition of a financial liability) of between €4.0 billion and €4.5 billion;
- a reduction in equity, before tax, of between €0.2 billion and €0.4 billion.

This impact can be broken down by segment as follows:

(€ billions)	France Retail	Latam Retail	E-commerce	Group total
Right-of-use	2.4 to 2.8	1.2 to 1.5	0.1 to 0.2	3.7 to 4.2
Lease liabilities	2.5 to 2.9	1.4 to 1.6	0.1 to 0.2	4.0 to 4.5
Equity, before tax	0.1 to 0.2	0.2 to 0.3	n.m.	0.2 to 0.4

The impact on profit attributable to owners of the parent will not be material.

The Group has chosen to present right-of-use assets and the related financial liabilities on separate lines of the consolidated statement of financial position. "Net debt" as defined by the Group (see Note 11) will not be impacted by the application of IFRS 16.

The actual effect of applying IFRS 16 as at 1 January 2019 may be different from the above estimates for the following reasons:

- the Group has not yet completed its tests and assessments of controls over the new lease accounting system; and
- the Group may change the chosen methods of applying new accounting standards in the period up to the date when its first financial statements presented in accordance with IFRS 16 are published (*i.e.*, the 2019 interim financial statements).

As at 31 December 2018, off-balance sheet non-cancellable operating lease commitments (property leases and equipment leases) amounted to €3,252 million based on IAS 17 (Note 7.2). The difference between this off-balance sheet commitment and the estimated financial liability for property leases under IFRS 16 can be explained primarily as follows:

- the financial liability is greater because the estimate is based on the period during with the Group is reasonably certain of using the asset, which is longer than the non-cancellable period;
- the effect of this is offset by the effect of discounting the future lease payments, unlike under IAS 17.

In the absence of any generally accepted position concerning the application of impairment tests, the Group has not performed new impairment tests taking into account the effects of applying IFRS 16.

The accounting treatment of leases by the lessor is similar to that under IAS 17; leases continue to be classified as finance leases or operating leases as applicable. Based on the above, the Group does not expect the application of IFRS 16 to have a material impact on the financial statements, with regards to leases where the Group is lessor. However, certain additional disclosures will be made as from 2019.

IFRIC 23 – Uncertainty over Income Tax Treatments

This interpretation is applicable as at 1 January 2019, using the full or partial retrospective approach.

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

These amendments are applicable as at 1 January 2019 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.

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
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.
Amendments to IAS 19 *Plan amendment, curtailment or settlement* (1 January 2019)	These amendments will be applicable on a prospective basis to plan amendments, curtailments and settlements of defined benefit plans. They require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement.
Amendments to IFRS 3 *Definition of a business* (1 January 2020)	These amendments, which will be applicable on a prospective basis, clarify the definition of a business and the application guidance for the assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Under the amended definition, to be considered a business, the integrated set of activities and assets must create output in the form of goods and services delivered to customers, rather than being conducted and managed for the purpose of providing a return to investors or other owners, members or participants. In addition, an optional concentration test has been introduced to simplify the assessment of whether an integrated set of activities and assets is a group of assets and not a business.
Amendments to IAS 1 and IAS 8 *Definition of materiality* (1 January 2020)	These amendments, which will be applicable on a prospective basis, amend and expand the definition of materiality in IAS 1 and IAS 8. They also align the definition of materiality with the wording of the IFRS Conceptual Framework.

These interpretations and amendments are not expected to have any material impact on the Group's consolidated financial statements.

2.7. Parent company financial statements for the year ended 31 December 2018

Detailed summary of the notes

2.7.1. Statutory Auditors' report on the financial statements

Year ended December 31, 2018

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 regulations 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 December 31, 2018.

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 December 31, 2018 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 Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue 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 for Statutory Auditors *(Code de déontologie de la profession de Commissaire aux comptes)*.

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 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 December 31, 2018, 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 €17,437 million, or approximately 92% of total assets. This amount includes securities of €6,387 million relating to Distribution Casino France. Investments in subsidiaries and associates are impaired when their value in use, 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. We considered that the valuation of investments in subsidiaries and associates constitutes a key audit matter due to the materiality of these assets in the balance sheet of Casino, Guichard-Perrachon, the use of the estimates, assessments or assumptions made by management on which the determination of value in use is based, and the sensitivity of the valuation to certain assumptions.	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 for the determination of the values in use. 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 value in use of the securities; ▪ the methods of determining the estimated sale price when a subsidiary is being sold; ▪ the assumptions underlying the value in use when it is determined based on discounted future cash flows, in particular: - the consistency of cash flow projections with the medium-term budgets and business plans prepared by management. We also compared these projections with the Group's historical performance and the economic context in which the Group operates to assess their consistency, - 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 the leading financial analysts and with our internal databases, with the assistance of our valuation experts, - the sensitivity scenarios used by management. Finally, we assessed the appropriateness of the disclosures provided in the notes to the financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in documents on the financial position and the financial statements provided to shareholders

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.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code 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, we have verified its consistency with the underlying documents on which it is based and which have 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 April 29, 2010.

As at December 31, 2018, our audit firms were both in their 9th 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, 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 and in the French Code of Ethics 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, March 13, 2019

The Statutory Auditors

Ernst & Young et Autres	Deloitte & Associés	
Yvon SALAÜN	Frédéric MOULIN	Patrice CHOQUET

2.7.2. Parent company financial statements

INCOME STATEMENT

(€ millions)	Notes	2018	2017
Operating income	1	174.3	171.3
Operating expenses	1	(178.4)	(173.6)
Operating loss		**(4.1)**	**(2.3)**
Net financial income (expense)	2	86.8	(111.9)
Recurring profit (loss) before tax		**82.7**	**(114.2)**
Net non-recurring income	3	1,050.6	207.3
Income tax benefit	4	404.7	301.1
NET PROFIT		**1,538.0**	**394.2**

STATEMENT OF FINANCIAL POSITION

Assets

(€ millions)	Notes	2018	2017
NON-CURRENT ASSETS			
Intangible assets		8.4	7.8
Amortisation and impairment		(2.9)	(2.6)
	5	5.5	5.2
Property and equipment		46.9	46.4
Depreciation and impairment		(25.1)	(21.4)
	5	21.8	25.0
Long-term investments[a]		18,499.7	17,913.5
Impairment		(1,022.2)	(912.2)
	6	17,477.5	17,001.3
Total non-current assets		17,504.9	17,031.5
CURRENT ASSETS			
Trade and other receivables	7	1,415.3	845.4
Marketable securities	8	33.1	5.0
Cash	8	1.4	1.6
Total current assets		1,449.8	852.0
Prepayments and other assets[b]	9	72.5	91.7
TOTAL ASSETS		19,027.2	17,975.2
(a) o/w loans due within one year		*6.7*	*465.6*
(b) o/w due in more than one year		*52.0*	*71.1*

Equity and liabilities

(€ millions)	Notes	2018	2017
Equity	10	9,019.9	7,874.4
Quasi-equity	11	1,350.0	1,350.0
Provisions	12	318.7	200.9
Loans and other borrowings	13	5,764.2	6,215.2
Trade payables		31.5	38.5
Tax and employee benefits payable		85.5	35.7
Casino Finance current account	13	2,170.9	2,127.5
Other liabilities	14	272.8	116.8
TOTAL LIABILITIES[A]		8,324.9	8,533.7
Deferred income and other liabilities[a]	15	13.7	16.2
TOTAL EQUITY AND LIABILITIES		19,027.2	17,975.2
(a) o/w: due within one year		*3,667.4*	*3,275.0*
due in one to five years		*2,818.6*	*2,650.3*
due in more than five years		*1,852.6*	*2,624.6*

STATEMENT OF CASH FLOWS

(€ millions)	**2018**	2017
Net profit	1,538.0	394.2
Elimination of non-cash items		
▪ Depreciation, amortisation and provisions (other than on current assets)	231.9	187.6
▪ (Gains)/losses on disposals of non-current assets	(1,173.2)	(170.0)
▪ Other non-cash items	13.5	23.7
Cash from operating activities before change in working capital	**610.2**	**435.5**
Change in working capital – operating activities	(373.0)	(157.9)
Net cash from operating activities	**237.2**	**277.6**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of non-current assets	(75.1)	(173.0)
Proceeds from disposals of non-current assets	0.1	256.6
Proceeds from capital reductions by subsidiaries	200.0	-
Change in loans and advances granted	461.3	(450.6)
Net cash from (used in) investing activities	**586.3**	**(367.0)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(338.0)	(345.9)
Share buybacks	(54.7)	-
Proceeds from new borrowings	201.0	150.4
Repayments of borrowings	(659.8)	(552.4)
Net cash used in financing activities	**(851.5)**	**(747.9)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(28.0)**	**(837.2)**
Cash and cash equivalents at beginning of year	**(2,331.4)**	**(1,494.2)**
Cash and cash equivalents at end of year	**(2,359.4)**	**(2,331.4)**
o/w:		
Casino Finance current account	(2,170.9)	(2,127.6)
Cash and cash equivalents	34.4	6.6
Bank overdrafts	(222.9)	(210.4)

Change in working capital

(€ millions)	**2018**	2017
Trade payables	(6.9)	(15.5)
Trade receivables	1.7	(20.1)
Current accounts	(55.5)	(274.3)
Other operating payables	51.8	(67.9)
Other operating receivables	(364.1)	219.8
CHANGE IN WORKING CAPITAL	**(373.0)**	**(157.9)**

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.

1. SIGNIFICANT EVENTS OF THE YEAR

Bond issue

On 24 January 2018, Casino placed a €200 million tap of its bond issue due June 2022, at an effective interest rate of 1.58%. The new bond issue raised the total nominal amount of the paper from €550 million to €750 million.

Bond buybacks and redemptions

A total of €128 million worth of bonds maturing at different dates between 2018 and 2026 were bought back in July and August 2018. The bonds were purchased as and when market opportunities arose, at prices that the Group considered attractive. The transactions were in line with the strategy to pay down gross debt.

During the year, the Company also redeemed the €348 million worth of 2018 bonds.

Mercialys TRS

On 25 July 2018, in connection with the strategic asset disposal plan in France announced to the market on 11 June 2018, the Group decided to reduce its interest in Mercialys from 40.2% to 25.2%. This was achieved through the block sale by a subsidiary, Forézienne de Participations, of shares representing 15% of Mercialys' capital to a bank, which is tasked with selling them on the market over a period ending on 28 December 2020. Forézienne de Participations received a payment of €213 million on the closing date of the sale to the bank.

In parallel with this transaction, Casino, Guichard-Perrachon entered into a total return swap (TRS) contract with the same bank, covering the same period ending 28 December 2020. Under the terms of the TRS, Casino, Guichard-Perrachon will be exposed to any negative difference between the sale price obtained by the bank and the TRS reference price. Casino, Guichard-Perrachon will be entitled to receive any dividends paid by Mercialys during the TRS period. In exchange, Casino paid a commission of €1.8 million to the bank and will also pay interest.

At 31 December 2018, the Group held 39.2% of Mercialys' capital, of which 13.9% corresponded to the shares not sold on the market at that date by the bank.

Rating downgrade

On 3 September 2018, Standard & Poor's announced that it was downgrading Casino's rating from BB+ Stable outlook to BB Negative outlook. On 28 September 2018, Moody's announced that it was downgrading Casino's rating from Ba1, stable outlook to Ba1, negative outlook.

The downgrades have not had any impact on the cost of Casino's bond debt or on its liquidity position.

Legal reorganisation

As part of the internal reorganisation plan launched in 2017 to reduce the number of different international subsidiaries, the Company contributed its entire 25% interest in Géant Holding BV to Tévir for €2,493 million. Following this transaction, Géant Holding BV is now wholly-owned by Tévir.

The transaction did not qualify as the sale of a stand-alone business because Tévir already held the other 75% of Géant Holding BV's capital. As a result, the accounting rules applicable to partial mergers – whereby the shares would be considered as being contributed at carrying amount – did not apply, and the transaction was accounted for based on the shares' contributed value.

Interim dividend

On 5 December 2018, the Company paid an interim dividend of €170 million.

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.

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 and equipment

Property 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 and equipment less residual value (nil).

Property 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.

They are tested for impairment at each period end, to verify that their carrying amount is not greater than their value in use.

Value in use is estimated based on several criteria including the investee's equity and its adjusted net asset value as estimated by the discounted cash flows method or based on observable inputs, when available (share price, expected sale price in the case of subsidiaries held for sale), or based on analyses performed by internal or external experts. Further information is provided in Note 6 "Long-term investments".

If an investment's value in use is less than its carrying amount, an impairment loss is recognised for the difference (with the exception of treasury shares recorded under long-term investments and held for cancellation).

A similar method of determining fair value is also used where appropriate for other long-term investments.

Investment acquisition costs 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 materiality.

Income tax

Casino, Guichard-Perrachon, is the head of a tax group that includes the majority of its subsidiaries. At 31 December 2018, the tax group consisted of 571 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.

2.7.3. Notes to the financial statements

Note 1 Operating profit (loss)

BREAKDOWN

(€ millions)	**2018**	2017
Revenue from services (excluding taxes)	168.0	162.7
Other income	2.5	5.8
Reversals of provisions and impairment losses	3.8	2.8
Operating income	**174.3**	**171.3**
Other purchases and external expenses	(149.4)	(148.4)
Taxes and duties	(3.5)	(3.2)
Employee benefits expense	(18.2)	(12.8)
Depreciation, amortisation, impairment and provisions:		
▪ non-current assets	(4.0)	(4.1)
▪ liabilities and expenses	(2.1)	(3.9)
Other expenses	(1.2)	(1.2)
Operating expenses	**(178.4)**	**(173.6)**
OPERATING LOSS	**(4.1)**	**(2.3)**

REVENUE FROM SERVICES (EXCLUDING TAXES)

(€ millions)	**2018**	2017
Seconded employees	7.5	4.3
Banner royalties	45.2	47.1
Other services	115.3	111.3
REVENUE FROM SERVICES (EXCLUDING TAXES)	**168.0**	**162.7**

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 both 2018 and 2017, Casino, Guichard-Perrachon generated 89% of its net revenue with companies based in France.

AVERAGE NUMBER OF EMPLOYEES

(Number of employees)	**2018**	2017
Managers	12	14
Supervisors	–	–
Other employees	1	–
TOTAL	**13**	**14**

Note 2 Net financial income (expense)

(€ millions)	**2018**	2017
Income from investments in subsidiaries and associates:		
▪ Monoprix	79.5	108.8
▪ Sonnat	–	200.0
▪ Casino Participations France	280.0	–
▪ Ségisor	–	3.2
▪ Tévir	200.0	90.0
▪ Other	8.6	3.7
Total	**568.1**	**405.7**
Other investment income	3.4	1.6
Other financial income[1]	23.7	11.8
Reversals of provisions and impairment losses[2]	54.6	48.6
Net gains on disposals of marketable securities[3]	11.6	1.9
Financial income	**661.4**	**469.6**
Financial expenses:		
▪ Interest on bonds	(250.6)	(254.1)
▪ Interest on perpetual deeply-subordinated bonds	(48.3)	(47.2)
▪ Other financial expenses[1]	(29.0)	(17.7)
▪ Amortisation and impairment[2]	(228.6)	(258.2)
▪ Net losses on disposals of marketable securities[3]	(18.1)	(4.4)
Financial expenses	**(574.6)**	**(581.6)**
NET FINANCIAL INCOME (EXPENSE)	**86.8**	**(111.9)**

(1) 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.

(2) The main movements in provisions and impairment in 2018 were as follows:

- *amortisation of bond redemption premiums for €18.4 million;*
- *impairment losses on investments in subsidiaries and associates in an amount of €163.5 million, including Vindémia Group (€132.7 million) and Casino Restauration (€30.5 million);*
- *provision for losses on the total return swap (TRS) on GPA shares for €2.0 million;*
- *provision for losses on the total return swap (TRS) on Mercialys shares (see Significant events of the year) for €44.0 million;*
- *reversals of impairment losses on investments in subsidiaries and associates in an amount of €53.6 million, including Distribution Casino France (€35.9 million) and Banque du Groupe Casino (€17.6 million).*

The main movements in provisions and impairment 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 the provision for losses on the total return swap (TRS) on GPA shares for €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).*

(3) Sales of treasury shares resulted in a loss of €6.5 million in 2018. A loss of €2.5 million was reported in 2017.

Note 3 Net non-recurring income

(€ millions)	**2018**	2017
Gains (losses) on disposals of property and equipment and intangible assets	–	–
Gains (losses) on disposals of investments in subsidiaries and associates[1]	1,173.3	171.7
Gains (losses) on disposals of assets	**1,173.3**	**171.7**
Additions to provisions	(78.5)	(3.5)
Reversals of provisions[1]	4.5	12.5
Other non-recurring expenses	(56.3)	(32.1)
Other non-recurring income	7.6	58.7
NET NON-RECURRING INCOME	**1,050.6**	**207.3**

(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 2018, non-recurring income (expense) mainly comprised:

- the gain on disposal of Géant Foncière BV shares to Tévir for €1,173.3 million (see Significant events of the year);
- provision for losses corresponding to the adjusted net worth of Casino Restauration for €74.9 million;
- costs relating to litigation and measures to defend the Group's interests for €16.6 million;
- restructuring costs for €11.4 million;
- business acquisition and disposal costs for €9.0 million.

In 2017, non-recurring income (expense) mainly comprised:

- the gain on disposal of Géant Foncière BV for €171.6 million;
- derecognition of the €57.2 million liability corresponding to the portion of the Morzan compensation guaranteed by the Company (Éxito was held harmless from the consequences of the Morzan ruling in exchange for underwriting a future capital increase by Ségisor);
- restructuring costs for €17.4 million.

Note 4 Income tax benefit

(€ millions)	**2018**	2017
Recurring profit (loss)	82.7	(114.2)
Net non-recurring income	1,050.6	207.3
Profit before tax	**1,133.3**	**93.1**
Group relief	404.7	301.1
Income tax benefit	**404.7**	**301.1**
NET PROFIT	**1,538.0**	**394.2**

Casino, Guichard-Perrachon is the head of the French tax group. It would not have been liable for any tax in 2018 if it had not elected for group relief.

The income tax benefit recorded by the Company corresponds to the tax saving that results from setting off the tax losses of Casino, Guichard-Perrachon and its loss-making subsidiaries against the taxable profits of the other companies in the tax group.

The tax group reported a taxable profit in 2018. Taking into account the prepayments made during the year and the use of tax credits available to the tax group, the Company had a tax liability of €1.1 million in 2018.

The tax group had €930.1 million of tax loss carryforwards at 31 December 2018.

It also had an unrecognised deferred tax asset of €5.4 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 and equipment and intangible assets

BREAKDOWN

(€ millions)	2018	2017
Goodwill	4.0	4.0
Other intangible assets	4.4	3.8
Amortisation and impairment	(2.9)	(2.6)
Intangible assets	**5.5**	**5.2**
Land and land improvements	0.2	0.3
Depreciation	(0.1)	(0.1)
	0.1	**0.2**
Buildings, fixtures and fittings	2.9	2.9
Depreciation	(1.9)	(1.9)
	1.0	**1.0**
Other property and equipment	43.8	43.2
Depreciation	(23.1)	(19.4)
	20.7	**23.8**
Property and equipment	**21.8**	**25.0**
TOTAL PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS, NET	**27.3**	**30.2**

MOVEMENTS FOR THE YEAR

(€ millions)	Cost	Amort., depr. and imp.	Net
At 1 January 2017	**51.6**	**(20.0)**	**31.6**
Increases	2.6	(4.0)	(1.5)
Decreases	–	–	–
At 31 December 2017	**54.2**	**(24.0)**	**30.2**
Increases	1.2	(4.0)	(2.8)
Decreases	(0.1)	–	(0.1)
AT 31 DECEMBER 2018	**55.3**	**(28.0)**	**27.3**

Note 6 Long-term investments

BREAKDOWN

(€ millions)	2018	2017
Investments in subsidiaries and associates	18,428.7	17,380.5
Impairment(1)	(1,004.1)	(894.1)
	17,424.6	**16,486.4**
Loans	41.0	502.9
Impairment	–	–
	41.0	**502.9**
Other long-term investments	30.0	30.1
Impairment	(18.1)	(18.1)
	11.9	**12.0**
LONG-TERM INVESTMENTS	**17,477.5**	**17,001.3**

(1) In accordance with the accounting policies described in the introductory section of the notes to the financial statements, the Company estimated the value in use of its long-term investments at 31 December 2018. The estimates took into account the organisation of control over the various operating subsidiaries through the Casino Participations France (France) and Tévir and Ségisor (international) holding companies.
Where the subsidiaries' adjusted net asset value was estimated using the discounted cash flows method, the projected after-tax cash flows were determined using the rates shown below.

ASSUMPTIONS USED IN 2018 FOR INTERNAL CALCULATIONS OF VALUES IN USE

Region	2018 perpetual growth rate(i)	2018 after-tax discount rate(ii)	2017 perpetual growth rate(i)	2017 after-tax discount rate(ii)
France (retail)	1.9%	5.6%	1.8%	5.6%
France (other)	1.9% and 2.4%	5.6% and 7.7%	1.8% to 2.3%	5.6% to 7.0%
Argentina	4.9%	14.4%	8.8%	15.5%
Brazil(iii)	5.4%	10.1%	5.5%	9.9%
Colombia(iii)	3.0%	9.0%	3.0%	8.8%
Uruguay	6.1%	11.2%	6.1%	11.8%

(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 for France and the local cost of debt for subsidiaries outside France.
(iii) At 31 December 2018, the market capitalisation of the listed subsidiaries GPA, Via Varejo, Éxito and Cnova was €4,863 million, €1,279 million, €1,490 million and €1,243 million, respectively. Apart from Via Varejo, which is in the process of being sold and was therefore valued at its market value, the other listed subsidiaries were valued by the discounted cash flows method.

The Company performed impairment tests on each of its investments by comparing their net carrying amount to their value in use. The impairment testing resulted in the recognition of a net impairment charge of €109.9 million, bringing total impairment up to €1,022.2 million at 31 December 2018 (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 €1,845 million, €442 million and €993 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 2017	**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**
Increases	3,371.1	(163.5)	3,207.6
Decreases	(2,785.0)	53.6	(2,731.4)
AT 31 DECEMBER 2018	**18,499.7**	**(1,022.2)**	**17,477.5**

The increase in the cost of long-term investments mainly corresponds to:

- the €800.1 million share issue carried out by Casino Finance in payment for contributed Sonnat shares;
- the €2,492.7 million share issue carried out by Tévir in payment for Géant Holding BV shares;
- take-up of the Banque du Groupe Casino and Ségisor rights issues for €11.0 million and €57.2 million, respectively.

The decrease in the cost of long-term investments mainly corresponds to:

- the contribution of Géant Holding BV shares for €1,319.5 million;
- the cancellation of Sonnat shares following the company's merger for €800.1 million;
- the cancellation of Ségisor shares for €200.0 million;
- the sale of the Casino Finance International receivable to Casino Finance for €458.5 million.

Note 7 Trade and other receivables

(€ millions)	**2018**	2017
Trade receivables	**55.9**	**57.6**
Other operating receivables	5.0	7.2
Other receivables	586.8	219.8
Current account advances	769.1	562.3
Provision for impairment of other receivables	(1.5)	(1.5)
	1,359.4	**787.8**
TRADE AND OTHER RECEIVABLES	**1,415.3**	**845.4**

Other receivables consist mainly of:

- tax credits in respect of philanthropic spending for €102.3 million, less the €1.1 million balance of the 3.3% *contribution sociale* surtax for 2018 due to the French tax authorities;
- accrued income in an amount of €485.6 million, mainly comprising Casino, Guichard-Perrachon's share of the 2018 profits of companies whose articles of association provide for profit to be distributed as of the balance sheet date (€485.2 million).

In 2017, accrued income amounted to €93.7 million and other receivables included tax credits in respect of philanthropic spending for €124.5 million.

All of the Company's trade and other receivables are due within one year except for tax credits in the amount of €67.2 million.

Note 8 Casino Finance current account and net cash and cash equivalents

(€ millions)	2018	2017
Casino Finance current account	**(2,170.9)**	**(2,127.6)**
Treasury shares	33.1	5.0
Marketable securities	**33.1**	**5.0**
Cash	**1.4**	**1.6**
Bank overdrafts	(1.8)	(0.9)
Negotiable European commercial paper[1]	(221.2)	(209.5)
Bank credit facilities	**(223.0)**	**(210.4)**
NET CASH AND CASH EQUIVALENTS	**(2,359.4)**	**(2,331.4)**

(1) Negotiable paper due within one year. This is the new umbrella name for "certificats de dépôt" and "billets de trésorerie".

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

	2018	2017
NUMBER OF SHARES HELD		
At 1 January	106,777	101,298
Shares purchased	5,830,193	5,564,511
Shares sold	(4,975,209)	(5,559,032)
AT 31 DECEMBER	**961,761**	**106,777**
VALUE OF SHARES HELD *(€ MILLIONS)*		
At 1 January	5.0	4.7
Shares purchased	215.7	284.6
Shares sold	(187.7)	(284.3)
AT 31 DECEMBER	**33.0**	**5.0**
Average purchase price per share *(€)*	34.37	47.26
% of share capital	0.88	0.10
Share in equity *(€ millions)*	78.9	7.6

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 2018, no shares were held in the liquidity account.

At that date, the Company held 961,761 ordinary shares with a par value of €1.53 each.

Their quoted market value at 31 December 2018 was €34.9 million. Based on the average share price for December 2018, no impairment provision was deemed necessary.

In January 2019, the Group signed a new liquidity agreement with Rothschild Martin Maurel to take account of the changes in regulations governing liquidity contracts and in compliance with AMF decision 2018-01 dated 2 July 2018. The new agreement, which came into effect on 1 January 2019, replaces the previous one. On the date of signature of the agreement in January 2019, €30 million in cash was held in the liquidity account and no shares.

Note 9 Prepayments and other assets

(€ millions)	**2018**	2017
Bond issue premium	69.4	87.8
Prepaid expenses	2.8	3.4
Unrealised exchange losses	0.3	0.5
PREPAYMENTS AND OTHER ASSETS	**72.5**	**91.7**

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)	**2018**	2017
Share capital	167.9	169.8
Additional paid-in capital	3,884.8	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	56.4	56.4
Retained earnings:		
▪ before appropriation of net profit	3,311.4	3,258.5
▪ after appropriation of net profit(1)	4,507.1	3,306.5
Profit for the year:		
▪ before appropriation of net profit	1,538.0	394.2
▪ after appropriation of net profit(1)	–	–
Interim dividend:		
▪ before appropriation of net profit	(169.7)	(172.9)
▪ after appropriation of net profit(1)	–	–
Regulated provisions	6.3	6.0
EQUITY		
before appropriation of net profit	**9,019.9**	**7,874.4**
after appropriation of net profit(1)	**8,847.2**	**7,701.1**

(1) For 2018, subject to approval by the Annual General Meeting.

CHANGES IN EQUITY

(€ millions)	**2018**	2017
At 1 January	**7,874.4**	**7,825.3**
Profit for the year	1,538.0	394.2
Dividend payout for the prior year	(168.2)	(173.0)
Interim dividend	(169.7)	(172.9)
Capital reduction(1)	(1.9)	–
Decrease in additional paid-in capital(1)	(52.8)	–
Other movements	0.2	0.8
AT 31 DECEMBER	**9,019.9**	**7,874.4**

(1) The decrease was mainly due to the cancellation of (i) 413,622 shares by the Board of Directors on 7 March 2018, (ii) 335,909 shares by the Board of Directors on 15 May 2018, and (iii) 518,077 shares by the Board of Directors on 25 July 2018, representing a total of €54.7 million, of which €1.9 million corresponding to the shares' aggregate par value.

MOVEMENTS IN SHARE CAPITAL AND NUMBER OF SHARES

	2018	2017
At 1 January	110,996,996	110,996,996
Shares issued on exercise of stock options	–	–
Shares issued to minority shareholders in connection with mergers	28	–
Cancellation of shares	(1,267,608)	–
AT 31 DECEMBER	**109,729,416**	**110,996,996**

At 31 December 2018, the Company's share capital was made up of 109,729,416 ordinary shares with a par value of €1.53 each.

POTENTIAL DILUTION

	2018	2017
Number of shares at 31 December	109,729,416	110,996,996
Share equivalents:		
▪ exercise of stock options	–	–
▪ share grants	–	–
TOTAL NUMBER OF POTENTIAL SHARES	**109,729,416**	**110,996,996**

The Board of Directors has decided to grant existing shares in respect of share grants outstanding at 31 December 2018. 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 ten-year constant maturity swap rate plus 100 bps, up to a maximum of 9%. In 2018, the average interest rate was 1.93%.

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 falling on 31 January 2019 (unused) and the second set for 31 January 2024. The bonds paid interest at 4.87% until 31 January 2019. Since then, as specified in the prospectus, the interest rate has been reset at 3.992%. This 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)	2018	2017
Provision for foreign exchange losses	0.3	0.5
Provision for other liabilities	313.0	189.3
Provision for expenses	5.4	11.1
TOTAL PROVISIONS	**318.7**	**200.9**

At 31 December 2018, provisions for other liabilities included:

- a €225.8 million provision corresponding to the negative fair value of the total return swaps (TRS):
  - GPA TRS for €181.8 million (€179.8 million at 31 December 2017),
  - Mercialys TRS for €44.0 million (see Significant events of the year);
- a €74.9 million provision for losses corresponding to the adjusted negative net worth of Casino Restauration.

Other provisions for liabilities and expenses correspond to specifically identified liabilities and expenses.

MOVEMENTS FOR THE YEAR

(€ millions)	**2018**	2017
At 1 January	**200.9**	**236.7**
Additions	124.7	8.8
Reversals[1]	(6.9)	(44.6)
At 31 December	**318.7**	**200.9**
O/w		
Operating additions/(reversals)	(1.7)	1.1
Financial additions/(reversals)	45.8	(27.1)
Non-recurring additions/(reversals)	73.7	(9.8)
TOTAL	**117.8**	**(35.8)**

(1) Including reversals of surplus provisions for liabilities and expenses for €1.6 million in 2018 and €44.4 million in 2017.

RETIREMENT BENEFIT OBLIGATIONS

Provision for retirement benefits *(€ millions)*	Provision at 1 January 2018	Movements for the period	Provision at 31 December 2018	Unrecognised actuarial gains and losses	Obligation at 31 December 2018
Projected benefit obligation	3.1	(1.0)	2.1	(0.8)	1.3
Fair value of plan assets	-	-	-	-	-
PROVISION	**3.1**	**(1.0)**	**2.1**	**(0.8)**	**1.3**

Movements in the provision *(€ millions)*	Discounting adjustment	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	-	-	1.0	-	1.0	-	1.0
Fair value of plan assets	-	-	-	-	-	-	-
MOVEMENTS IN THE PROVISION	**-**	**-**	**1.0**	**-**	**1.0**	**-**	**1.0**

The main actuarial assumptions used in 2018 to calculate the retirement benefit obligations were as follows:

- discount rate: 1.7% (determined by reference to the Bloomberg 15-year AA corporate composite index);
- rate of future salary increases: 1.9%;
- retirement age: 64;
- mortality table: TGH05/TGF05;
- social security contributions rate: 35%.

Note 13 Loans and other borrowings

BREAKDOWN

(€ millions)	2018	2017
Bonds (including accrued interest)	5,496.6	5,777.9
Bank overdrafts	1.8	1.0
Negotiable European commercial paper	221.2	209.5
Bank borrowings	**5,719.6**	**5,988.4**
Miscellaneous borrowings	44.6	226.8
LOANS AND OTHER BORROWINGS	**5,764.2**	**6,215.2**

MATURITY OF BORROWINGS

(€ millions)	2018	2017
Due within one year	1,101.4	956.4
Due in one to five years	2,810.3	2,637.0
Due in more than five years	1,852.5	2,621.8
TOTAL	**5,764.2**	**6,215.2**

NET DEBT

(€ millions)	2018	2017
Loans and other borrowings	5,764.2	6,215.2
Marketable securities(1)	(33.1)	(5.0)
Cash(1)	(1.4)	(1.6)
Casino Finance current account(1)	2,170.9	2,127.6
NET DEBT	**7,900.6**	**8,336.2**

(1) See Note 8.

Loans and other borrowings include €195.6 million in accrued interest on bank loans and overdrafts.

OUTSTANDING BOND ISSUES

	Interest rate	Effective interest rate	Amount *(€ millions)*	Term	Due
2019 bonds 2012-2019	Fixed rate 4.41%	4.04%	674.7	7 years	August 2019
2020 bonds 2012-2020	Fixed rate 5.24%	5.28%	496.7	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 1.87%	2.90%	743.9	5 years	June 2022
2023 bonds 2013-2023	Fixed rate 4.56%	4.47%	719.7	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%	444.2	10 years and 2 months	February 2025
2026 bonds 2014-2026	Fixed rate 4.05%	4.09%	508.3	12 years	August 2026
TOTAL BONDS (A)			**5,337.5**		

OTHER LOANS AND BORROWINGS

(€ millions)	Amount
Bank overdrafts	1.8
Negotiable European commercial paper	221.2
Miscellaneous borrowings	8.1
Accrued interest on borrowings	195.6
Total other loans and borrowings (B)	**426.7**
TOTAL LOANS AND OTHER BORROWINGS (A) + (B)	**5,764.2**

LIQUIDITY RISK

Casino, Guichard-Perrachon had confirmed credit facilities totalling €2,295.0 million at 31 December 2018, 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	1,855.0	-	2021-2022
Confirmed bank credit lines	Floating rate	175.0	-	2019
Confirmed bank credit lines	Floating rate	215.0	-	2020
Confirmed bank credit lines	Floating rate	50.0		2021
TOTAL		**2,295.0**	**-**	

(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 billion Euro Medium Term Notes (EMTN) programme. Notes issued under the programme totalled €5,337.5 million at 31 December 2018.

At the same date, issuance under Casino, Guichard-Perrachon's €2 billion negotiable European commercial paper (NEU CP) programme amounted to €221.2 million.

At 31 December 2018, 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 €390 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 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 short-term financial investments, (iii) derivatives with a positive fair value classified as hedges of debt, (iv) financial assets arising from a significant disposal of non-current assets and (v) for certain lines, the Group's share of net assets held for sale; this definition may result in a different net debt figure from that presented in the consolidated financial statements.

At 31 December 2018, the consolidated net debt to consolidated EBITDA ratio was between 1.84x and 2.74x depending on the definition in the facility agreement.

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.

The Company's bond issues (other than deeply-subordinated perpetual notes) have been rated BB with a negative outlook by Standard & Poor's since 3 September 2018 (BB+ with a positive outlook previously) and Ba1 with a negative outlook by Moody's since 28 September 2018 (Ba1 with a stable outlook previously). In line with the policy of rotating rating agencies, as recommended by the European regulator, Moody's Investors Service ("Moody's") was appointed as the Group's new rating agency in 2017. 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.

The changes in Standard & Poor's rating and outlook and Moody's rating outlook in 2018 had no impact on Casino's borrowing costs or liquidity position.

The bond indentures (other than for deeply-subordinated perpetual bonds) 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).

Note 14 Other liabilities

(€ millions)	**2018**	2017
Related companies	240.3	89.0
Sundry liabilities	32.5	27.8
OTHER LIABILITIES	**272.8**	**116.8**
▪ due within one year	272.8	106.5
▪ due in more than one year	–	10.3

Other liabilities include €16.5 million in accrued expenses.

Note 15 Deferred income and other liabilities

(€ millions)	**2018**	2017
Deferred income	13.2	15.8
Unrealised exchange gains	0.5	0.4
DEFERRED INCOME AND OTHER LIABILITIES	**13.7**	**16.2**

Note 16 Transactions and balances with related companies

(€ millions)	**2018**	2017
ASSETS		
Investments in subsidiaries and associates (before impairment)	18,302.6	17,266.0
Loans	31.7	490.2
Trade receivables	55.5	55.7
Related companies	340.0	328.6
LIABILITIES		
Loans and other borrowings	7.5	190.1
Trade payables	18.5	20.4
Casino Finance current account	2,170.9	2,127.6
Other related companies	240.3	73.1
INCOME STATEMENT		
Financial income	6.8	20.7
Financial expenses	7.7	247.8
Dividends	568.1	405.7

Related companies correspond to Group companies that are fully consolidated.

In 2018, 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)	**2018**	2017
Undrawn confirmed credit lines	2,295.0	2,698.4
TOTAL COMMITMENTS RECEIVED	**2,295.0**	**2,698.4**
Bonds and guarantees given[(1)]	1,507.8	1,145.5
Deficits allocated to tax group subsidiaries[(2)]	1,172.3	1,155.4
TOTAL COMMITMENTS GIVEN	**2,680.1**	**2,300.9**

(1) Including €1,217.8 million to related companies and €68.9 million to joint ventures at 31 December 2018.

(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 2018 in the absence of a tax consolidation agreement.

(€ millions)	**2018**	2017
Seller's warranties given in connection with:		
▪ the disposal of Ségisor and Gelase shares[(i)]	236.0	228.8
▪ GPA tax disputes[(ii)]	148.2	153.9
TOTAL COMMITMENTS GIVEN	**384.2**	**382.7**
Written put options in Uruguay[(iii)]	116.7	119.3
Seller's warranties given in connection with:		
▪ Total return swap on GPA shares[(iv)]	150.0	152.0
▪ Total return swap on Mercialys shares[(v)]	109.1	-
TOTAL RECIPROCAL COMMITMENTS	**375.8**	**271.3**

(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 (one year in the case of Libertad), 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 (USD 350,000 in the case of Libertad), (ii) an excess of USD 10 million (USD 1.5 million in the case of Libertad) after which Éxito can claim compensation for any amount and (iii) a cap corresponding to 15% of the acquisition price (the enterprise value in the case of Libertad).

(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 1,317 million (including interest and fines) at 31 December 2018 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 658 million, or €148 million at the 31 December 2018 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 capital. It will be settled in cash. The contract was amended on 27 October 2017 to extend the TSR's maturity to June 2020. At 31 December 2018, the swap covered 7.8 million ADRs (2.9% of GPA's capital) and a notional amount of €332 million.

The instrument's negative fair value of €181.8 million at 31 December 2018 (versus €179.8 million at 31 December 2017) was recognised in provisions. The amount disclosed in the table above corresponds to the difference between the notional amount and the provision.

(v) On 25 July 2018, in connection with the asset disposal plan, the Group decided to reduce its interest in Mercialys through the block sale of 15% of Mercialys' capital under a total return swap (TRS) contract with a bank, which is tasked with selling the shares on the market over a period ending on 28 December 2020 (see Significant events of the year).

A provision of €44.0 million was recorded to cover the TRS's negative fair value at 31 December 2018. 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

	2018		2017	
(in millions of foreign currency)	USD	BRL	USD	BRL
Assets	6.5		6.8	–
Liabilities	(337.1)		(221.9)	–
Net balance sheet position	**(330.6)**		**(215.1)**	**–**
Off-balance sheet positions	(576.3)	(658.5)	(577.4)	(611.5)
TOTAL NET POSITION	**(906.9)**	**(658.5)**	**(792.5)**	**(611.5)**

Note 19 Equity risk

(€ millions)	2018	2017
Carrying amount of treasury shares	33.0	5.0
Market value (average December share price of €36.34)	34.7	5.1
Impairment	–	–
Sensitivity to a 10% fall in share price	(3.3)	(0.2)

Note 20 Gross compensation and benefits of Directors and officers

(€ millions)	2018	2017
Compensation paid	1.6	1.6
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

No significant events have occurred since the year-end.

2.7.4. Five-year financial summary

	2018	2017	2016	2015	2014
FINANCIAL POSITION AT THE REPORTING DATE					
Share capital *(€ millions)*	167.9	169.8	169.8	173.2	173.2
Number of outstanding voting shares	109,729,416	110,996,996	110,996,996	113,197,686	113,175,162
RESULTS OF OPERATIONS *(€ MILLIONS)*					
Net sales (excluding taxes)	168.0	162.7	160.7	139.4	136.7
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	1,383.6	297.2	386.9	629.2	78.7
Income tax expense	(404.7)	(301.1)	(265.2)	(314.2)	(276.7)
Employee profit-sharing for the period	–	–	–	–	–
Net profit for the period	1,538.0	394.2	405.5	444.0	370.3
Total profit paid as dividends(1)	342.4	346.2	346.3	353.2	353.1
PER SHARE DATA *(€)*					
Weighted average number of shares outstanding during the period(2)	108,388,996	110,734,374	111,185,050	112,826,784	113,006,584
Earnings per share after tax and employee profit-sharing but before amortisation, depreciation and provisions	16.50	5.40	5.86	8.36	3.14
Net earnings per share	14.19	3.56	3.65	3.94	3.28
Dividend paid per share(1)	3.12	3.12	3.12	3.12	3.12
EMPLOYEE DATA					
Number of employees (full-time equivalent)	13	14	16	16	16
Employee remuneration expenses(3) *(€ millions)*	14.6	8.9	11.2	6.7	7.8
Total benefits *(€ millions)*	3.5	3.9	3.6	2.3	2.6

(1) For 2018, recommended dividend subject to approval by the Annual General Meeting.
(2) Excluding treasury shares.
(3) Excluding discretionary profit-sharing.

2.7.5. 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	2018 net sales (excluding taxes)	2018 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	4,210	98.91	105,638,556	7,153	6,387		159	9,408	(533)	–
Casino Participations France 1, cours Antoine Guichard, 42008 Saint-Étienne, France	2,274	2,579	100.00	2,274,025,819	2,274	2,274			–	257	280
Monoprix 14-16, rue Marc Bloch 92116 Clichy, France	78	1,713	100.00	9,795,630	2,526	2,526		8	241	367	80
Tévir 1, cours Antoine Guichard 42008 Saint-Étienne, France	640	3,727	100.00	640,041,110	3,182	3,182			–	450	200
Easydis 1, cours Antoine Guichard 42008 Saint-Étienne, France	63	41	100.00	3,953,968	106	106		9	562	1	–
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	240	1,089	100.00	239,864,436	900	900		360	–	18	–
Geimex 15, rue du Louvre 75001 Paris, France	–	32	99.96	9,996	108	108			213	7	5
Casino Services 1, cours Antoine Guichard 42008 Saint-Étienne, France	–	12	100.00	100,000	19	19			146	1	–
Vindémia Group 5, impasse du Grand Prado 97438 Sainte-Marie, France	268	279	100.00	268,012,924	461	328		20	30	7	–
Casino Restauration 1, cours Antoine Guichard 42008 Saint-Étienne, France	36	(113)	100.00	35,860,173	103	–		3	127	(48)	–
International											
Cnova NV 1, Beemdstraadt NL 5653 MA Eindhoven, Netherlands	17	388	64.80	223,638,608	452	452			–	7	–

(€ 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	2018 net sales (excluding taxes)	2018 net profit (loss)	Dividends received by the Company in the prior year
2. ASSOCIATES (10%- TO 50%-OWNED)											
Banque du Groupe Casino 6, avenue de Provence 75009 Paris, France	35	131	50.00	173,241	125	108			136	13	–
Ségisor 1, cours Antoine Guichard 42008 Saint-Étienne, France	204	1,488	50.00	887,239,642	971	971		200	–	3	–
Uranie 1, cours Antoine Guichard 42008 Saint-Étienne, France	45	87	25.95	11,711,600	31	31			3	8	–
Casino Carburant 1, cours Antoine Guichard 42008 Saint-Étienne, France	5	10	32.04	1,627,904	4	4			332	2	1
B – AGGREGATED DATA FOR ALL OTHER SUBSIDIARIES OR ASSOCIATES											
1. SUBSIDIARIES (NOT INCLUDED IN SECTION A ABOVE)											
Various companies					3	3					2
2. ASSOCIATES (NOT INCLUDED IN SECTION A ABOVE)											
Other companies					4	2					
Total investments in subsidiaries and associates					**18,428**	**17,519**					
o/w consolidated companies					18,428	17,519					
▪ French companies					17,975	17,066					
▪ Foreign companies					453	453					
o/w non-consolidated companies					0	0					
▪ French companies					–	–					
▪ Foreign companies					–	–					

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).

2.7.6. 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 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 and commitments 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.

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2018

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

In our capacity as Statutory Auditors of your Company, we hereby report on regulated agreements and commitments.

We are required to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying why they benefit the Company, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code concerning the implementation during the year of the agreements and commitments already approved by the Shareholders' Meeting.

We conducted the procedures 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 agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Pursuant to Article L. 225-40 of the French Commercial Code *(Code de commerce)*, we have been advised of the following agreement concluded during the year, which received prior authorization from your Board of Directors.

Agreements and commitments authorized and concluded during the year

Cost payment agreement with Mercialys

Persons concerned

Mr. Jacques Dumas and Mr. Michel Savart (members of the Board of Directors of Mercialys).

Nature and purpose

On December 13, 2018, your Board of Directors, based on the opinion of the audit committee, authorized the signing of an agreement with Mercialys under which your Company shall pay the specific costs incurred by Mercialys in connection with the sale by your Company of all or part of its interest in Mercialys, *i.e.*:

- external costs, primarily legal advice, upon production of supporting documents and within the overall limit of €200,000 excluding taxes until December 31, 2019;

- total exceptional compensation, including the related employer expenses, that would be paid by Mercialys to its top management (two corporate executive officers and the chief financial officer, who are key to organizing and coordinating the sales process under optimal conditions) for a lump-sum amount equal to three months of fixed compensation for 2018, *i.e.* a total of €236,250, plus employer expenses for a total estimated amount of €303,200. This lump-sum amount was determined by Mercialys, taking into account, firstly, the time allotted by top management to assisting with the implementation of the sale and, secondly, objectives for the motivation and retention of the relevant managers. This amount, which falls within a range of 10% to 15% of the beneficiaries' total target compensation for 2018, was deemed to be appropriate and reasonable by your Board of Directors.

Your audit committee issued a favorable opinion on this agreement, after having taken note of:

- a legal opinion concluding that it was compliant with the corporate interests of your Company to bear the costs thus defined and shown to be in direct relation to a sale that was decisive for your Company; and
- the conclusions of a specialized firm on compensation issues as to the reasonableness of the exceptional compensation granted to the top management of Mercialys.

  The payment by your Company of the exceptional compensation for the top management of Mercialys is subject, with respect to Mercialys' corporate executive officers, to the approval of this compensation by the Mercialys 2019 Shareholders' Meeting and confirmation, by Mercialys, that the managers have satisfied the conditions set by Mercialys, particularly their attendance at the Mercialys 2019 Shareholders' Meeting.

Terms and conditions

This agreement, signed on December 14, 2018, had no financial impact on financial year 2018.

Reasons justifying that the agreement is in the Company's interest

Your Board of Directors considers the fact that the top management of Mercialys is heavily involved in assisting with the organization and roll-out of the planned sale by your Company of all or part of its interest in Mercialys to be in the company's interest. Your Board of Directors thus considers the fact that your Company pays all the costs incurred by Mercialys in direct relation to the planned sale to be justified.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in prior years

a) With continuing effect during the year

In accordance with Article L. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments which were approved by the Shareholders' Meetings in prior years had continuing effect during the year.

• 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 2018, the employer contributions relating to healthcare, death and disability plans amounted to €222,826 and €1,536, respectively, compared to €272,276 and €1,637 respectively in 2017.

• Advisory agreement entered into with Euris

Persons 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.

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 the financial structure and resources of your Company. Euris also provides advice and assistance in strategic areas, on legal, governance, accounting and tax matters, communications, human resources and on the implementation of complex transactions, particularly relating to 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 amounts invoiced to the holding companies of the Group (Finatis, Foncière Euris, Rallye and Casino), a primary key is applied, 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 March 6, 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 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 March 6, 2017 in view of the reports issued 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 of the agreement as from 2017 and the adjustment of its duration to three years.

Terms and conditions

In financial year 2018, the amount excluding taxes invoiced to your Company totaled €760,000.

b) Without continuing effect during the year

In addition, we have been advised that the following agreements and commitments which were approved by the Shareholders' Meetings in prior years had no continuing effect during the year.

• Real estate partnership agreement entered into with Mercialys

Persons concerned

Mr. Jacques Dumas and Mr. Michel Savart (members of the Board of Directors of Mercialys).

Nature

The partnership agreement (the "Agreement"), signed on July 2, 2012 between Casino, Guichard-Perrachon (hereinafter "Casino") and Mercialys, for a term expiring on December 31, 2015, was the subject of successive adjustments and extensions, with the latest changes set forth in an amending act dated January 31, 2017, authorized by your Board of Directors' meeting on December 15, 2016 and approved by the Shareholders' Meeting of May 5, 2017. Pursuant to the terms of this amending act, the Agreement was extended to December 31, 2020 and various adjustments were 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 has the option of presenting to Casino any project, falling within or outside the scope of the Agreement, which Casino 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 which 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 under development 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).

The Agreement provides 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.

- 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 is 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 2018 were as follows:

1st half-year 2018

	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 sq.m	5.5%	6.0%	6.0%	6.4%	5.3%
5,000 to 20,000 sq.m	5.9%	6.4%	6.4%	6.8%	5.6%
< 5,000 sq.m	6.4%	6.8%	6.8%	7.4%	6.0%

2nd half-year 2018

	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 sq.m	5.4%	6.0%	6.0%	6.3%	5.2%
5,000 to 20,000 sq.m	5.9%	6.3%	6.3%	6.7%	5.5%
< 5,000 sq.m	6.3%	6.7%	6.7%	7.3%	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 sale 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 not to 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 m^2; or
  - any existing shopping mall with a food product sales area in excess of 1,000 m^2 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 m^2.

  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.

Trademark license agreement entered into with Mercialys

Persons concerned

Mr. Jacques Dumas and Mr. Michel Savart (members of the Board of Directors of Mercialys).

Nature

Under this agreement entered into on May 24, 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.

Paris-La Défense, March 13, 2019

The Statutory Auditors

Ernst & Young et Autres	Deloitte & Associés	
Yvon SALAÜN	Frédéric MOULIN	Patrice CHOQUET

Corporate social responsibility (CSR) and Non-Financial Information Statement (NFIS)

3.1. CSR COMMITMENTS AND GOVERNANCE

The CSR policy was drafted in line with the Casino Group's ethical principles 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 (see SDG cross-reference table, pages 247-248).

The Group's CSR policy aims to pave the way for responsible consumer habits and improve the sustainability of its 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 reducing its environmental impact, particularly in terms of energy use and waste;
- 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.

The 2016-2020 "CSR Spirit" continuous improvement programme covers 15 priorities defined using materiality and impact analyses and an analysis of the Group's main risks and opportunities.

Commitments and associated actions are carried out while respecting each host country's culture and local practices.

Committed employer
- Promote diversity
- Help young people enter the workforce
- Provide growth opportunities for employees
- Take action to protect employee health and well-being

Responsible retailer
- Support 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 proactive Group
- Reduce greenhouse gas emissions
- Increase energy efficiency
- Reduce and recover waste

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.

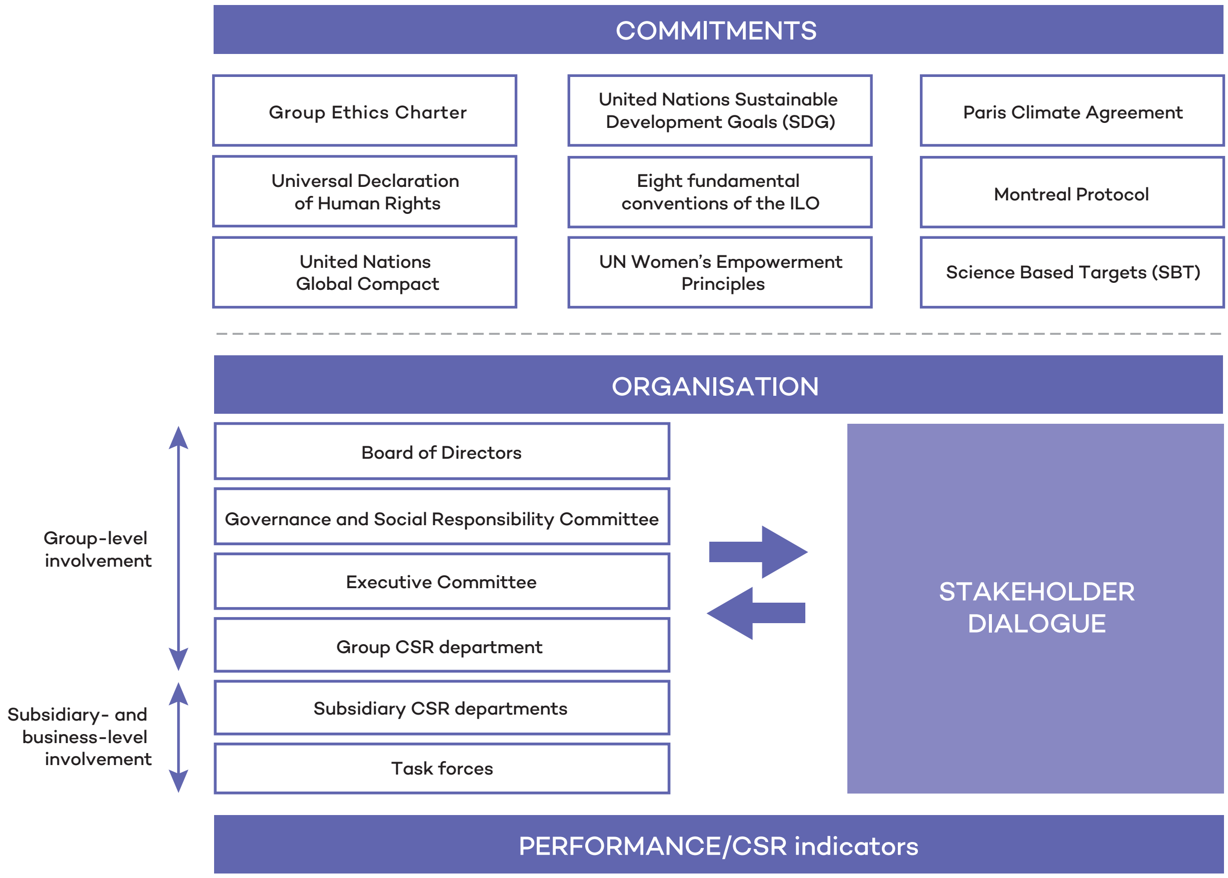
At Group level

The Board of Directors has 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 Social Responsibility 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 13 March 2019, the Governance and Social Responsibility Committee was made up of four Directors, three of whom were independent according to the criteria of the Afep-Medef Code. It is chaired by the lead independent Director, who is also a member of the Audit Committee. Reports on the activity of the Board of Directors, the Governance and Social Responsibility Committee and the Audit Committee in 2018 are presented in Chapter 5 of this document. 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 is rolling out the "CSR Spirit" continuous improvement programme in France and abroad in coordination with the various subsidiary CSR departments. It works under the General Secretary of the Executive Committee and reports to that committee.



In the subsidiaries and business lines

The Casino Group has created CSR departments in its main subsidiaries in France and abroad, coordinated by the Group CSR department. The following four 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.

The Group's six internal targets for 2020 were drawn and validated by Group management in 2016, in line with the CSR progress approach and the business model. 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 section 3.5.1.3.3.). The Group has also pledged to reduce its greenhouse gas emissions by 2025 (see section 3.5.4.2.).

3.2. Non-Financial Information Statement – NFIS

Pursuant to Article L. 225-102-1 of the French Commercial Code, the Company is required to prepare a consolidated non-financial information statement for 2018 complying with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in relation to those risks and the outcomes of those policies, including key performance indicators. The non-financial information statement must include, in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, information on how the company takes into account the human resources, environmental and societal consequences of its activity. Chapter 3, Chapter 1 and section 4.3 of Chapter 4 together comprise the non-financial information statement. For readers, a cross-reference table on pages 243 to 246 identifies the relevant information.

3.2.1. Business model

For a presentation of the activities and the business model, see Chapter 1 Presentation of the Casino Group – section 1.4. Business model.

3.2.2. Description of the main non-financial risks and challenges, and identification methodology used

The Casino Group's main CSR risks and opportunities are identified and assessed through risk mapping and materiality analyses.

(i) Identification of the main CSR challenges *via* Group risk mapping and the risk assessment process

The identification of the main CSR risks related to the Group's direct and indirect activities is based on the work done by the Risk Management and Compliance department created in January 2018 (see Chapter 4). It 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;
- making sure that the Group's internal systems and policies comply with the main laws and regulations applying to Group operations;
- drafting, with the entities, action plans and corrective measures and ensuring their implementation.

The entire risk management system, including management of CSR risks, is aimed at reducing residual risk to a target level defined by Group management. 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.

The Group's major risk mapping, carried out annually and coordinated by the Risk and Compliance department, is based on a dual risk management approach in which risks are identified and assessed at both the parent company level and within each unit:

- at the parent company level, major risks 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;
- within each of the entities, each Group Management Committee is tasked with identifying and assessing its ten major risks (in view of the degree of their impact and likelihood of occurrence), indicating the internal control activities implemented to manage each of them, and drafting action plans as needed to improve risk management if the objective set by the entity is to reduce the level of residual risk.

The Risk Management and Compliance department also takes initiatives to foster a risk culture within the Group. Each year, four to five Casino Group entities are assisted in the identification of their major risks. Interviews are conducted with about 40 process managers (marketing, purchasing, finance, operations, etc.) to raise awareness of risk management and identify the main risks related to their activities. The risks identified after these interviews are reported to the Management Committees of the units concerned so that they can compile a list of the top ten major risks on the basis of these items.

More details are provided in Chapter 4 of this Registration Document.

The risk management system takes into account the Group's human resources, societal and environmental challenges. The corresponding risks are included in the risk catalogues made available to the units' Management Committees to help them compile the list of their top ten major risks. Similarly, they are taken into consideration when major risks are defined for the parent company, with an emphasis on legal and regulatory non-compliance risks, image and reputational risks, and country and natural disaster risks.

In addition, the analysis of the corruption and influence peddling risks is conducted as part of a specific risk mapping approach described in more detail in section 3.4.3 of this chapter.

(ii) Identification of the main CSR opportunities *via* materiality analyses

The Group conducts materiality analyses to identify and respond to its major human resources, societal and environmental challenges, and to advocate responsible economic growth and business development.

To assess and update the Group CSR Policy, a study of the most strategic challenges faced at the Group level was carried out in 2015. Commissioned from an external third party, this materiality analysis served to prioritise CSR issues, and 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.

The study was backed up by analyses carried out at the Group's two biggest international 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. It was updated in 2018 to facilitate the drafting of priority areas of action for the coming years in 2019.
- In Brazil: assisted by a consulting firm specialising in CSR, GPA developed its first materiality matrix in 2015. The associated work drew on documentary analysis, individual interviews with the company and external partners, and an online survey sent to GPA employees, suppliers and customers. It was rounded out in 2017, with the help of a specialised external firm, by an in-depth study taking into account the expectations expressed by the International Integrated Reporting Council (IIRC) and the 17 Sustainable Development Goals.

(iii) Main CSR risks and opportunities identified

The main CSR risks and opportunities identified in this way are presented for each of the four categories of information (social and environmental consequences, respect for human rights and the fight against corruption), in accordance with Article L. 225-102-1 of the French Commercial Code. The policies applied and the due diligence procedures implemented to prevent, identify and mitigate the occurrence of these risks are described in this chapter on the pages mentioned below, as are the outcomes of these policies, including key monitoring and/or performance indicators.

Human resources/Societal

Main CSR risks	Description of the risks	Due diligence policies	Policy outcomes and key indicators
Risks related to human resources in the event of shortage of qualified personnel and departure of key people	Impacts on the organisation (sustainability/business development) Impacts on employees' well-being at work, their level of commitment and motivation Consequences in terms of customer satisfaction (failure to provide the necessary level of service) *See also section 4.3. Key risk factors – Human resources risks*	**Committed employer approach** Acting for health, safety and well-being at work: actions to prevent occupational risks (*e.g.*, prevention of psychosocial risks), improvement of living conditions at work and well-being of employees (*e.g.*, benevolent management approach). Managing talent and supporting career development: *e.g.*, internal mobility policy and succession plans. Training employees to develop their employability: implementation of training plans to promote career development and career paths (*e.g.*, technical training in the Group's business lines, including food professions). *See section 3.5.1.3. Providing an environment conducive to employee fulfilment*	Absenteeism rate Frequency and severity rate of work-related accidents and occupational diseases *See section 3.5.1.3.6.* Number of hours of training per employee *See section 3.5.1.3.8.* See Key Performance Indicators, page 242
Risks related to the quality, compliance and safety of products in the event of health scares and/or product withdrawal/recall	Impacts on the organisation (image/reputation, financial) Risks to consumer health (food poisoning/indigestion) *See also section 4.3. Key risk factors – Product quality, conformity and safety risks*	**Responsible retailer approach** Ensuring product quality: quality management system (dedicated organisation and experts, IFS standard, regular audits, procedures and tools for traceability, withdrawal/recall and crisis management). Product withdrawal policy. *See section 3.5.3.1. Ensuring product quality*	Number of microbiological analyses performed during the year *(France)* *See section 3.5.3.1.*
Corruption			
Risks related to compliance with laws and regulations (including Sapin II) in the event of acts of corruption	Impacts on the organisation (image/reputation, financial) Impact on the level of employee engagement Impact on the relationship with stakeholders (trust, quality of the relationship, etc.) *See also section 4.3. Key risk factors – Risks related to compliance with laws and regulations*	**Respect for ethics and compliance** Acting with integrity, fairness and honesty: Group Ethics Committee, Code of Ethics and Business Conduct, corruption risk mapping, network of ethics officers, training and awareness of the Group's ethics and anti-corruption policy. *See section 3.4. Ethics and compliance*	Number of people trained on the Group's ethics and anticorruption policy *See section 3.4. Ethics and compliance*

Human resources/Societal

Main CSR risks	Description of the risks	Due diligence policies	Policy outcomes and key indicators
Environment			
Risks related to climate change in the event of exceptional weather events (heat waves, periods of intense cold, floods)	Impacts on the organisation (disruption of supplies, loss of sales, etc.) *See also section 4.3. Key risk factors – Risks related to climate change* Impact on biodiversity (extinction of species, deforestation) *See also section 3.5.3.4 Duty of care plan (law of 27 March 2017)/Risk mapping*	**Environmentally committed group approach** Fighting climate change: low-carbon strategy to reduce the Group's greenhouse gas emissions, energy efficiency. *See section 3.5.4.2. Casino's low carbon strategy to fight climate change* Encouraging consumption that is more respectful of biodiversity: marketing a line-up of products that are more respectful of the environment and biodiversity, combating deforestation linked to the exploitation of raw materials, preserving fish resources and protecting endangered species. *See section 3.5.4.5.*	Greenhouse gas emissions *(kg eq.CO_2/sq.m.)* Electricity consumption *(kWh/sq.m.)* *See sections 3.5.4.2. and 3.5.4.3.* See Key Performance Indicators, page 242
Human rights			
Risks related to the supply chain and ethical commitments made by the Group in the event of human rights violations (nonrespect of workers' fundamental rights)	Impacts on the organisation (image/reputation, financial) Impacts on workers (health/safety, etc.) in the supply chain *See also section 4.3. Key risk factors – Risks related to the supply chain and ethical commitments made by the Group*	**Responsible retailer approach** Monitoring and improving the social impacts of the supply chain: evaluation of the societal and human risks of its suppliers and sectors, auditing and improvement of the suppliers of private-label products based in countries at risk, in particular with regard to the duty of care, and the related plan provided for in I of Article L. 225-102-4 of the French Commercial Code. *See sections 3.5.3.3. and 3.5.3.4.*	Number of ICS audits carried out in plants involved in the production of private-label products for the Group % of active plants audited in a country at risk awarded Acceptable status *See section 3.5.3.4.*

The Casino Group is also attentive to the CSR opportunities created as part of its activities and related to its business model (see Chapter 1). In addition to the main CSR risks mentioned above, it accordingly also carries out actions contributing to:

- the fight against food waste (see section 3.5.4.4 of this chapter);
- the fight against food insecurity (see section 3.5.2.1 of this chapter);
- local roots (see section 3.5.4.2.3);
- development of a line-up of responsible products (see section 3.5.3.2.);
- development of healthy products (see section 3.5.3.2.);
- customer satisfaction (see section 3.5.3.1.);
- fight against discrimination and promotion of diversity (see section 3.5.1.1.);
- social dialogue/collective agreements and their impacts on company performance and working conditions (see section 3.5.1.3 of this chapter);
- circular economy commitments (see section 3.5.4.3 of this chapter);
- respect for animal welfare (see section 3.5.3.5 of this chapter).

In view of the late date of the amendment of Article L. 225-102-1 of the French Commercial Code (by law no. 2018-898 of 23 October 2018 on the fight against fraud), it was not possible to integrate tax evasion into CSR risk analysis. If it is found to be a major risk, this issue will be addressed next year.

3.3. Stakeholder dialogue

For many years now, the Group has maintained regular, constructive dialogue with local and national stakeholders in all its host countries. Open, meaningful discussions are encouraged for the purpose of developing and jointly creating projects and innovative partnerships. Dialogue takes place through various means depending on the stakeholders, at both entity and Group level.

3.3.1. Employees and their representatives

Human resources and CSR policies are built on regular dialogue with employees and their representatives. The Group conducts many initiatives in favour of social dialogue, and works to establish tools for listening to and exchanging with employees. These programmes and tools are described in section 3.5.1.3.

Embracing this concept, Management and the representative trade unions decided to implement a Casino CSR agreement in France in 2014. A second agreement has been signed for the 2017-2020 period.

In addition, the second edition of the CSR Trophies in 2018 rewarded local initiatives promoted by the Group's employees (Casino, Monoprix, Cdiscount). Eight awards crowned the teams' investment on issues of community outreach, the environment and responsible consumption.

3.3.2. Customers

Aimed at being in tune with customers and their expectations, the Group's policy for improving customer service promotes quality dialogue based on the following tools, broken down by banner:

- A dedicated organisation: each Group banner has a customer service centre open 24/7 by telephone (at a toll-free number), post or the Internet, where customers can obtain information on stores and products, and have their questions answered.
- Regular training programmes in customer satisfaction and listening to customers.
- Social networks: the Casino Group and its banners have accounts on the various social networks to allow them to exchange with their customers and answer their questions in real time.
- Satisfaction surveys and questionnaires in all the Group's banners. In France especially, 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 2018, for example, the Assaí brand in Brazil had a customer satisfaction rate of over 96%. In Colombia, Éxito carries out about 100 customer surveys per store, in addition to online surveys. More than 53,000 customers were surveyed in 2018 to define and track satisfaction levels, which was over 91%.
- 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 for instance.
- 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. For example, the Éxito programme brings together more than 5 million people and is Colombia's largest.

The system as a whole serves to measure customer satisfaction and understand customer expectations. Feedback from these programmes helps the Group adapt its store concepts and product ranges to meet consumer expectations in terms of responsible consumption. To this end:

- The Group's banners, which already stock a broad, diversified range of responsible products, is also developing and expanding its responsible shopping presence. Naturalia operates more than 188 stores dedicated to organic products, including five all-vegan stores. Franprix introduced its new Noé concept focusing on organic products and more responsible consumption solutions (bulk, healthy products, etc.). Organic corners are central to new store concepts.

  In Colombia, Grupo Éxito is developing its Carulla Fresh Market stores, dedicated to responsible consumption, with an expanded selection of local, organically grown products. Each store offers 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.
- The Casino Group develops ranges of organically grown products and local produce, and supports initiatives such as "C'est qui le patron ?!", the consumer brand whose products are developed with consumer participation.
- 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 sections 3.5.3.3 to 3.5.3.5 and 3.5.4.2.3.).

3.3.3. Suppliers

Since its inception, the Casino Group has maintained close relationships with its suppliers.

It engages in regular and constructive dialogue:

(i) With its suppliers of private-label products, including SMEs.

In France, the Casino Group has appointed an SME representative to streamline relations with the purchasing hub and a mediator to handle commercial disputes. It works with the FEEF and *Association Nationale des Industries Alimentaires* (ANIA), as well as with the *Club d'Entreprise Agro-développement*, and supports the Open Agrifood think tank. It also organises biannual meetings within the SME forum to take into account the expectations and challenges of SMEs in their markets.

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 with trade organisations ANIA, FEEF, COOP de France and FCD, of which the Group is a member. The portal (www.valo-rise.com) 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) optimise supplier CSR self-assessment with a single online 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. This self-assessment helps ascertain suppliers' maturity levels. More than 300 Casino Group suppliers self-assessed their CSR policy in 2018 (171 in 2017);
- the banners also support 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;
- the Group's central purchasing hubs, in partnership with suppliers, develop innovative products that meet the expectations of consumers who are increasingly concerned about their health and the impact of their consumption on the environment. In France, for instance, the Casino Group's central purchasing hub (Achat Marchandises Casino – AMC) brought together 107 manufacturers at its CAP 2020 conference in 2018, which was attended by various banners including Monoprix, Franprix, Leader Price, Casino Supermarkets and Géant Casino. The objectives were to present the foundation of quality and CSR commitments shared by the Group's various units, and to offer to work together to develop or update products to meet the expectations of the Casino Group in terms of health and nutrition and packaging policies. 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. 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.

Attesting to its commitment to SMEs, the Group received three Grés d'Or prizes rewarding the best collaborations between an SME and a retail banner. A panel of experts in media, consulting and services, selected by the Federation of Enterprises and Entrepreneurs of France (FEEF), rewards sustainable partnerships that rely on innovative solutions for customers.

(ii) With its main national brand suppliers in order to share CSR objectives and priorities, and/or set up collaborative projects: for example, the Group conducts operations jointly with its suppliers for the benefit of the French Federation of Food Banks and *Handi'chiens*. National-brand suppliers are also included in the CAP2020 approach.

(iii) With production chains: the Group has forged several long-term partnerships with farm cooperatives and farm produce production chains. In 2018, it marked the French International Agricultural Show with its announcement of having signed a charter of mutual commitment to develop products bearing the "Plaisir Charolais Label Rouge" logo in supermarkets and Géant Casino stores. It has also created an organic chicken production chain with farmers in Mayenne to promote sustainable organic poultry and constitute a strong sector involving each player. This commitment, made by the Casino banners directly to the local producers' group, covers a period of five years, with guaranteed production volumes. The Group has also announced the first specific supply chain under its new "Horizon" purchasing entity, which focuses on eggs laid by free-range hens raised in France on feed that is free from GMOs and antibiotics, to be sold under private-label brands.

3.3.4. Local authorities

With stores throughout France, in cities and rural areas, the Group contributes to the economic development of the areas where it operates.

Through the External Relations department, the Group maintains regular dialogue with local authorities as part of its activity. It has banners adapted to the features of specific areas (Petit Casino, Spar, Vival, Monoprix, etc.). It has partnered with organisations such as *Maires Ruraux de France*, *Association des Petites Villes de France* (APVF), *Centre-Ville en Mouvement* (CVM), France Urbaine and the *Association Nationale des Pays et des Pôles territoriaux* et de *Villes de France* to support the revitalisation of cities, towns and villages. Working closely with local authorities, Casino is helping rethink the balance between city centre retailing, peripheral outlets and shopping centres, and is taking part in the nationwide "Action Cœur de Ville" programme. The Group engages in dialogue with local stakeholders when opening, developing or closing stores.

It also supports initiatives taken by local authorities, particularly in favour of employment and the fight against climate change. It has signed the Charter for Local Employment of the City of Paris and the Local Employment Charter of the Metropolis of Nice, as well as the Climate Action Plan of the City of Paris. The City's goal is to reduce greenhouse gas emissions in the Paris area by 75% by 2050 compared with 2004 through initiatives in several areas including mobility, housing, urban planning, resource and waste management, and food.

3.3.5. Local communities

The Group interacts with local communities through the community-based work of its Foundations (see section 3.5.2.) and initiatives conducted locally by its stores. In France, the stores organise several collections each year for local associations, including personal hygiene products for *Protection Civile* in Paris (4,000 kits collected by Monoprix stores) or *Fondation des Femmes* (155,000 products collected by Monoprix stores). In South America, Extra has created a specific programme to interact with and meet the needs of communities living near its stores. Known as "Viva Bairro!", it aims to create links between stores and local communities. It covers more than 300 initiatives carried out to benefit local communities.

3.3.6. 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 the Initiative for Compliance and Sustainability (ICS), and the Consumer Goods Forum's *Entreprises pour les Droits de l'Homme*. It is a partner of the Earthworm Foundation, an NGO whose goal is to transform supply chains to make them more sustainable and to fight deforestation.

In France, as of 2018, 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 the City of Saint-Étienne eco-design and life cycle management unit, retail association *Perifem*, and environmental bodies such as *ÉcoSystèmes, Éco-Emballage, Corepile* and *Recylum*. In 2017, it entered into a partnership with three animal protection organisations – LFDA, CIWF and OABA – to contribute to the development of national labelling on animal welfare standards in the poultry sector (see section 3.5.3.5.). This partnership has helped to draw a baseline setting minimum welfare standards throughout animals' lives.

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 corporate 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 2018, the Group responded to various requests and questionnaires from recognised NGOs, particularly on the issues of fishing, animal welfare, pesticides and deforestation.

3.3.7. Financial and non-financial community

The Group maintains regular dialogue with socially responsible investment (SRI) 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 2018, relating to nutrition issues, food waste, animal welfare and corporate governance. It responded to the 8 December 2017 statement of 22 investors, asset managers and insurers concerning the mainstreaming of non-financial ratings by calling on Vigeo Eiris to issue a requested rating. A corporate rating is an independent rating of social responsibility and sustainability requested by issuers in support of a market transaction. The Group also responds to requests from other agencies including Sustainalytics, MSCI, ISS-OEKOM and, since 2013, CDP.

3.4. Ethics and compliance

The Casino Group believes that acting with integrity, fairness and honesty is crucial to sustainable performance. 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 section 3.5.3.4).

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 implement the Code of Ethics and Business Conduct and roll out its guidelines in accordance with the specific features of their activities and/or geographical location, as well as applicable regulations, while reporting to the Group's Ethics Committee.

3.4.1. 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 role is 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;
- ensure the smooth running of the network of ethics officers within the Group, under the supervision of the Group Ethics Officer;
- ensure the conduct of training and anti-corruption 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 Officer reports to the Governance and Social Responsibility Committee every six months on the policies and action plans implemented.

3.4.2. Code of Ethics and Conduct

In addition to the nine principles of the Group 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 Ethics and Business 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.).

3.4.3. Mapping corruption risks

To comply with the provisions of the Sapin II law, the Group drew up the first map of its main corruption and influence peddling risks at Group level in June 2017. The mapping was presented to the Group Ethics Committee and the Audit Committee, and then updated in June 2018 based on monitoring of the implementation of action plans drafted and adopted at central level and/or entity level in order to remedy certain areas of weakness identified through the risk mapping process. In the second half of 2018, the Group called on an external consultant to help it develop and roll out in two pilot entities a complementary bottom-up methodology for mapping corruption and influence peddling risks at entity level. This methodology will be gradually rolled out in 2019 in all Group units under the supervision of the Group Risk and Compliance department.

3.4.4. Network of ethics officers – prevention and alert

In 2017, the Group appointed a Group Ethics Officer, a member of the Ethics Committee, and a Chief Risks and Compliance Officer, 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, most of which have an ethics or similar committee. Group employees may contact the network of ethics officers by means of confidential and secure 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, respecting the anonymity of the whistleblowers and the people being reported, in accordance with the requirements of the Sapin II law.

In Brazil, Colombia and Argentina, whistleblowing 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.

Statistics on the number of alerts received and processed, classified by type, are presented to the Governance and Social Responsibility Committee and the Group Audit Committee every six months.

3.4.5. Training and awareness

To develop a culture of ethics and transparency, training and awareness-raising mechanisms adopted within the Group's subsidiaries were continued in 2018.

In France, initiatives taken focus notably on:

- the training in 2017 and 2018 of more than 7,600 employees on the Group's ethics and anti-corruption policy, especially in 2018:
  - more than 1,000 employees among the populations considered most vulnerable to the risk of corruption were trained in 12 face-to-face sessions by members of the Risk and Compliance department, including the Group Ethics Officer, and a specialised lawyer,
  - more than 2,000 people received anti-corruption training in 2018;
- awareness-raising in entity management and executive committees *via* talks by the Group Ethics Officer at dedicated meetings (16 entities benefited from these measures in 2018, with remainder to follow in 2019);
- awareness raising for all employees, with a display on all administrative sites setting out the principles of the Code of Conduct, an explanatory brochure sent individually and messages communicated *via* intranets;
- online tutorials on the following topics:
  - procedure for reporting alerts,
  - third-party referencing,
  - prevention of corruption (update of the version published in late 2016);
- 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 2018, an internal communication campaign designed like a soap opera was conducted under the supervision of the Compliance department in coordination with the Internal Communication department. It had 16 episodes dealing with four topics: (i) transparency in relations with interest groups, (ii) conflicts of interest, (iii) prevention of/fight against money laundering and terrorism, and (iv) gifting policy. New hires also follow an e-learning course covering the topics in Éxito's transparency policy. In Argentina, a training programme has been rolled out to support the circulation of the Libertad Ethical Charter in order to raise employees' awareness about the fight against corruption.

In Brazil, GPA is organising training sessions as part of its anti-corruption system. It is given to managers considered to be at risk (notably in the Purchasing department), all newly hired employees, and suppliers. In 2018, 187 suppliers of construction and maintenance equipment were made aware of the issues and the good practices expected.

The assessment of the effectiveness of these mechanisms is recorded in the internal audit plan depending on the entity.

3.4.6. Other initiatives in the compliance programme

The other main initiatives in 2018 were focused on the rollout, starting in 2019, of an annual declaration of engagement and absence of conflict of interest in populations in contact with third parties, a gift and invitation policy and the setting of new key accounting controls.

The assessment of the effectiveness of these mechanisms is recorded in the internal audit plan depending on the entity.

3.4.7. Responsible lobbying

The Casino Group, through the External Relations department, lobbies in order to consult, discuss with and inform elected officials involved in drafting legislation, and participates in the work of the various bodies that represent its sectors. It nurtures regular and open dialogue, which is necessary for building public policy.

It responds to requests for information from the ministries concerned by its activities and for 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 accordance with legal requirements, the Group reported to the French High Authority for the Transparency of Public Life in 2018 on activities conducted among national public officials in the second half of 2017 and the sums set aside for representing its interests. It declares its activities as an interest representative on the European Commission's Transparency Register. It is a member or partner of professional associations in its various sectors of activity (retailing, logistics, distance selling, solar power generation, 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 has trained the 53 developers of the Group's banners in responsible lobbying. One of the aims of this training was to review the ethical rules relating to relations with local authorities and decentralised public services.

The External Relations department assists Group employees in their interactions with the public authorities.

3.4.8. 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.

This policy 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.

3.5. Policies and initiatives in place

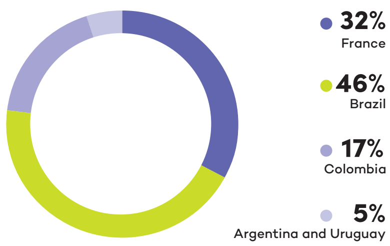
3.5.1. The Casino Group, a committed employer

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, employee health, safety and well-being in the workplace, and offer fair, progressive compensation and benefits.

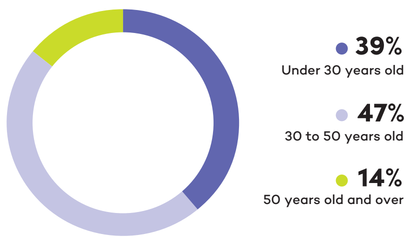
Each unit's human resources department is responsible for defining its policies in line with the core principles laid down by Corporate Human Resources, which are based on i) developing a shared culture of business, social and environmental performance; ii) creating synergies and deploying tools to improve 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.

The Casino Group has 220,060 employees, 53% of whom are women. 32% of employees are based in France and 68% in South America.

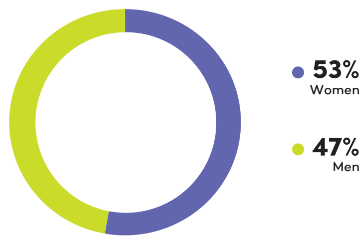
Workforce by country



Workforce by country age



Workforce by gender



The vast majority of Group employees (94%) 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. 83% of employees work full time.

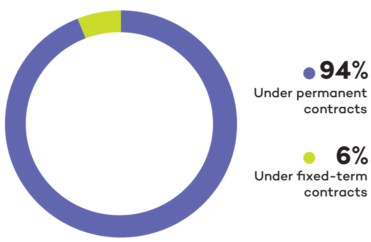
Trends in the Group's businesses resulted in the hiring of more than 115,650 people on permanent or fixed-term contracts in 2018, an increase of 6% compared with 2017. 45% of hires were on permanent contracts. Separations due to corporate reorganisations are the subject of extensive negotiations with employee representatives and are accompanied by a wide range of placement and support measures.

The Group's turnover rate was 25.8% in 2018, with significant differences between entities reflecting specific contexts. It was 17.5% at Casino and 31.6% in Brazil, which is below local rates.

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.

Permanent/fixed-term workforce



Full-time/part-time workforce

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. Casino has established a proactive policy that since 2012 has enabled more than 2,700 people (an increase of 15% between 2017 and 2018) 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. In France, 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, through internal policies or collective agreements, the subsidiaries also manage the organisation of working hours, the associated rules and the systems designed to compensate atypical hours with measures including payment for transport and meals, and rotating employee shifts on a voluntary basis.

  Systems are in place to track and verify working hours. For example, Éxito and Libertad stores have all been equipped with a biometric time clock accessible to employee representatives and union delegates, and both entities have a line that employees can use to report problems with working hours or workload issues;
- the issues arising from specific needs, particularly those of employees with disabilities. 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 employees, 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 2018, parental support workshops and conferences on such topics as "caring for others and for yourself" were organised for caregiving employees in order to review the programmes and procedures in place across the organisation;
- the work-life balance expectations of employees, particularly consideration for their civic commitment and measures to develop support for employees that are parents. These measures are described in section 3.5.1.3.6.

3.5.1.1. PROMOTING DIVERSITY AND EQUAL OPPORTUNITY

The Casino Group has been committed to 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 all business processes.

3.5.1.1.1. Combating discrimination and stereotypes

This commitment is based on several action principles, including fighting the stereotypes that underpin discrimination, building policies jointly with representative employee organisations, addressing all areas of discrimination and measuring the effectiveness of initiatives.

In 2009, the Casino Group was the first French retailer to earn the Diversity Label, awarded by Afnor Certification to companies leading the way in this area. Following an audit, the label was renewed for four years in 2012 and again in 2016, when it was also extended to Monoprix.

In France, the Group was honoured with three LSA Diversity and CSR Awards in 2018, 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 Group has pledged above all to fight discrimination based on national or ethnic origin, social background, gender, disability, age, sexual orientation, religious affiliation, union membership or physical appearance. It actively fights discrimination on the 23 criteria defined by French law.

All of the Group's entities have formalised their commitment to promoting diversity in line with the Group policy.

- In France, the Group is a signatory of the Diversity Charter and a holder of the Diversity Label awarded by Afnor, demonstrating its commitment and the quality of its actions. The units also express their commitment through agreements negotiated with employee representatives. In 2017, for example, Monoprix signed a three-year diversity and quality of worklife agreement.

- In Colombia, Éxito has signed the "Diversity Principles" declaration and formalised a diversity and insertion policy and related objectives validated by senior management and monitored by a diversity committee.
- In Brazil, through its Diversity Charter, GPA undertakes to roll out action plans covering the years to 2020 in all subsidiaries, in five priority areas: disability, ethnic or national origin, sexual orientation, gender identity, and gender equality in the workplace.

The French and Brazilian entities are also signatories of the LGBT Commitment Charter, pledging to ensure equal rights and treatment for all employees regardless of their sexual orientation. In 2018, GPA also joined the Business Forum for LGBT Rights, which has five main objectives, including a review of all internal processes and policies (wages, recruitment, promotion, etc.).

Organisation

Each subsidiary's human resources department is responsible for promoting diversity in all its forms, calling on internal and external experts.

- In France, the diversity process is supported notably 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.
- In Colombia, the policy's implementation is driven by an 11-member Inclusion and Diversity Sponsorship Committee, which monitors the correct implementation of the Diversity and Social Inclusion Policy.
- In Brazil, GPA's Human Resources department implements various action plans and control procedures in collaboration with each banner's management team. It also receives support from committees, notably the LGBT Committee and the Madiba Committee, which fights racial discrimination. These committees are made up of employees and interact with human resources departments to draft action plans.

Action plans

Awareness and training

The banners raise awareness and train the relevant managers and employees to (i) 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, (ii) endeavour to reflect all of society's cultural diversity across the entire workforce, (iii) inform every employee of this commitment to non-discrimination and diversity, and (iv) inform them of its outcomes.

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 People with Disabilities", rolled out in 2018.

Diversity awareness campaigns are organised within the Group's entities. To this end:

- Cdiscount organised an awareness and information week for its employees in 2018, on diversity-related topics. Events held during the week included a pop-up diversity bookstore, a workshop on religious diversity and another on parenthood;
- GPA organises an annual Diversity Week in its offices, stores and warehouses. It features 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, and respect for the rights of LGBT people. To mark the occasion, more than 1,000 GPA employees attended 25 talks given by experts, members of NGOs, consultants and representatives of educational institutions. The 2018 edition was the occasion to establish the "GPA Madiba" group to advance action against discrimination related to origins. Assaí also organised workshops to raise awareness about diversity stereotypes in stores, warehouses and head offices. More than 1,850 managers took part.

In 2018, Casino and Monoprix launched a training programme designed to support employees experiencing situations of health-related vulnerability.

Responsible hiring

Non-discriminatory hiring methods and systems have been widely deployed across the Group.

- 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, with the aim of training all people concerned.

  Training is also being offered to people in charge of hiring in the international units.
- In France, when opening new stores, Casino uses the simulation (role-play) recruitment method (SRM); Franprix introduced recruitment without a CV in 2018. These two methods facilitate hiring based on the applicant's aptitudes, regardless of their educational background, by putting them in real-life situations (public speaking, debates, business games, etc.).

When hiring managers and supervisors, the Group asks applicants to take a satisfaction survey that covers diversity issues. In 2018, the satisfaction rate was 94%. 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. In 2017 and 2018, the French entities rolled out action plans based on the outcomes of this testing (training, securing the hiring process, raising the awareness of employees and management bodies, etc.).

At the end of 2017, an equal opportunity and diversity perception survey was carried out in the Casino and Monoprix units. Conducted by specialised firm Kantar TNS-Sofres, the survey polled 8,400 employees. It revealed a very good perception of the Group's commitment to diversity (87% of employees surveyed) and a high score for the equal opportunities climate (6/10, *versus* a nationwide average of 3.9/10). It also confirmed that diversity is a factor in hiring within the Casino Group (90% of employees surveyed agree that there is no discrimination in hiring). Age was perceived as the first criterion of discrimination for 38% of respondents; corrective actions are already being rolled out in that area.

Lastly, the Group's entities have discrimination counselling and advice units offering the possibility for all employees to blow the whistle, on a confidential basis, whenever they experience or witness actual or perceived discrimination.

3.5.1.1.2 Acting for the integration and retention of workers with disabilities

Commitment

The Casino Group has been assertively engaged in hiring and retaining employees with disabilities since 1995, and reaffirmed its commitment in October 2015 by signing the International Labour Organization'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 set for 2020. It is also a factor in determining a GPA manager's bonus, with the goal of increasing the percentage of people with disabilities in the workforce to 5% by 2020.

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. As such, 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:

- hire people with disabilities:

  To meet their targets for hiring people with disabilities, the banners are facilitating the recruitment process by partnering with dedicated organisations. Monoprix, for instance, has joined forces with *Cap Emploi*. Cdiscount participates in specialised job forums *(Forum Emploi Handicap)* and posts vacancies on specialised employment websites such as hanploi.com. In 2018, Casino made a commitment to FAGERH, a recognised national federation for the vocational rehabilitation of people with disabilities. GPA takes part in job forums for people with disabilities and hired 229 applicants in 2018.

  - In Colombia, 117 people with disabilities have joined the "Inclusión laboral" 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; 25 trainees were welcomed in 2018, along with six recruits with cognitive impairment including Asperger's syndrome. Since 2006, the "Inclusión laboral" programme has supported more than 2,200 people with disabilities who had been abused or had suffered from vulnerable situations or hardship;
  - In Brazil, GPA has taken several measures to facilitate the hiring of people with disabilities, including a dedicated team, analysis of the difficulties faced by employees in their jobs and a partnership with *Ser Especial* (specialised in the recruitment and training of people with disabilities). In 2018, in partnership with APAE, the "Sementes" programme was set up to support the professional integration of people with intellectual disabilities: 49 people were offered internships in 2018, with 23 of them subsequently hired by GPA.

The Group's entities are also developing partnerships with companies in the protected sector employing people with disabilities;

- educate and raise awareness:

  In 2018, the Casino Group produced a specific guide and circulated it among employees.

  - In France, a number of employee awareness-raising and training initiatives have been established throughout the Group, particularly to mark the European Disability Employment Week, with activities, workshops and questionnaires to help raise awareness of all forms of disability. Guidebooks have been issued to Group managers and employees to help them integrate people with disabilities. Training modules are in place for recruitment teams and other stakeholders. They include "Overcoming Disability" used at Monoprix and Cdiscount, and two modules deployed by Casino, Leader Price and Franprix: "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.
  - Internationally, Éxito has produced a guide to help managers welcome people with Asperger's syndrome. In Brazil, Assaí, a GPA subsidiary, deals with the subject of disability in workshops organised in stores, warehouses and head offices to combat stereotypes linked to disability;

- allow people with disabilities to retain employment throughout their working lives:

  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.

Lastly, cause-related marketing campaigns are organised to enhance shopper awareness. Casino was able to pass on more than €50,000 to the Handi'chiens association in 2018.

Performance

The Group measures the performance of its policies in favour of people with disabilities by monitoring the share of the workforce concerned:

- The Group has 8,134 employees classified as having a disability working under permanent or fixed-term contracts, representing an increase of 11% compared with 2017 and 21% since 2015.
- Casino, which has been implementing a proactive disability policy for more than 20 years, has a rate of 13.14% employees legally classified as having a disability (after statutory adjustments).
- Since 2015, the number of employees classified as having a disability has increased by 61% in Brazil. GPA banner Assaí, which is deploying a growing number of employee awareness and training initiatives, ended 2018 with 5.3% of its employees classified as having a disability, an outstanding achievement for the retail industry in Brazil.

See Key Performance Indicators, page 242.

3.5.1.1.3 Acting for intergenerational diversity

Commitment and action plans

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

  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 seventh consecutive year. The event, which is unmatched in the French mass retailing sector, brought together more than 450 mentors and 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 2018 Best Work/Study Trainees Contest. To promote the training of young apprentices in service departments (food professionals), positions that are harder to fill in the labour market, Monoprix has partnered with specialised schools CEPROC (European Centre for Culinary Professions) and SAGEFORM. More than 90 apprentices were welcomed in 2018. Monoprix has also set the target of maintaining the proportion of work/study trainees in its workforce at a minimum of 3%.
  - In South America, Éxito, Libertad and 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 has been running a vocational training programme since 2017 in association with *Universidad Empresarial Siglo 21* in Córdoba, and is a partner in the "Primer Paso" plan initiated by the Córdoba provincial government. In 2017, more than 60 young people were welcomed for their first work experience. The initiative continued in 2018, with the welcome of an additional 10 students at Libertad. 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 guidance and integration

  The Group works very closely with schools and educational organisations to promote its jobs and diversify its sources of new hiring. The Casino Group's recruitment teams took part in more than 190 initiatives in favour of the insertion and recruitment of young people in 2018, including information sessions on different jobs, store visits and help in preparing a curriculum vitae and a covering letter. They also visited more than 100 educational institutions.

- 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.

- 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.

  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.

Performance

Employees aged under 30 account for 39% of the consolidated workforce, while those aged 50 and over represent 14%. In 2018, Casino hired 1,166 people from underprivileged neighbourhoods under permanent or fixed-term contracts, 407 interns and 90 work/study trainees. The Group employs more than 8,500 work/study trainees (see Key Performance Indicators, page 242).

3.5.1.2. FOSTERING GENDER EQUALITY IN THE WORKPLACE

Gender equality is one of the Group's flagship commitments. The increase in the number of women executives within the Group is one of the two CSR criteria taken into account in the variable compensation of executives in France.

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 Chapter 5 of the Board of Directors' report on corporate governance (starting on page 283).

Commitment

The Group has undertaken a number of commitments to external and internal stakeholders.

The Casino Group has:

- 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 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 and all the Management Committees of the France units 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 France, professional equality is the subject of an agreement with the unions. The agreement signed by Casino includes undertakings to support equal pay, conduct a compensation survey and expand training programmes for managers when employees return from maternity, adoption or long-term parental leave.

In South America, 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. Éxito's professional equality policy is coordinated by a 16-member Inclusion and Diversity Sponsorship Committee, which met twice in 2018.

To mark Diversity Week, GPA announced the establishment of a Committee on Equal Opportunities for Women and Men, and the signature by male managers of the Manifesto for Equal Opportunities.

Action plans

Action plans in each country are structured around the seven Women's Empowerment Principles developed by UN Women:

1. establish high-level corporate leadership for gender equality;
2. treat all women and men fairly at work – respect and support human rights and non-discrimination;
3. ensure the health, safety and well-being of all women and men workers;
4. promote education, training and professional development for women;
5. implement enterprise development, supply chain and marketing practices that empower women;
6. promote equality through community initiatives and advocacy;
7. 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 six strategic indicators, whose performance outcomes are presented to the Governance and CSR Committee every six months.

The main initiatives undertaken in this area in 2018 included:

- Communication on commitments to employees and customers:

  In 2018, the Group continued its commitment to UN Women, and worked actively on the Orange Day campaign. For the campaign, Casino sought to raise its employees' awareness through communication initiatives, discussion workshops, breakfasts and conferences led by UN Women, and brought its customers onboard through a continuation of cause-related campaigns in all banners and *via* social networks. Franprix and Monoprix were awarded the "Orange Day Champion Award" by UN Women.

  - In Brazil, "Fale com Elas" events for senior management have been created to strengthen the presence of women in positions of responsibility. Several meetings were organised in 2018. They brought together 150 senior managers to raise their awareness about the importance of commitment from men. GPA also held a further round of professional equality forums in 2018. Two forums brought together nearly 500 Group Directors and managers were organised on the topic of "Female leadership" and "What's the issue with gender equality?". Created in 2011 in Brazil, the "Diálogos do Movimento Mulher 360" network (360° Women's Movement) encourages companies to work together on events to promote leadership among women. In July, GPA put 50 women from different member companies in the spotlight for the sixth edition of this event.
  - In Colombia, a major month-long communication campaign was held to publicise International Women's Day. Mailshots, testimonials, videos and internal newsletters were used to highlight women occupying positions of responsibility, within Éxito and more widely throughout the country. To mark the occasion, the CEO and six other Éxito executives sent a letter to more than 2,000 women employees to acknowledge and commend their commitment and their work.

  The Group's entities are also committed to combating gender stereotypes. To raise their awareness, employees in France have received a guide designed to fight ordinary sexism. Éxito has surveyed its senior managers on "unconscious bias" and "gender stereotypes" and their impact on the company.

- Initiatives to ensure equal pay:

  Following the audit measuring the pay gap between women and men conducted by an external firm across the entire Casino group in France (excluding Vindémia) in 2017, unjustified differences were the subject of targeted corrective measures through dedicated budgets set aside for the annual wage negotiations or earmarked for women/men on maternity/paternity leave in the calculation of annual bonuses.

  A study on professional inequalities including a compensation audit was also conducted in partnership with the Colombian Labour Ministry. The findings will be shared with Éxito's Executive Committee for Equality between Women and Men, and will be used to devise improvement plans if necessary.

- 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). Casino has continued its support work for children at school with the provision of a web platform with educational content to help parents. New agreements on the development of telecommuting were also signed in 2018. 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. It has been offered to more than 1,230 of the Group's female employees. Group senior executives mentored members of the "C'avec Elles" women managers' network as part of the programme's fourth round, which has involved more than 125 mentoring partners since 2015. The C'avec Elles women's advocacy network held networking events, including personal development workshops, for its 900 members in 2018.

  Éxito continues its "Mujeres Líderes de la Operación" programme (Women Leaders in Operational Professions), which offers a year's training and support for women in the company. In 2018, 13 women benefited.

  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.

Performance

The percentage of women in management was 38.9% in 2018, an increase of approximately 1 percentage point compared with 2017 (see Key Performance Indicators, page 242).

Casino won the "Human Resources" prize for its commitment to the fight against sexism with the C'avec Elles network and the 2018 LSA CSR Award for its training programme against sexual harassment at the fourth ESSEC Grand Prix du Commerce Responsible.

3.5.1.3. PROVIDING AN ENVIRONMENT CONDUCIVE TO EMPLOYEE FULFILMENT

3.5.1.3.1 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.

Commitment

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.

Action plans

These commitments, which are led by the Group's human resources departments, are as follows:

(i) Participation in collective bargaining with employee representatives and implementation of the resulting agreements

Every unit across the Group has signed collective bargaining agreements with its representative unions, covering issues such as working hours and compensation. Specific agreements are also signed and monitored regularly.

Casino maintains regular dialogue with the trade unions. More than 10 agreements and action plans are currently in force, covering the employment of people with disabilities, gender equality, workplace health and safety, benefits and compensation, and more broadly CSR, where the agreement applied in 2017 reaffirms the parties' determination to integrate CSR into the company's business and human resources model, and addresses the main labour, societal and environmental issues that have been identified. The implementation of these agreements is regularly monitored and their outcomes are presented to the representative trade unions every year.

In 2018, the main agreements signed on the working conditions of employees and the economic performance of the company concerned – In France:

- agreements on gender equality, which maintain and reinforce the Group's commitments by adding an additional pillar, namely the fight against sexism;
- agreements on the approach for anticipating and facilitating changes and transformations, with the aim of meeting the Group's needs in terms of skills and professions in line with its strategy, promoting the employability of staff by strengthening career development, and developing mobility by improving connections between Group companies;
- agreements relating to health expenses and the employee benefits scheme, as an extension of a social welfare policy dating back to 1905, which makes it possible to maintain the provision of quality services to employees at the best cost in terms of health and welfare costs;
- agreements on employee savings plans and retirement savings plans, including an increase in the company's contribution.

Measures in favour of employees are also negotiated each year as part of annual negotiations with the trade unions on wage increases and improvements in benefits and working conditions. They include the establishment of concierge services, the development of telecommuting and even, at Casino in 2018, the establishment of "C mon Logement", a housing search assistance platform, and school and educational support dubbed "Campus parentalité".

In South America, 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. These agreements cover the wage conditions of Éxito employees, bonuses and other financial benefits, guarantees granted to employee representatives (union recognition, freedom of association, training, etc.) and organisational rules applied to the company (working hours, special leave, etc.). In 2018, GPA maintained regular dialogue with over 320 trade unions, either directly or through federations. All GPA employees are represented by a trade union and covered by a collective agreement.

(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 organisation, 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;
- recognise 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 recognising 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.

In South America, 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.

3.5.1.3.2 Measuring the employee relations climate and establishing tools to foster dialogue

Group entities conduct engagement studies with their employees.

- In France, a survey was conducted in 2018 among employees in stores and the central services of the Monoprix units. The response rate was 77%. The results, which will be released in 2019, will help identify priority measures to be taken.
- Internationally, Éxito is rolling out a programme designed to measure and monitor the climate in the workplace, including the completion of Great Place to Work surveys every two years, the treatment of the suggestions and opinions of employees collected thanks to the "Buzón de Sentimientos" (opinion box) available in stores and warehouses, and the establishment of a workplace climate committee made up of management and operational staff who meet monthly to monitor the implementation of practical initiatives on a site-by-site basis. The sites with the lowest scores are subject to special monitoring. The survey's 2018 edition recorded a high response rate of 91%, and revealed an engagement score of 86%, up from 80% in 2016. As part of its "Yo Soy Libertad" programme, Libertad in Argentina conducts internal satisfaction surveys among employees to measure and identify actions to be implemented to ensure harmonious labour relations within the company. The 2017 survey, which focused on the themes of interpersonal relationships, sense of belonging and recognition, showed a satisfaction score of 68%, up 11% from the previous round.

3.5.1.3.3 Incentivising compensation to drive individual, collective and CSR performance

The principles of Group executive compensation are presented in Chapter 6 (starting on page 337).

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 financial objectives;

b. Group quantitative non-financial (CSR) objectives (see below);

c. individual quantitative and qualitative objectives; and

d. an assessment of Managerial Attitudes and Behaviours (MAB) for the population based in France, aimed at strengthening a management culture that upholds Group values. The MAB score accounts for 25% of the variable compensation.

Group quantitative non-financial (CSR) objectives:

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.

- As such, 10% of the target amount of the variable compensation of the Casino Group's Chairman and Chief Executive Officer is based on the average rating given to Casino, Guichard-Perrachon by rating agencies FTSE Group and Vigeo Eiris, and management company RobecoSam (DJSI). A target level (average of the most recent ratings obtained by Casino in 2018) and a minimum level (average of the ratings obtained by Casino over the last four years) has been set. The proportionate variable compensation fluctuates linearly between these minimum and target thresholds (the target compensation is also the maximum compensation on this criterion).
- 5% of executive variable compensation in France is assessed based on a quantifiable CSR objective, consisting of two criteria:
  - the "percentage of women executives" to cover gender equality,
  - the "annual electricity consumption per square metre of retail space" to cover the environmental policy.

  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.

  This decision reaffirms Casino Group's tangible commitment to making CSR central to its business and social model.
- 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 the carbon footprint), social indicators (gender equality and disability) and/or societal indicators.

3.5.1.3.4 Providing benefits to employees and their families

Casino Group proposes employee benefits, which may include medical cover, death and disability insurance and other benefits compliant with the legislation and practices of each country, which top up the compulsory plans. 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, Éxito employees have access to the "Presente" fund, whose benefits include health coverage, an insurance system and access to holiday parks at preferential rates.

3.5.1.3.5 Offering employee savings schemes

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. The February 2016 agreement provides that 60% of the so-called "across-the-board" profit share is 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 so-called "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 (including Monoprix, Cdiscount, Codim, Vindémia and certain Franprix and Leader Price entities) have also set up discretionary profit-sharing schemes for their employees.

In this way, more than 75,000 employees in France are covered by a statutory and/or discretionary profit-sharing plan, which led to the payment of a total €23.4 million in respect to 2017 (€13 million in statutory profit-shares and €10.4 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 2018, around 93,600 current and former Group employees in France were invested in a PEE and/or PERCO employee savings plan, representing total assets of €188.5 million or approximately €2,015 per investor. During the year, the French companies paid €5 million in matching contributions into employee savings plans.

3.5.1.3.6 Fostering health, safety and well-being at work

Commitment

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;
- external personnel, who are required to comply with safety rules in the Group's stores.

Action plans

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. 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) Rolling out preventive measures to improve in-store safety and attenuate occupational risks

To improve its health and safety performance, the Group deployed an occupational risk prevention process several years ago that was defined in France 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, with a focus on the prevention of 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.), logistics or societal risks, such as those related to road safety.

To further attenuate occupational risks, a large number of training courses are offered in proper gestures and posture, safety rules, fire prevention, etc. In 2018: Casino undertook a vast campaign to prevent risks related to travel in line with the commitment charter signed with the interministerial delegate for road safety; 4,000 Monoprix employees were trained on fire risk; a best practice guide on the safety of people and goods was rolled out at Leader Price stores; Éxito continued its programme of identification and management of occupational risks; GPA continued its PPRA (Environmental Risk Prevention Programme) and PCMSO (Medical Control and Occupational Health Programme) prevention programmes to assess potential environmental, medical, and accident risks, and adopt prevention plans. For 10 years, GPA has also carried out awareness-raising campaigns in all stores during Workplace Safety Awareness Week. Every two years, it also performs studies on workstation ergonomics in its stores and at head office.

(ii) Improving the quality of life at work and the well-being of employees

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 caring exercise of managerial responsibilities.

In France, the Human Resources department initiated an outreach and training programme on caring 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 5,330 managers (including members of the Group Executive Committee, unit management committees, etc.) through presentations by external consultants (111 conferences organised to date) 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 more than 1,200 "buddies" 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. The buddies receive dedicated training to assist them in their duties. The eight levers of caring management have been integrated into the managerial training curricula and the new hires induction programme. A "Caring Management Practices" module has been added to the "Trade and Retail" masters' programme at Jean Monnet University in Saint-Étienne. 34 managers have completed it since its creation.

Casino Group employees expressed their views in a 2017 survey conducted by a third party on the impact of the Caring Management approach on their motivation at work and their participation in the programme. The findings, released in 2018, showed a level of engagement above the nationwide benchmark, and a high level of motivation. A book entitled "Caring little stories taken from our stores" was published to recount the experiences of cashiers, employees and managers of banners in France and Latin America: Géant Casino, Casino Supermarchés, Casino Proximités, Casino Restauration, Franprix, Leader Price, Monoprix, Pão de Açúcar, Extra and Éxito. It highlights the benevolence of teams on a daily basis and the relationship of trust woven daily with customers.

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. An initiative was also undertaken in 2017 within retail stores in France to support employees who are victims of potentially traumatic events, including the introduction of an emergency number, the provision of legal, administrative and social assistance, and the creation of a listening and mediation unit for victims, 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 2018.

- 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 page 196). In 2018, to improve work-life balance, GPA rolled out two flextime programmes that define the rules and procedures currently applicable to employees, particularly when a child is born.
- Telework: agreements have been concluded with the unions in France for the adoption of telecommuting. In Colombia, the telecommuting programme piloted by Éxito in 2017 has been extended.
- 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 recognises 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 in 2018, 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 118,000 hours have been used, benefiting over 16,600 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. More than 18,000 gifts were distributed to the children of employees on Children's Day.

(iii) Conducting 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 (occupational doctors, nutritionists, hearing and sight screenings, yoga in the office, etc.), participate in workshops (smoking prevention, nutrition, cardiac rehabilitation, etc.), get blood tests (cholesterol, blood sugar, etc.) and receive individual support. 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. An e-learning course on "providing support for people experiencing health-related vulnerability" has been developed. Éxito also conducts anti-cancer and cardiovascular health campaigns among its employees by raising their awareness and training them.

French and foreign units act for their employees' physical health by facilitating sport through an offer of negotiated prices for fitness clubs and an annual flu vaccination campaign. 51% of Multivarejo employees in Brazil were vaccinated in 2018.

Performance

The Group measures the performance of its health, safety and well-being at work policies by monitoring indicators showing the frequency and severity rates of work-related accidents and the absenteeism rate attributable to work-related accidents and occupational diseases.

Improvement was noted across all indicators in 2018:

- The accident frequency rate was 16.7 in 2018, down 11% compared with 2017.
- The severity rate was 0.67, down 15% compared with 2017.
- The absenteeism rate attributable to work-related accidents and occupational diseases was down 11% compared with 2017 at 4.3%.

See Key Performance Indicators, page 242.

3.5.1.3.7 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, develop and retain talents;
- ensure that the Group has adequate resources to meet its current and future needs. To this end, the Group is increasing the number of opportunities for employees to transfer to jobs seen as harder to fill.

Several systems are in place within the Group:

- performance appraisals and/or professional interviews;
- Career and Mobility Committees that identify needs and facilitate internal mobility. The agreement on anticipating and supporting changes and transformations within the Casino Group signed in 2018 reinforced the Group's commitment to developing and facilitating internal and external mobility by improving connections between Group companies. It provides for the creation of a service shared by all French banners, dedicated to internal mobility;
- succession plans and, in France, the career development, employability and skills agreement, which facilitates the implementation of individualised training paths;
- 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.

3.5.1.3.8 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 further increased in 2018;
- training in customer service, a strategic concern for the Group. In 2018, Éxito trained more than 15,500 customer service employees *via* its *Servicio Superior* programme, and Assaí more than 500 *via* its Customer Service programme;
- management and leadership training. In 2018, Libertad continued the "Desarrollo de Lideres" training programme, which was attended by approximately 80 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 2,900 executives were trained in leadership with Éxito's "Escuela de Liderazgo" programme in 2018.

Training in the Group is delivered by dedicated teams:

- "Campus Casino", "Assaí University", "Leader Price University": in-house training centres offering 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.

  Franprix inaugurated the Acadibus in 2018 to bring it closer to teams in stores. The bus transports trainers from store to store, together with a team of employees to fill in for the store employees while they are in training.
- Éxito's "training schools", dedicated to mass-retailing jobs, are accelerated the process of shifting their courses to digital formats in 2018, with a view to reaching more employees. As part of this process, digital training courses were created in the textile, butcher shop, pastry, and fruit & vegetables schools for the Éxito, Surtimax and Carulla banners. Éxito also created a virtual school dedicated to the digital professions in 2018.

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). These certificates are recognised nationwide in the French retailing industry. In 2018, 540 Group employees in France benefited.
- The French banners are also stepping up schemes for unskilled employees like the *CléA* certificate attesting to proficiency in basic knowledge and vocational skills, which is aimed at people with a lack of trade certifications. More than 190 people earned *CléA* certification in 2018. 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. Assaí provides its employees and their families with the "Learn + school Training" programme for basic skills.

Performance

The Group measures the performance of its policies, including the total number of hours of training completed during the year and the number of hours of training per person. Both indicators improved in 2018, with a 4% increase in the overall number of training hours completed during the year and an extra hour of training per person compared with 2017 (see Key Performance Indicators, page 242).

3.5.2. 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. 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.

3.5.2.1. SUPPORTING FOOD RELIEF

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 2018, the Group's collection and donation initiatives resulted in the donation of more than 25,100 tonnes of products, or the equivalent of 50 million meals (7 million more than in 2017 at constant scope), to food banks or other social welfare organisations. A total of 3,208 tonnes were collected during the nationwide collection (up from 2,711 tonnes in 2017 at constant scope), and 21,911 tonnes donated by the Group's stores and warehouses (compared with 18,612 tonnes in 2017 at constant scope).

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 plans to extend its partnership for a further three years in 2019. Under this agreement, through its banners, the Group acts by donating products with a short best-before date and takes part in the nationwide food bank collection day at the end of November each year, with the participation of volunteers. 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 Restos du Cœur.

GPA has implemented a similar approach in Brazil. Since 2013, GPA has organised an annual "Dia de Solidariedade" (solidarity day) in the Group's stores in Brazil. Driven by countless volunteer employees, it is a day devoted to the collection of essential food products that are then redistributed to vulnerable families and the homeless. Instituto GPA has set up a matching contribution representing 15% of the total collected. In 2018, the event was held in nearly 900 stores, resulting in the collection of more than 1,100 tonnes. Pão de Açúcar is also a partner of "Amigos do Bem", an organisation with which it encourages donations, notably *via* an online platform enabling consumers to buy a basket of basic products. Nearly 400 baskets of food were collected in 2018. In 2018, Assaí increased its donations by improving its internal processes to allow the donation of fruit and vegetables to food banks. It was recognised as one of the largest contributors by Mesa Brasil, Brazil's biggest food bank programme.

In Argentina, Libertad has been supporting the *Red Bancos de Alimentos* food bank network since 2013. This year, the network took action to support the new legal framework favouring food donations (known as the Donal law). The partnership has also been developed with the creation of three new networks in the cities of San Juan, Chaco and Villa María.

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 2018.

3.5.2.2. SUPPORTING CHILDREN IN NEED

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.

3.5.2.2.1 Education through theatre and music

Created in 2009, the Casino Foundation helps foster social inclusion by supporting the education of children through theatre, offering them a collective artistic experience, access to culture, self-expression and interaction 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 programme covering an introduction to theatre and the theatrical professions, drama and playwriting workshops and stage productions.

  Projects are selected by an artistic committee comprising members of the Foundation's Board of Directors, as well as artistic and educational experts. The third two-year programme ended in June 2018, 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, parents, teachers, artists and Group employees. Following a new call for projects in 2018, 12 "Artistes à l'École" drama projects are now being funded and tracked by the Foundation. The winning project of the fourth class will be performed in June 2020.
- "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 2018, around ten education through theatre projects run by associations were selected nationwide by a committee of Group employees. The projects, which reached more than 250 children in 2018, 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 Leader Price and Cdiscount stores, as well as in the Group's restaurants, warehouses and offices. The fourth edition raised €116,000 for the Foundation's partner associations, *Apprentis d'Auteuil*, *L'Envol* and *Tréteaux Blancs*, to develop 10 new theatre projects that benefited children with little access to culture.

In Brazil, GPA is also committed to fostering social inclusion through education.

Founded in 1998, Instituto GPA offers educational programmes for young people from disadvantaged neighbourhoods in the cities of São Paulo, Osasco, Santos, Rio de Janeiro and Brasília, including a musical education programme known as "Musica & Orquestra Instituto GPA" to allow young talents to bloom. In over 15 years' existence, the programme has trained more than 15,000 disadvantaged children between the ages of 10 and 18. It offers two years of free music theory and practice classes for young people from underprivileged backgrounds. The orchestra performs in stores as well as in theatres and at festivals in Brazil and abroad. In 2018, a partnership was set up with the Brazilian Symphony Orchestra (OSB) as part of the "Musical Connections" programme, which offers intensive training for music students from Instituto GPA. More than 370 students benefited in 2018.

3.5.2.2.2 Fighting childhood malnutrition

As a major pillar of its action for children, *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. Through its numerous partnerships formed with major Colombian public authorities, *Fundación Éxito* provides financial support to ensure healthy, balanced diets for children and pregnant women from disadvantaged backgrounds, while raising awareness about better nutrition. The latest national survey has shown that the percentage of malnourished children in Colombia declined by around three points between 2010 and 2015. In 2018, more than €5 million was invested in programmes reaching more than 63,480 children.

In August 2018, Éxito celebrated the fourth consecutive annual "Childhood Nutrition Month". 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.

3.5.2.2.3 Other children's support programmes

To address the wide diversity of needs, the Group organises a variety of events and initiatives for associations working on behalf of children.

In France in 2018, the Casino Group, chiefly within its banners, lent its support to *Les Amis de Mikhy*, an association that is helping to develop supportive care for children hospitalised with brain tumours and other forms of cancer, and on a smaller scale for the benefit of the French league against multiple sclerosis. Franprix also led cause-related marketing campaigns on behalf of the *Petits Princes* association and the French Muscular Dystrophy Association and organised product donations to support the *Princesse Margot* charity. Lastly, for the 2017 Universal Children's Day, the Monoprix Foundation supported 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. The programme raised nearly €1 million, exceeding the amount collected in 2017. 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. Since 2016, GPA has been involved in the "Movimento Arredondar" project run by *Instituto Arredondar*, carried out in partnership with an NGO working with unschooled and disadvantaged children to unlock their talents and self-esteem through cultural and artistic activities.

3.5.2.3. HELPING YOUNG PEOPLE ENTER THE WORKFORCE

The Group has deployed a number of programmes to support local community associations that are helping young people from underprivileged backgrounds to enter the work world.

The Group is involved in several partnerships to support young people including the Civic Service Agency, the Civic Engagement Institute, the Business Network for Equal Opportunity in Education, *Nos Quartiers ont du Talent* (NQT) and *Talents des Cités*.

Casino has been heavily involved with civic service since 2011, when it signed the Charter for the Promotion of Civic Service in Business to recognise the experience gained during the service and to undertake to promote the system among recruitment teams. Created in 2010, the French government's Civic Service programme enables young people aged 16 to 25 to volunteer for public interest projects for periods ranging from 6 to 12 months in one of the nine priority areas recognised by the government. Within this framework, the various Group entities take part in events to promote the skills acquired during Civic Service.

In 2018, the Casino Group organised a round table with the young people in Civic Service present for the Bastille Day parade on the issue of job seeking and how to present their experience in recruitment interviews. It also took part in Promotion of Civic Service Club meetings with the aim of presenting the skill set acquired by young people during their service. In 2018, young Civic Service volunteers were also hired during the "Trampoline" days organised by *Unis-Cité*, and several managers participated in *Institut de l'Engagement* selection interviews. Lastly, Monoprix supports *Unis-Cité* and the "Inter-generous" programme, which offers many Civic Service missions.

In April, the Casino Group and its banners organised the fifth edition of "Cap sur le Groupe Casino", which offers middle school students from disadvantaged neighbourhoods vocational guidance. For the 2018 edition, 250 middle school students came to discover the Group's businesses during a half-day spent in one of the eight sites mobilised for the occasion. In partnership with *Le Réseau*, an association created in 2007 by large companies and the Ministry of Education, this unifying event attests to the Group's commitment to the professional integration of young people and to equal opportunities.

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 in 2017 brought together 60 employee volunteers, guided by teams from the City of Paris and its partners, to actively assist Parisian job seekers. Monoprix offers coaching, internships for school-leavers who lack basic skills and paper qualifications, and other opportunities in 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. Through its "Cap jeunesse" programme, the banner organised practical internships for the reintegration of young people in difficulty, coupled with skills training. Several actions are developed for "young dropouts", including store visits, information workshops, internships and recruitment.

Instituto GPA is continuing its training activities for disadvantaged young people and, in partnership with the government of Rio de Janeiro, also supports the NATA professional training centre where over 360 students from low-income families can train for jobs in the baking and dairy sectors. GPA and "Fundação Getulio Vargas" (FGV) finance the education of young people with high potential, in renowned high schools in Brazil. A total of 45 students receive support, and seven graduated in 2018.

3.5.2.4. 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 2011 in France, the Casino Group initiated a partnership with microDon, a social economy enterprise to launch and roll out the "Arrondi en caisse" programme at Franprix stores in 2014 and Naturalia stores in 2016, allowing customers to round up the amount of their purchase to the nearest euro. More than €1 million in donations were collected in this way to support associations such as the French Red Cross, Emmaus, *Secours Populaire* and *Les Jardins de Cocagne*. The system has been extended to payment terminals and introduced in Monoprix for the *Unis-Cités* "inter generous" programme.

In 2018, the Monoprix Foundation, which focuses on combating social isolation in cities, raised a total of €276,000 for 19 charity projects, including *Dons Solidaires*, *Le Rocher* and *Wake up Café*. The Foundation has also launched a new call for projects on the theme "Generations United" in partnership with Ulule, a crowdfunding platform. Of the 82 applications received, 12 projects were funded. The Foundation is also 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 2018, 20 stores took part in outreach initiatives as part of this programme.

Cdiscount has partnered with "Un Rien c'est Tout" to reaffirm its support for community life through practical social cohesion projects. The e-retailer's customers can now make donations starting at 1 euro with a simple click when paying for their shopping basket, for one or more causes: the right to dignity with the *Secours Populaire* Paris/*Père Noël Verts*, childhood and education with *L'Académie Younus*, health with *Fête du Mur* or the environment with *Envie Gironde*.

3.5.2.5. 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. Since the launch in 2017, 123 missions have been carried out. A Citizen Engagement Guidebook has also been distributed to employees. In 2017, the Casino Foundation joined with the *Institut de l'Engagement* to create the Citizen Engagement Award, which honours employees who have volunteered to work with an association. The second Civic Engagement prize will be awarded in 2019. The foundation continues to support volunteer employees through the "committed sponsors" programme, through which financial support is provided each year to associations in which employees volunteer.

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. In line with its citizens' commitments, the Group's objective is to facilitate the exercise of reserve periods by salaried operational reservists. Reservists among the Group's operational employees can now benefit from a more favourable and more protective contractual regime than the previous system, which it is hoped will encourage more volunteering. 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. Actions have also been taken in favour of the engagement of employees as volunteer fire fighters, who now receive a day's paid leave, and parent delegates in schools, who can benefit from an adjustment of their working time.

3.5.3. The Casino Group, a responsible retailer

Food and nutrition are leading public health issues and major concerns 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.

The Group is driving progress towards these goals by improving its own private-label brands, encouraging national brands to align their practices with its CSR continuous improvement process, keeping consumers better informed about products and responsible shopping, and supporting its suppliers.

As part of its commitment to improving working and environmental conditions across the supply chain, the Group has undertaken to (i) strengthen the social compliance initiative and audit plans for private-label production plants located in countries at risk; (ii) encourage suppliers and SMEs to deploy CSR programmes; and (iii) support local production chains.

3.5.3.1. 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.

The quality management system deployed within the Group is based on:

- a Group Quality Charter shared with subsidiaries;
- a dedicated organisation and employee expertise:
  - the Group Quality department coordinates 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 recommendations 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 on-site 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 the Food Store Quality Standard;
- strict 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 upstream of its marketing;
- 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, while the banners' quality departments conduct microbiology and other analyses to manage any potentially serious health risks,
  - 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 fruit, vegetables and butcher meats in warehouses, with approximately 320,000 inspections of products sold in Casino stores 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:

- "Quality from the Source", which is improving the quality and traceability of fruit, vegetables and eggs by inspecting production conditions early in the process (such as water use, soil management and waste management), product transport and storage conditions, and the use of pesticides. Depending on the supplier's risk assessment, GPA controls and tracks, as required, the proper implementation of the defined corrective action plans and, if necessary, excludes suppliers of any products that fail to comply with programme standards. 22 crops were prioritised in 2017 and 17 others were added in 2018;
- "Programa Evolutivo de Qualidade" (PEQ), which assists suppliers in developing safe, high-quality private-label food products and in seeking internationally recognised certification from an independent body. The programme is extended to new product categories each year.

Performance

In France, the Group conducted a total of 33,994 microbiology tests to control food, household and health/beauty products.

3.5.3.2. 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). Applying the charter in France led to improvements in more than 2,000 recipes and the inclusion of dedicated nutritional criteria in private-label food product specifications;
- 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 and ingredients of its private-label products by reducing their salt, fat or simple sugar content, replacing certain fats with others offering better nutritional profiles, and reducing exposure to controversial substances;
- developing product ranges for special nutritional needs, such as baby food, gluten intolerance, diabetes and low-fat products;
- introducing more legible nutrition labelling to keep consumers better informed;
- conducting research into innovative products and production methods;
- promoting healthy, balanced lifestyles and eating habits.

3.5.3.2.1. Improving the nutritional profile and ingredients of private-label products (controversial substances, GMO)

For many years, the Group has defined strict criteria in its private-label specifications both for food products (free from GMO ingredients, additives or flavourings, no irradiated ingredients, etc.) and for household and health/beauty products (no parabens, triclosan, etc.).

To actively contribute to the public debate on the connection between food and health and respond to stakeholder expectations, the Group has identified the controversial substances present in its private-label brands in France and undertaken to eliminate them as soon as possible. This process addresses the need to fight against cardiovascular disease, obesity and other chronic disorders, and to attenuate the risks related to endocrine disruptors, antibiotic resistance or allergens. The introduction of a set of core commitments for the Group's private-label brands is helping to align of the banner-specific programmes over the 2018-2020 period.

- Since 1997, for example, 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%.

- 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 into the product specifications. Monoprix has expressed its commitments in a Sustainable Nutrition Charter, which covers nutritional standards, the banning of controversial ingredients, the traceability of raw materials, and raw materials quality standards. In 2018, the Casino brand expanded its commitments by banning the highly controversial E171 additive (titanium dioxide) from all its food products, even though its use is still authorised.
- Franprix is leading an in-depth programme across its entire food line in partnership with SIGA, a French start-up that has developed a system that rates how much processing a food product has undergone, to encourage people to eat a varied diet of healthy, natural, less processed food. Under the programme, in 2018, Franprix removed azo dyes, intense sweeteners, flavour enhancers, labelled nanoparticles (titanium dioxide, silicon dioxide, iron oxide and hydroxide) from its food assortments. In resonance with consumer expectations and current health issues, the goal is to halve the number of additives used in Franprix brand products by the end of 2021. In addition, the banner is improving the nutritional quality of the fat and sugar content in its private-label products. In 2018, for example, it worked with its suppliers to eliminate glucose-fructose syrup from all of its private-label products.
- Internationally, Éxito is optimising its food products by pursuing the action plans that were defined in the nutritional assessment conducted in 2015. The nutritional profiles of more than 2,800 products were reviewed in 2018, with a focus on enhancing the healthcare product lines developed as part of the banner's "Bueno para ti" (Good for you) programme, which also includes a wide range of initiatives to build shopper awareness of the need for healthier lifestyles.

3.5.3.2.2. Offering products free of pesticide residues and antibiotics

The Group's banners are developing and championing innovative farming initiatives that are beneficial for the environment, farmers and consumer health.

Launched in 2016, the Casino AgriPlus programme enables Casino stores to offer:

- frozen and fresh fruits and vegetables guaranteed to be free of pesticide residues. This 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;
- Casino private-label chickens and Terre & Saveurs salmon that are raised entirely 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 associations that are focusing on natural practices and feed quality to develop 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 approach helps 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. New antibiotic-free pork products were introduced in 2018. Monoprix is also taking part in the initiative and markets antibiotic-free poultry, pork, veal and fish products under its private-label brands.

In addition, all of the banners carry organic products (see paragraph 3.5.4.5. on page 238) that guarantee the use of best production practices.

3.5.3.2.3. Developing specific product ranges

In addition to requiring suppliers to comply with nutritional and health criteria for private-label products, the Casino Group markets several product ranges aligned with the nutritional needs of certain consumers who require gluten-free, sugar-free, lactose-free and other special diets. Casino, for example, features sugar-free and gluten-free products developed in association with the French Diabetes Federation (FFD) and the French Association of Gluten Intolerance (AFDIAG); Naturalia stores also carry a line of organic, AFDIAG-certified gluten-free products, as well as enhanced assortments of salt-free and lactose-free products. Taeq, the Group's private label marketed in Colombia and Brazil, also includes products suitable for gluten-free, sugar-free and lactose-intolerant diets.

3.5.3.2.4. Informing consumers about product nutritional profiles and encouraging balanced eating habits

The Group believes in providing consumers with better information about the nutritional qualities and health impact of its merchandise.

In France, private-label food products feature nutritional labels stating the energy value, the 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 displays these labels 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. Following the trials, French authorities decided in 2017 to support the voluntary use of the "Nutri-Score" labelling system based on nutritional analysis, 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). Since 2018, the Casino Group has reported its private-label nutritional information to the Open Food Facts database used by nutritional applications to display a product's Nutri-Score when scanned by a shopper.

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 1,330 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. The system is part of the "Bueno para ti"; campaign launched in 2017, which covers gluten-free, organic and nutritionally beneficial products, as well as recommended "Bueno Para Ti" menus. Under the same programme, Éxito partnered with the Consumer Goods Forum to deploy the in-store "Dale un giro saludable a tu vida" (Give your life a healthy twist) initiative to raise shopper awareness. 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.

3.5.3.3. MONITORING AND IMPROVING THE SOCIAL AND ENVIRONMENTAL IMPACTS OF THE 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 supplier level and across the production chains;
- strengthening inspection and improvement procedures for suppliers of private-label products based in countries at risk, particularly with respect to duty of care;
- supporting local production chains;
- facilitating suppliers' CSR initiatives.

Commitment

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 Group supports the 17 UN 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 the Businesses for Human Rights (EDH) association, 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, namely:

- the Consumer Goods Forum (CGF), by supporting its resolution calling for the eradication of forced labour;
- the Initiative for Compliance and Sustainability (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 (amfori BSCI), of which it has been a member since 2017, to help harmonise 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;
- the *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;
- the *Cerrado Manifesto* Statement of Support to protect Brazil's Cerrado from deforestation;
- Valo-rise, the web-based CSR self-assessment portal for suppliers, based on the ISO 26000 standard and designed in collaboration with four French trade federations (ANIA, COOP de France, FCD and FEEF). The platform was launched in 2017 in partnership with seven other French-based retailers to identify and describe their suppliers' CSR programmes and to support them in deploying their CSR policies.

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 combating corruption (see section 3.4.2.);
- 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 fosters open, constructive dialogue with stakeholders (see section 3.3). 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;
- 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.

The Group's main initiatives in this area are described in section 3.5.3.4.

3.5.3.4. DUTY OF CARE PLAN (ACT OF 27 MARCH 2017)

3.5.3.4.1. Action principles

The Casino Group's duty of care plan is built on the undertakings it has made to stakeholders and the initiatives it has been involved in since the early 2000s (see paragraph below).

Duty of Care Committee

In 2017, the Casino Group set up a Duty of Care Committee, whose members include the Secretary of the Board of Directors, the Group General Secretary, the Chairman's Advisor on Legal Security and Prevention, the Director of Production, Innovation, Quality and Mediation at AMC, the Group Risk Director, the Group Compliance Director, the Group CSR Director, the Group Insurance Director, the Group 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 are in place to mitigate risks and prevent serious violations or harm;
- ensure that an alert mechanism is in place to report potential violations.

The risk mapping exercise is tracked and reviewed annually, to reflect the Group's action plans and input from stakeholders.

The Committee met six times in 2018.

Risk mapping and regular assessment procedures

To analyse in more detail the risks involved in the Group's business operations (see section 4.3 – Main Risk Factors), in 2017, the Duty of Care Committee defined the methodology for mapping 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, in respect to the procedures in place. Existing procedures intended to prevent these risks were assessed in the light of the human resources, quality, purchasing, CSR and environmental policies in place;
- due to the operations of suppliers. The risk map identifies the risks related to the purchase of national-brand and private-label merchandise for resale and of goods and services for general and administrative purposes.

Given the Group's business operations, 12 major risks were addressed

Human rights and fundamental freedoms
1. Forced or child labour
2. Respect for labour rights (unreported work, discrimination, freedom of association, working hours, etc.)
3. Respect for fundamental rights (women's rights, harassment, etc.)
4. Armed conflicts (conflict zones or resources, border disputes, etc.)

People's health and safety
1. Respect for employee health and safety
2. Employee handling of hazardous products
3. Consumer risks

The environment
1. Water and soil pollution (pesticides, chemicals, etc.)
2. Greenhouse gas emissions (polluting processes, energy-intensive processes)
3. Deforestation
4. Harm to biodiversity
5. Sustainable management of resources and waste

Each risk was weighted to reflect the relative seriousness of each one in relation to the Group's business operations.

Suppler risks were mapped using the following methodology:

- Assess the risks related to products sold: for each substance contained in a marketed product, the level of risk in the 12 categories defined above was systematically analysed using documentary sources (international studies, NGO reports, surveys, media reports) and in-house assays. In this way, 200 substances at risk were identified, assessed and classified according to their level of criticality in each of the 12 risk categories (risk severity). Then, the level of risk in products sold was defined based on the amount of the substances in question in each one (risk probability).
- Assess the risks related to the country of supply or production of the product and any assessed substance content: in recent years, the Group has analysed risks in the countries where its private-label products are manufactured, enabling it to assess and address, for each product, the risks stemming from its country of manufacture or known origin.

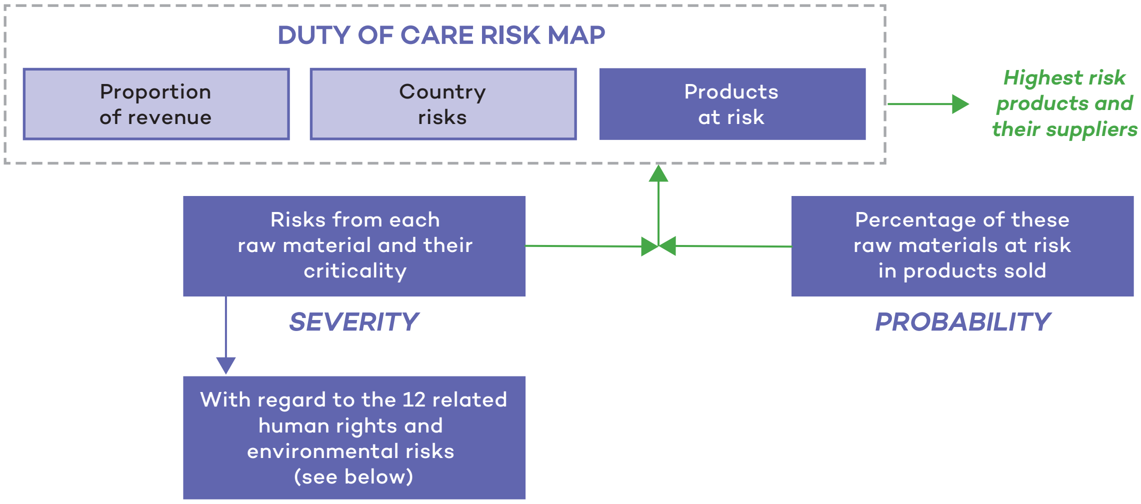
  This country risk analysis measures and combines a number of indicators, such as:

  - the number of fundamental ILO conventions ratified by the country;
  - the Human Development Index (HDI) of the United Nations Development Programme (UNDP);
  - the percentage of child labour in the country, according to UNICEF;
  - the prevalence of forced labour, as measured by the ILO;
  - the Worldwide Governance Indicators (WGI) issued by the World Bank;
  - the Environmental Performance Index (EPI) developed by Yale University and Columbia University.

It will be reviewed in 2019.

- Determine product purchasing volumes: the likelihood that the Group will incur the risk increases with volume;
- Identify 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 duty of care, the risk criteria described above were weighted according to the following criteria, in descending order of importance: product criticality based on its content, country of supply, purchase volumes and number of vendors.



Risks addressed by duty of care

Human rights and fundamental freedoms

1. Forced or child labour
2. Respect for labour rights (unreported work, discrimination, freedom of association, working hours, etc.)
3. Respect for fundamental rights (women's rights, harassment, etc.)
4. Armed conflicts (conflict zones or resources, border disputes, etc.)

The environment

1. Water and soil pollution (pesticides, chemicals, etc.)
2. Greenhouse gas emissions (polluting processes, energy-intensive processes)
3. Deforestation
4. Harm to biodiversity
5. Sustainable management of resources and waste

People's health and safety

1. Respect for employee health and safety
2. Employee handling of hazardous products
3. Consumer risks

Note that these analyses reflect a certain number of issues specific to the Casino Group, which is primarily a food retailer, with a smaller range of non-food merchandise.

It carries a multitude of products, which means that it works with a very large number of suppliers from a wide variety of backgrounds, including:

- suppliers of leading or national brands, which represent a significant share of consolidated revenue. Very often, these companies must also comply with duty of care legislation. The Group identified the 15 suppliers presenting the highest risk products, in order to initiate talks concerning the implementation of their duty of care plans in 2018;
- suppliers of private-label products, manufactured in accordance with specifications defined by the Group's purchasing organisations. These companies may be based in our host countries, but the product is often made in another country, including some that have been deemed at risk by the Group. They are a priority focus of the duty of care plan's mitigation initiatives (see below) and are subject to the Group's SCOP supplier compliance programme;
- a very large number of suppliers, most of whom are SME/VSEs, cooperatives and farmers who supply the Group's stores locally, especially with fruit, vegetables, meat and other fresh products. In Colombia, for example, Grupo Éxito sources more than 80% of its fruits and vegetables locally;

- Suppliers of goods and services for general and administrative purposes, including service providers (security, cleaning, etc.) that may involve specific risks, such as discrimination in hiring. Most of these goods and services are purchased locally.

In addition to the measures described below, since 2017, all of these suppliers in France have been requested to self-assess their CSR performance on the Valorise portal developed with FCD, ANIA, COOP de France and FEEF. In all, 502 suppliers, representing 849 production facilities located in 27 countries, participated in the 2018 campaign.

This analysis made it possible to map the Group's purchasing risks and rank them by criticality. It also highlighted the product categories whose content presented the highest risk profiles, according to the 12 identified risks. These included:

- private-label apparel made in Bangladesh and other countries at risk;
- private-label food products containing palm oil;
- products sourced from cattle ranches and sold in our stores in Brazil. Beef accounts for a significant proportion of local banner sales and represents a material risk with regard to duty of care compliance.

Suppliers of these products are the focus of priority duty of care action plans.

In 2017, deployment of 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. In 2018, GPA commissioned a consulting firm to perform a supplementary review, which confirmed the Group's risk map while identifying specific risks related to locally best-selling products.

Procedures for regularly assessing suppliers as part of the risk mapping exercise are described in section 3.5.3.4.3. (annual social audit campaign).

Lastly, risks in the subsidiaries are mapped using the following methodology: After validation by the Duty of Care Committee, a questionnaire covering the 12 risks mentioned above and two issues related more specifically to the management system and to purchasing and supplier management practices was sent to each of the international subsidiaries so that they could self-assess their risks. Each of the 118 questions was rated low-, medium- or high-risk, so that the answers could be used to determine a level of overall risk for each subsidiary. When necessary, additional information was requested to enable a more precise determination. The analysis was performed by the Corporate Social Responsibility department.

The following issues were addressed:

Social issues:

- Child labour and young workers;
- Forced labour;
- Discrimination;
- Violation of freedom of association;
- Violation of working hours;
- Non-payment of wages, violation of minimum wage and benefits legislation;
- Health and safety;
- Respecting local communities;
- Product safety;
- Right to information.

Environmental issues:

- Environmental policies;
- Combating climate change;
- Sustainable use of resources;
- The circular economy;
- Protection of ecosystems (natural habitats);
- Chemicals/hazardous substances.

Management system issues:

- Management system;
- Training;
- Incentives for buyers;
- Distribution of the ethics policy to employees;
- Supplier accreditation;
- Termination of a business relationship;
- Data management and security.

Purchasing practices and supplier management issues:

- Sourcing;
- Traceability;
- Subcontracting;
- Direct procurement;
- Business intermediaries for suppliers;
- Franchisees;
- Business partners (projects);
- Service providers.

The main identified risks concern:

- discrimination and harassment in three subsidiaries, where it was decided to strengthen existing prevention systems;
- risks of non-compliance with supplier management procedures (accreditation rules and authorised sub-contracting guidelines, etc.). In particular, given the type and complexity of the procedures in place and the number of people involved in their implementation, there was a risk of non-compliance with all of the requested measures in three subsidiaries.

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. The alert and report compilation system was deployed at the same time as the alert mechanism for Sapin II Act violations introduced after consultations with employee representatives.

Reports are reviewed by the Group Ethics Officer, who notifies the relevant corporate services as warranted. Reports are also discussed during Duty of Care Committee meetings.

A total of 28 reports were received in 2018, of which one concerned a breach of duty of care.

This system expands on the internal alert mechanism already available to employees (see paragraph 3.4.4.).

3.5.3.4.2. Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent the Group's business operations from causing any serious violations, harm or damage

As seen in this chapter, 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.

The programmes and the outcomes of the various initiatives in 2018 and other years are described in the sections of this chapter dealing with:

- the Group's human resources policies, social dialogue and workplace health and safety, and the Group's diversity and gender equality policies (see section 3.5.1.);
- community outreach, procurement and quality policies (see sections 3.5.2. and 3.5.3.);
- environmental policies (see section 3.5.4.).

In addition, in the questionnaire used for their risk mapping exercise, the subsidiaries were asked to verify the proper application of all the management guidelines defined in the Group's Supplier Compliance Programme Manual (SCOP). Analysis of the questionnaires highlighted the need to strengthen processes in certain areas and to plan additional initiatives for the international subsidiaries, in particular concerning supplier management. More resources have to be allocated to combating unreported subcontracting and accreditation procedures need to be improved, notably (i) by including additional requirements in certain subsidiaries' supplier contracts or marketing agreements (for example, systematically specifying the possibility of terminating business relations in the event of a violation of the Ethics Charter); and (ii) by expanding training for buyers, accreditation employees and other people in contact with suppliers.

As a result, in October 2018, a report summarising the main areas of improvement identified during the exercise was sent to all of the international subsidiaries, so that they could undertake any required remedial action and perform additional risk audits of their processes. The findings of these subsidiary audits and the related corrective action plans were reported to the Group CSR department. Lastly, digital training courses have been introduced, particularly in the purchasing hub in France, to ensure that the Group's social and environmental supplier compliance program is properly distributed and understood.

3.5.3.4.3. Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent suppliers from causing any serious violations, harm or damage, and implementation outcomes

(i) Suppliers of private-label apparel and other products made in countries at risk

● Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent serious violations, harm or damage

For the highest risk product categories, such as private-label apparel, in recent years the Group has been deploying risk prevention and mitigation plans in its supply chain. These initiatives have been regularly reviewed and upgraded since 2015.

Supplier Ethics Charter

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 ensuring 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, suppliers embrace the Group's commitments and may not sub-contract without the Group's formal agreement. 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" (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 working 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.

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 (see the paragraph on risk mapping) defines the list of countries where sourcing is authorised, prohibited or subject to tighter audit procedures, such as Bangladesh, India and China.

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 accredited supplier.

Annual social audit campaign

The Group supports compliance with consistent, strict standards at both the national and international levels. Involved since 2000 in the Initiative for Compliance and Sustainability (ICS), it joined the Business Social Compliance Initiative (amfori BSCI) in 2017. It also supports the international initiatives being led by the Consumer Goods Forum (CGF), particularly its resolution calling for the eradication of forced labour. In Brazil, GPA is a member of the national apparel retailers association (ABVTex), which certifies national suppliers and subcontractors based on 18 ethical conduct criteria, including the prohibition of child labour and forced labour. Lastly, the Group has endorsed the Accord on Fire and Building Safety in a commitment to supporting the drive to improve safety conditions in factories in Bangladesh.

Every year, an audit campaign is conducted with a priority focus on (i) plants based in countries most likely at risk of violating human rights (child labour, forced labour, employee health and safety abuses) and working standards; and (ii) the highest risk product categories based on the duty of care risk map. Recurring audits are performed in China, India and Bangladesh.

These audits, which may be semi-announced or unannounced, 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 audit process comprises:

- <u>a preliminary analysis of the plant</u>: the Casino Global Sourcing teams or the subsidiary Ethics Coordinators use an internal grid to assess the risk that the facility will fail to comply with the Group's standards and therefore the probability that the findings of the ICS audit will not be satisfactory. To measure the risks of approving a given facility, the teams conduct on-site visits and/or desktop reviews of the certifications, social, technical or quality audit reports and other documents provided by the plant, agent or importer;
- <u>an initial audit</u>: an independent audit firm, selected by the Group from among the nine that have been accredited by ICS, performs a semi-announced or unannounced ICS social audit over a period of at least three weeks. If the audit conclusion is sufficient, the plant may be approved. When the audit is completed, a corrective action plan is systematically submitted to the plant. It is also sent, sometimes with a photo report, to the agent or importer working with the plant, so that they can assist the facility in correcting the notified non-compliances within a timeframe depending on their criticality. If the audit report contains an ICS critical alert, particularly as concerns a risk of forced or child labour, disproportionate discipline, attempted bribery or forgery, the plant may not work with the Group under any circumstances;
- <u>follow-up audits</u>: depending on the number and criticality of the remedial actions that the facility has to implement, the Group may commission unannounced or semi-announced follow-up audits from independent ICS-accredited audit firms. Their frequency depends on the criticality of the non-compliances reported during the previous audits. In the event that a factory does not implement the requested corrective action plans, the Group will initiate proceedings to terminate the business relationship;

- special audits: special audits may be performed by the Group, in particular to inspect building structures and verify compliance with fire safety rules (by organising employee fire drills, for example).

Audit findings are inputted into the ICS database, which enables the Group and other member companies to share all of the findings and track the corrective action plans of audits performed in plants they use in common. Pooling the findings helps to reduce the number of audits conducted in the plants, attenuates audit fatigue and facilitates the on-site implementation of corrective action plans. In the same spirit, social audits performed in line with the BSCI standard may be accepted instead of ICS audits, *via* an equivalency procedure and under certain conditions defined by the Group.

The Group's goal is for all of the facilities producing private-label products in countries at risk to be covered by a valid ICS social audit performed within the previous two years.

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 and subsidiary Ethics Coordinators 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 effectively implemented.

The main non-compliances concern working hours, remuneration and employee health and safety. Given the Group's relatively small contribution to the revenue stream of its partner production facilities, it prefers to support ICS initiatives involving joint remedial actions in plants shared with other ICS members.

To improve their ability to report the outcomes of these remedial actions, the Group and other ICS members have requested that accredited audit firms be able to monitor the action plans directly in the ICS database using an automated, consolidated system. This process will enable participants to track, on a real-time, Group-wide, consolidated basis, the number of remedial actions remaining to be implemented in each plant, the number already under way and the number whose effective implementation must be verified during the next follow-up audit or complete re-audit. This tracking is performed by each team under the supervision of the Group Social Ethics Officer.

Educating and training buyers

The CSR department regularly organises awareness-building initiatives for purchasing teams and local offices to ensure that the Group's social and environmental supplier compliance programme is properly understood and implemented.

Implementation outcomes

All of the preventive measures described above were deployed in 2018 to mitigate and prevent the risk that the production of private-label apparel and other products in countries at risk could cause serious abuse, harm or damage. The name and location of each private-label production facility were systematically identified. When the facility was located in a country at risk, an ICS audit was commissioned according to the procedure described above, so as to prevent the risk of serious human rights violations, particularly in the areas of child labour, forced labour and excessive working hours. Corrective action plans were tracked to support the plants in deploying best practices and attenuating the risks.

The following indicators are used to report the outcomes of the remedial actions, which are tracked and coordinated by the Group CSR department in liaison with the audit plan leaders in the subsidiaries concerned.

As part of the reporting process, the CSR department tracks:

- the number and location of active plants based in countries at risk and producing private-label products for one of the Group's banners;
- the social audits performed in these facilities (number, country where performed, type of product, type of audit, etc.);
- the alerts reported after the audits (type, number, severity, etc.);
- the corrective action plans (number of actions, implementation, etc.);
- the plants' degree of compliance and changes over time.

The number of audits enables the Group to track progress on these action plans, while the plant's rating indicates their effectiveness.

The Group's goal is to have all its plants covered in 2019 by a valid ICS audit performed within the previous two years. This required a larger number of audits and improved sharing of outcomes with other ICS members. The following indicators show the outcomes from the actions undertaken.

Of the 109 countries where sourcing is authorised by the Group, 71 are subject to stricter procedures and 42 were home to plants working for the Group in 2018. 94% of the private-label production facilities are located in 10 countries.

More than 90% of the buyers concerned were trained over the 2017-2018 period. Digital training courses have been introduced in France both for current employees, as needed, and for all new hires.

Plants in countries at risk and outcomes of the audit campaigns

	2017	2018
Number of active plants* based in countries at risk and producing private-label products for the Group	**1,578**	**1,510**
Of which in China	1,009	946
Of which in India	150	174
Of which in Turkey	77	64
Of which in Bangladesh	35	44
Of which in other countries at risk	307	282
Number of ICS audits performed in plants involved in the production of private-label products for the Group	**1,245**	**1,460****
Of which performed in plants located in countries at risk	1,064	1,295
Of which directly commissioned by the Group	885	1,042
Of which converted from an eligible BSCI audit	11	39
Of which commissioned by another ICS member	360	418
Of which initial audits	62%	52%
Of which follow-up audits	16%	21%
Of which re-audits	22%	27%
Breakdown by purchasing category of ICS audits performed in plants involved in the production of private-label products for the Group		
Food	20%	22%
Apparel	41%	46%
Other non-food	39%	32%
Breakdown by country of plants audited by the Group in countries at risk		
China	61%	59%
India	14%	11%
Turkey	5%	5%
Bangladesh	7%	5%
Other high-risk countries	13%	20%

* *Active plants work either for Group suppliers, agents or importers or else for Casino Global Sourcing, our internal sourcing subsidiary.*

** *Of the 1,460 ICS audits performed in facilities used by the Group's suppliers, 118 were commissioned by Grupo Éxito in Colombian production plants and 26 by GPA in Brazilian plants. In addition, 115 Brazilian apparel factories were certified by ABVTex in 2018.*

Tracking mechanism

Based on the findings of the ICS audits, each plant is assigned a rating that reflects its level of risk and supports the deployment of remedial actions to mitigate the risks of causing serious harm to employees. Corrective action plans are tracked to ensure that the appropriate measures have been taken and that the risks are being effectively addressed.

In 2018, to improve its ability to track proper implementation of the corrective action plans, the Casino Group supported the deployment of an automated action plan monitoring system using the ICS database. Since 2019, action plans have been prepared directly on the ICS platform, which makes it easier to track and properly report the corrective actions undertaken. The 1,510 audited factories are displayed on a map and the corporate and subsidiary Ethics Officers have real-time access to all of their data (location, facilities information, audit reports, corrective action plans, photos, etc.).

The following table shows the effectiveness of the actions undertaken.

% of audited active plants located in a country at risk that are rated:	2017	2018
Acceptable***	61%	68%
Acceptable with issues (level 1)***	17%	20%
Acceptable with issues (level 2)***	18%	10%
Probationary***	4%	2%
Number of plants removed from the supplier list for ethical reasons	**40**	**70**
% of plants removed from the supplier list for ethical reasons	**3.2%**	**4.8%**

*** *A plant's rating is assigned by the Ethics Coordinator of the subsidiary working with the plant, according to the procedures described in the SCOP and depending on the plant's latest ICS audit score.*

Preventive measures are primarily undertaken in factories rated Probationary and Acceptable with issues. Note, however, that given the Group's relatively small contribution to a plant's order book (less than 3% on average for apparel-makers), the requested remedial actions can only be deployed through joint initiatives undertaken in collaboration with other plant customers. This is why the Group cooperates with other companies as part of the ICS. When a plant fails to implement the requested actions, it is removed from the Group's list of approved suppliers.

The measures taken in 2018 helped to ease human rights and other risks, with a reduction in the percentage of facilities flagged with the most non-compliances.

Outcomes of the alerts notified during ICS audits

ICS alerts help to prevent the risk of serious violations, damage or harm by proactively identifying potential risks, which are addressed with carefully tracked remedial actions.

	2018
Number of ICS audits commissioned by the Group in plants located in countries at risk and flagged with at least one alert*****	**207**
% of alerts notified during plant audits in China	61%
% of alerts notified during plant audits in India	11%
% of alerts notified during plant audits in Turkey	4%
% of alerts notified during plant audits in Bangladesh	2%
% of alerts notified during plant audits in another country at risk	22%

**** *An alert notification is raised when an audit finds very critical non-compliances, which are addressed and tracked in post-audit corrective action plans.*

Breakdown of alerts by ICS chapter *(as a % of total alerts notified during ICS audits mandated by the Group in 2018)*	
Management system	17%
Child labour	2%
Forced labour	1%
Discrimination and disciplinary practices	6%
Freedom of association	0%
Working hours and overtime	3%
Remuneration, benefits and working conditions	35%
Health and safety	36%

For example, an alert notification of a risk of child labour may be raised when the auditor finds documentary evidence or hears employee testimony that plant management does not verify employee ages when hiring or does not keep a copy of the employees' identity papers, making it impossible to confirm that the plant only hires people older than the legal working age.

Focus on ready-made garment factories

Given the level of risk of the apparel suppliers identified in the duty of care risk map, private-label garment factories are subject to particularly strict oversight, notably when they are in Bangladesh. These factories are covered by the working and environmental conditions monitoring program described above.

Specific measures have been put in place for factories located in:

Bangladesh

No ready-made garment factory may be approved as a Group supplier unless it has been disclosed to the Accord on Fire and Building Safety, which the Group pledged to uphold in July 2013 to support the ongoing collective and collaborative process and improve safety conditions in local factories. Accordingly, Group subsidiaries Casino Global Sourcing and Monoprix have disclosed the RMG factories in Bangladesh to the Accord, which has audited all of the facilities. In the interest of seeing the Accord continue its operations in Bangladesh, the Casino Group co-signed letters from ICS, OIOS and the Accord to support extending its permission to operate and maintaining its current framework in Bangladesh.

All of the local tier-one factories working for the Group's private-label garment brands were systematically inspected with unannounced ICS audits prior to accreditation.

Brazil

Private-label garment factories in Brazil are covered by an inspection and certification programme conducted with the Brazilian Garment Retailers Association (ABVTex), which was founded in 1999. Based on the findings of independent audits, this initiative certifies the Brazilian garment factories, so as to ensure decent working conditions for their employees and the spread of best labour practices across the supply chain.

As of end-December 2018, all of GPA's 79 garment, footwear and accessories plants had been certified by ABVTex.

Expanded audits

The Group supported the introduction of a new ICS audit protocol for environmental issues, so that it could continue to share the findings of audits performed in plants used by several members and to pool the remedial action plans. This supplementary environmental audit campaign is now being rolled out in facilities whose processes pose the highest environmental risk in the manufacture of household linens, denim apparel and leather goods. So far, 23 environmental audits, including 11 commissioned by the Group, have been performed in garment factories using such processes as tanning, dyeing, distressing and fading.

Lastly, the Casino Group has issued its apparel suppliers a handbook of best practices in the most widely used denim processing techniques. For each one, it describes the main risks involved and, on the facing page, the recommended safety guidelines and personal protective equipment. It also specifies best chemicals management practices as well as the environmental issues to be addressed in managing the effluent and waste generated by denim wet processing. The handbook has been shared with the ICS so that it can be used by all of the member banners, their suppliers and the factories manufacturing denim products.

Apparel tracking indicators

	2017	**2018**
Number of active garment factories producing private-label apparel for the Group in countries at risk	652	631
% of active garment factories producing private-label apparel in countries at risk covered by a valid ICS audit	69%	94%
Bangladesh		
Number of active RMG factories producing private-label apparel for the Group in Bangladesh	31	36
% of active RMG factories tracked by the Accord on Fire and Building Safety	100%	100%
Number of employees working in RMG factories supplying the Group and tracked by the Accord	N/A	63,828
Average compliance rate in the RMG factories supplying the Group and disclosed to the Accord (based on Accord standards)	80%	94%

(ii) Suppliers of private-label products containing palm oil

Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent serious violations, harm or damage

Many private-label products contain palm oil, which raises risks of deforestation, particularly in Indonesia and Malaysia, soil erosion, water pollution and poor working conditions on palm oil plantations (risk of child labour, forced labour and workplace health and safety).

Palm oil is purchased from refiners or importers by the Group's direct suppliers, who are expected to guarantee that the ingredient will eventually comply with the No Deforestation, No Exploitation commitments defined by the Group's partner, the Earthworm Foundation.

The Casino Group was one of the first retailers to curtail the use of palm oil in 2010, when it dropped a large number of its organic and other private-label products. In 2011, it addressed a variety of stakeholder concerns by joining the Roundtable on Sustainable Palm Oil (RSPO), while in 2015, with the support of TFT, it 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;
- using palm oil produced without causing any deforestation or exploitation, *i.e.* palm oil from plantations that (i) adopt ecologically sound policies with regard to high conservation value forests(1), carbon-rich forests(2) and peatlands(3); (ii) support the development of small producers; and (iii) respect local communities and workers' rights;
- support responsible local producers in the Group's host countries, Brazil and Colombia;
- share progress reports and information regarding initiatives and next steps.

The 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 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.

Implementation outcomes

The Group calculated the palm oil footprint of its private-label food products and gathered information such as names and addresses to trace the palm oil content back to the initial importer and/or refiner. Based on prior-year volumes, this data is collected every year by sending a questionnaire to each direct supplier whose products contain palm oil.

The questionnaire is designed to trace the palm oil content, so as to identify all of the stakeholders across the supply chain to the first importer from the producing countries.

The palm oil footprint of the Group's Casino, Monoprix, Franprix and Leader Price private-label products in France is estimated at 4,300 tonnes (3,610 tonnes in 2016; 4,900 in 2015), sourced from 45 direct suppliers.

Around two-thirds of the palm oil is RSPO-certified, of which 68% is delivered through a segregated supply chain. In the case of food products, which represent 70% of total palm oil volumes, more than 54% of the palm oil content is traceable to the first importer. Of these traceable volumes, more than 80% are supplied by the top four importers. The No-Deforestation commitments of these first importers were analysed with TFT in 2016, 2017 and 2018, with a focus on four fundamental criteria:

- the Company's palm oil policy and stated commitments;
- 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.

According to these criteria, the top four importers do not present much risk, except in the third criterion for one of them.

Following on from these annual analyses, a webinar was organised to present the findings to the suppliers concerned in France and to 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, 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, visit: http://highcarbonstock.org/the-hcs-approach-toolkit/*
(3) *Peatlands are areas where the soil contains more than 65% organic matter.*

Given that the Group does not deal directly with refiners, in January 2019, it joined the Palm Oil Transparency Coalition (POTC) to take collective action in association with other retailers who share the same commitment and, in many cases, the same refiners. Joint initiatives also have a more effective impact on tier-two suppliers. On behalf of the POTC members, assessment questionnaires have been sent to the initial palm oil importers to get a precise picture of their commitment to sustainable palm oil. The findings will then be shared with all of the coalition members so that they can align their future purchases accordingly.

In Brazil and Colombia, the vast majority of palm oil used in private-label products is sourced locally, where the risk of deforestation is lower than in Indonesia and Malaysia, which supply the palm oil used in France. The palm oil footprint of GPA's private-label products was estimated at 300 tonnes in 2017. 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, soya and beef (www.tfa2020.org). Éxito also signed the TFA's Palm Oil National Agreement, which supports joint stakeholder efforts to eliminate deforestation in the palm oil supply chain.

(iii) Beef suppliers in Brazil

Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent serious violations, harm or damage

Beef, which accounts for a significant proportion of the Group's store revenue in Brazil, is sourced directly from local suppliers by Brazilian subsidiary GPA.

The review of the social and environmental risks in GPA's supply chain, conducted in 2014 by GPA's Risk Management department in conjunction with the CSR department, identified beef sales in Brazil as a possible source of serious human rights abuses (risks of child labour, forced labour and workplace health and safety abuses) and of serious harm to the environment (particularly the risk of deforestation in the Amazon). This finding was confirmed during the risk mapping exercise performed in compliance with the duty of care act.

The responsible beef sourcing policy, which was introduced in March 2016 in partnership with The Forest Trust (TFT) Brazil, leverages traceability across the supply chain to ensure that the cattle were not sourced directly from a ranch on illegally deforested land or a ranch involved in forced labour or any illegal encroachment on indigenous lands.

It is based on the five social and environmental criteria for cattle sourcing defined in 2009 for Brazilian slaughterhouses, which are applicable nationwide:

1. Do not source from ranches that have encroached on indigenous land;
2. Do not source from ranches that have encroached on conservation areas;
3. Do not source from ranches that have been implicated in forced labour-like practices;
4. Do not source from ranches that have been embargoed by the Ministry of the Environment due to an environmental offence;
5. In the Amazon, do not source from ranches that have cleared forest land after October 2009.

The GPA sourcing policy implemented to attenuate the risks of deforestation and human rights abuses across the cattle supply chain is grounded in seven commitments:

- map the various links in the supply chain to identify the different types of industry suppliers;
- identify the exact coordinates of the ranches that directly deliver cattle to GPA suppliers;
- train direct slaughterhouses so that they can deploy, in their own operations, traceability and geo-monitoring solutions to verify that cattle suppliers comply with the defined purchasing criteria;
- roll-out dedicated action plans to address the risks identified in each indirect supply chain;
- provide suppliers with a manual presenting GPA policies and procedures;
- collaborate with market stakeholders, public agencies and NGOs combating deforestation to converge best practices and work on developing systemic solutions;
- promote these commitments to suppliers.

Initially applied to purchases by Multivarejo, the policy was extended in 2017 to the Assaí banner, the first cash-and-carry retailer in Brazil to take a stand on this issue. Today, all of the suppliers have embraced GPA's policy and development programme.

Supported by TFT, GPA has mapped all of its beef suppliers and identified origins, traceability, husbandry conditions and potential risks across the production chain.

Implementation outcomes

The new policy has been endorsed by GPA's top three suppliers, who represent the vast majority of beef purchases in Brazil, and a majority of its smaller suppliers. However, 14 suppliers have refused to abide by the policy and can therefore no longer supply GPA.

The main outcomes of the new policy are as follows:

- all of the suppliers have pledged to support GPA's policy and development programme;
- 94.3% of the meat sold in GPA stores is sourced from 22 suppliers;
  - of these, 14 use geo-monitoring systems to track the origin of their sourced cattle, which account for 97.4% of their purchases;
- 26,752 direct ranches providing cattle to GPA suppliers have been identified and verified using the suppliers' geo-monitoring systems;
- the remaining beef is sourced from 11 processors who buy from outside slaughterhouses and therefore do not have direct access to cattle origin data. In 2018, GPA identified 69 slaughterhouses working indirectly for the Group, of which 18 are direct suppliers and therefore already support the policy in place;
- since the policy was introduced, more than 20 meetings have been organised to present it to suppliers.

In addition, GPA also participates in multi-stakeholder initiatives addressing the social and environmental issues posed by cattle farming in Brazil. In this way, it can help to deploy collaborative solutions, which the Casino Group and GPA feel are the most effective, given the complexity of the issues and the number of stakeholders.

In 2018, GPA participated in:

- the Responsible Livestock working group formed by the Brazilian Ministry of the Environment to discuss the challenges faced by the different private sector, associative and public sector stakeholders and to explore solutions and synergies between their various initiatives;
- the Brazilian Roundtable for Sustainable Livestock (GTPS), which promotes the development of sustainable livestock through supply chain linkage, continuous improvement and the dissemination of information;
- the TFT project, co-funded by GPA and NORAD, to develop training materials for slaughterhouse employees. In 2018, project members met with GPA slaughterhouses that have demonstrated best practices in tracing their purchased cattle in the state of Pará, and identified the key factors in achieving their level of performance;
- the annual process to monitor enforcement of the commitments of the National Pact to Eradicate Slave Labour (InPACTO), which GPA has upheld since 2005.

In addition to working with all of Brazil's industrial meat processors, GPA continues to support the 22 livestock farmers who have exclusively supplied its Rubia Gallega private-label brand for the past ten years. These ranchers can trace their cattle across their entire life cycle, from insemination to pre-slaughter fattening. In 2017, GPA formed a partnership with the *Aliança da Terra* NGO to engage farmers in continuous improvement initiatives based on audits covering social, environmental, animal welfare and quality criteria. In 2018, all of the farmers were assessed and individual action plans were deployed so that they could improve their practices. They will be supported by *Aliança da Terra* over several years to guarantee consumers that their meat is of the finest quality.

For more information, please visit www.gpabr.com/en/sustainability/transforming-the-value-chain/

3.5.3.5. ENSURING ANIMAL WELFARE

Commitment

For many years now, the Casino Group has been working closely with suppliers, local production chains and animal rights organisations in a commitment to offering products that are more respectful of animal welfare.

To drive a cycle of continuous improvement, the Group favours dialogue with a wide range of stakeholders, including NGOs, veterinarians, suppliers, 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. The Group's assertive commitment was recognised by the Business Benchmark on Animal Farm Welfare (BBFAW), which in 2018 rated its performance as Tier 3, at the top of French retailers on this issue.

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 developed a labelling system in collaboration with three recognised animal rights organisations, which will help to support standardised animal welfare labelling in France. The labels were initially prepared for broiler chickens, with the first labelled products appearing in stores in December 2018. They will later be extended to other brands and products. Additional details about the programme may be found at www.etiquettebienetreanimal.fr. In this way, the Group hopes to encourage 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 ranchers, cooperatives 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 and animal welfare scientists: 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, in particular through the animal welfare labels that have been displayed in stores since December 2018;
- stores: all of the banners participate in showcasing products sourced from more animal-friendly production chains;
- employees: special attention is paid to raising employee 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.

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;
- 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 labels 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.

Organisation

Animal welfare policies and their management have been presented to 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.

Action plans

Egg sourcing

The Group is committed to improving husbandry conditions for laying hens.

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 June 2018, 67% of eggs sold in the Group's French banners were from cage-free hens.

  During the year, all of these banners pledged to stop using eggs and egg products from caged hens in their private-label products by 2025.
- 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.

  In 2017, GPA launched a line of eggs from cage-free hens that has extended its organic and free-range egg products.

Through these commitments, the Casino Group is demonstrating the special attention it pays to the farming and production conditions of the products sold in its stores.

Milk sourcing

All of the banners market private-label organic milk, as well as other milk offering better guarantees under their private labels:

- All Monoprix milk complies with "Who's the Boss?!" specifications, which guarantee that the cows have had three to six months of grazing. This is a significant undertaking by the banner to improve welfare standards for dairy cows.
- 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 Cœur" Charter.

Broiler chicken sourcing

In the same way as for eggs and milk, the Casino Group is sensitive to the welfare of the broiler chickens sourced for its private labels:

- Monoprix has undertaken several commitments. Since October 2018, the banner no longer sells fast growing broilers under its private label and its stores now carry only medium or slow-growing breeds. In addition, all of the rotisserie chickens comply with EU organic standards, with access to open air areas, low stocking densities and a minimum slaughter age of 81 days. They are also raised without antibiotics and fed GMO-free feed.
- Casino's animal welfare labels transparently inform consumers about the hatching, rearing, transport and slaughtering conditions of the chickens sold in its stores. To date, Terre & Saveurs brand chickens have all been rated "Good" or "Superior" in animal welfare.

Improving slaughtering conditions

The Group has deployed a slaughterhouse inspection programme in France. In 2014, Casino defined a dedicated audit procedure to ensure that slaughtering operations meet ethical animal protection standards and keep suffering to a minimum in such key phases as transport, stunning and killing. Performed since 2015 by veterinarians, these preliminary audits cover more than 70 control points in the slaughterhouses. To date, 46 slaughterhouses have been audited for compliance with animal welfare standards. These facilities mainly slaughter cattle and pigs, but also lambs and horses, and more recently poultry. All of the private-label raw beef, pork and lamb products are sourced from audited slaughterhouses. Each audit helps to raise the awareness of the Group's suppliers and encourage them to improve their practices, with remedial actions requested as needed. The auditing procedure is regularly reviewed, with input from an ethology and research firm specialised in animal welfare.

Improving consumer information

To help create a standardised animal welfare label in France, the Casino Group worked with its partners LFDA, CIWF France and OABA to develop a labelling system. As part of this process, assessment standards were defined, with nearly 230 criteria covering very stage in an animal's life, from farrowing and raising to transport and slaughtering. Compliance with each criteria is assessed though annual external audits performed by independent firms. The first labelled products, sourced from broiler farms, appeared in stores in December 2018. The labelling system will later be extended to other brands and products. Additional details about the programme may be found at www.etiquettebienetreanimal.fr

3.5.4. The Casino Group, actively committed to the environment

3.5.4.1. ENVIRONMENTAL POLICY

Commitment

The Casino Group's environmental policy is built on three pillars:

- the low-carbon strategy, to reduce the Group's greenhouse gas emissions and fight against climate change;
- the preservation and conservation of resources, to support the circular economy and the fight against food waste;
- the preservation of biodiversity.

It is supported and implemented by the Group based on:

- 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;
- voluntary undertakings it has pledged to support, such as:
  - the Act4Nature "Business for Biodiversity" manifesto,
  - the *Cerrado Manifesto* Statement of Support,
  - the TFA 2020 initiative, through its Grupo Éxito subsidiary, to fight against deforestation,
  - the Paris Climate Action Charter and the Charter for Sustainable Urban Logistics issued 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 refrigerated display cases containing fresh products by 2020.

Lastly, in 2018, the Group joined the Science Based Targets (SBT) initiative.

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.

Action plans

To meet its environmental objectives, the Casino Group has defined three main avenues to improvement:

- reducing the direct and indirect carbon emissions from its business operations;
- conserving resources by fighting waste and supporting a more circular economy;
- encouraging consumption that helps to preserve biodiversity.

These priorities for action to reduce the Group's direct and indirect environmental impact are being pursued by all of the banners, stores and warehouses.

3.5.4.2. THE LOW-CARBON STRATEGY TO FIGHT AGAINST CLIMATE CHANGE

Commitment

In line with international objectives and its commitment to the Science Based Targets initiative, the Casino Group has undertaken to reduce its Scopes 1 and 2 greenhouse gas emissions by 18% between 2015 and 2025. The Group's low-carbon scenarios, including for Scope 3 emissions, will be submitted to Science Based Targets in 2019.

The main sources of the Group's greenhouse gas emissions are:

- direct fugitive emissions from refrigeration systems (80% of Scope 1 emissions);
- emissions from the consumption of purchased electricity (99% of Scope 2 emissions);
- emissions from the purchase of merchandise for resale, the purchase of services, the sale of fuel in service stations, the transport of goods and people, and waste treatment processes (Scope 3 emissions). In 2012, Scope 3 emissions for the Casino banner were measured with the support of a specialised 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-Étienne. In 2017 and 2018, the Group estimated its Scope 3 greenhouse gas emissions at around 30 million tonnes of CO_2 equivalent per year, based on internal data and the related emission factors. The material sources of Scope 3 indirect emissions are, in descending order, merchandise sold (excluding fuel), fuel sold, customer mobility, goods transport and employee commuting.

Action plans

The greenhouse gas reduction targets have been defined in alignment with the below 2 °C scenario proposed by the Paris Agreement in 2015, with progress being driven in five ways:

- reducing emissions from refrigerated display cases;
- attenuating the impact of energy consumption;
- supporting the circular economy and reducing food waste;
- opting for more sustainable mobility;
- lowering the carbon footprint of store merchandise.

3.5.4.2.1. Reducing fugitive emissions of refrigerants (Scope 1)

In order to comply with the Kigali amendment to the Montreal Protocol, the Group is committed to reducing its fugitive emissions of high global warming potential refrigerants by 18% between 2015 and 2025.

As part of this process, the Group partnered with ADEME to publish the Sustainable Cold Chain Guide, in order to (i) raise awareness among technical teams of the importance of reducing greenhouse gas emissions from store refrigeration units; and (ii) identify actionable low-carbon commercial refrigeration solutions.

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, GPA and Éxito have been testing similar installations with their technical partners since 2017. New Éxito stores, such as Éxito La Felicidad and Éxito Tunja in 2018, are now equipped with CO_2 installations, while in Brazil, refrigeration systems now run on CO_2 and XP40 in seven Multivarejo stores and on transcritical CO_2 in two Assaí stores.

3.5.4.2.2. Reducing 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 paragraph 3.5.4.3.1.).

3.5.4.2.3. Reducing all other emissions (Scope 3)

(i) Choosing more sustainable modes of transport

The Group is committed to reducing emissions generated by the transport of goods, by activating the following levers:

- reducing kilometres travelled by increasing the load capacity of its store delivery lorries and optimising delivery schedules and fill rates;
- increasing loads carried per delivery, for example, by using double-deck trailers at GPA, increasing the proportion of 40ft units in the container fleet at Monoprix (293 20ft containers replaced by 96 40ft units in 2018) and optimising the use of space in packages shipped by Cdiscount;
- using railways and inland waterways as alternatives to overland carriage. Franprix, for example, restocks its Parisian stores *via* the Seine river and is continuing to modernise its lorry fleet with Euro VI-compliant vehicles. In 2018, Monoprix introduced a home delivery service by bike courier from a centralised distribution hub;
- upgrading the vehicle fleet, with CNG-fuelled, hybrid and Euro VI-compliant vehicles. Casino's logistics subsidiary Easydis is transitioning to a 100% clean lorry fleet, led by the acquisition of 400 compressed natural gas (CNG) vehicles by 2020, or more than 40% of the total fleet. Using biogenic compressed natural gas (CNG) fuel reduces particulate matter emissions by 85% and greenhouse gas emissions by 60%. Franprix and Monoprix are moving in the same direction;
- using low-carbon fuels like biomethane. Monoprix supports the use of biomethane fuel in its CNG lorries, while in Brazil, GPA is continuing to upgrade its fleet with lorries that emit less CO_2 and particulate matter;
- training in eco-driving.

To lower emissions from customer and employee travel, the Group is also assertively encouraging electric mobility by purchasing EVs for its corporate fleet and installing charging stations in its store and office car parks. As part of its Corporate Mobility Plan, Éxito is deploying ride-sharing systems, in particular through mobile apps like Try My Ride.

(ii) Encouraging consumers to eat more vegetable protein

Sold merchandise represents the primary source of indirect emissions. To implement a low carbon strategy, the Group needs to support the shift in production and consumption practices towards low carbon products offering a better balance between animal and vegetable protein in a store's merchandise mix. It also requires reducing food waste by up to 60% (ADEME's 2050 forward-looking vision report).

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.

To support this transition, retailers need to offer more vegetable protein options in a variety of product categories and encourage shoppers to buy less, but better quality, animal protein, in accordance with PNNS recommendations. Three of the ways in which the Group is responding are by developing scoop and weigh concepts for legumes, broadening the private-label vegan lines and providing consumers with more detailed animal welfare information. It is also 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. Naturalia is expanding its base of organic, 100% vegan stores stocked with 2,000 staple foods that are entirely vegetable-based, Franprix Noé offers a diversified range of vegan products and GPA introduced 15 new vegan SKUs in 2018. The Group is also supporting agroecological farming methods that use less chemical fertiliser and fewer pesticides, and encouraging people to improve their nutritional balance by embracing a more vegetable-based diet (see paragraph 3.5.4.5).

(iii) Promoting local products

Working with local producers, the Group's banners are developing and promoting product lines that are local in origin.

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.

Across France, Monoprix carries a "Made in Pas Très Loin" range of products produced within 100 kilometres of the store, which totalled more than 4,500 grocery, beverage, produce and frozen SKUs in 2018 (200 more than in 2017).

In all, more than 19,560 locavore products are on store shelves in France, sourced from more than 1,520 local producers.

In 2018, around 90% of the fruits and vegetables marketed in Grupo Éxito banners were grown in Columbia, of which more than 80% were sourced locally and directly from small farmers. Éxito is also continuing to roll out its supplier training programme in partnership with EAFIT University, with participants strengthening their business management skills by earning the "Diplomado de Fortalecimiento en la Gestión Empresarial". A dedicated module for small farmers was introduced in 2018. To support deployment of its nutrition policy, Éxito also offers workshops on reformulating edible fats and oils in sourced products, which were attended by 34 suppliers in 2018. In addition, Éxito periodically brings together its fruit and vegetable producers to engage them in the process of meeting Global Good Agricultural Practice standards, with the goal of achieving compliance across the entire fruit and vegetable supply chain.

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.

(iv) Informing shoppers about the environmental impact of products to shift them to low-carbon consumption

Since 2007, to enable customers to shift their purchases to lower-carbon products, the Casino Group has supported the display of standardised environmental labels on food products. In 2008, Casino was the first retailer to pioneer carbon labelling on its private-label products. 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", that they can use to collect data and calculate the environmental impact of their products. This 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. It is already being used by food manufacturers.

In France, employees may attend e-learning courses on the environmental impact of their shopping.

3.5.4.2.4. Adapting to climate change

The main climate change risk that could potentially impact the Group's operations is the increase in extreme weather events, such as the 100-year flood in Paris, cyclones in Reunion, and drought in Brazil and Argentina. A more frequent occurrence of such events would not only have 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 to manage rainwater and overflow (such as retention basins and green roofs), (ii) strategic stockpiling of basic commodities in partnership with suppliers, and (iii) improving the energy self-sufficiency of its stores using 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.

Performance

The Group has measured the carbon footprint of its operations since 2009:

- Scope 1 emissions, corresponding to the direct emissions from combustion and refrigerants, amounted to 1,137,379 tonnes of CO_2 equivalent in 2018, with 87% coverage of total square metres of retail space excluding emissions from Monoprix and Codim refrigerants.
- Scope 2 emissions, corresponding to the indirect emissions from the consumption of purchased electricity, amounted to 279,808 tonnes of CO_2 equivalent in 2018, covering 99.9% of total square metres of retail space.

The Group also tracks changes in ratios per square meter of retail space for GHS emissions from electricity use and refrigeration systems (see Group performance indicators on page 242).

3.5.4.3. PRESERVING NATURAL RESOURCES, REDUCING THEIR USE AND SUPPORTING THE CIRCULAR ECONOMY

3.5.4.3.1. Reducing energy consumption and encouraging the use of renewable energies

Commitment

The Group has undertaken to reduce the amount of electricity used per square metre of retail space by 18% between 2015 and 2025.

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 refrigerated cases containing chilled products;
- installing low-energy lighting and air conditioning systems;
- raising store employee awareness of power-saving practices, with the "Eco-Gestures" guide and an e-learning course.

In addition, the Group is reducing its impact by installing photovoltaic panels on its store roofs, car park shade canopies and other infrastructure, which are generating electricity that is either used directly by the stores or sold back to the national power grid.

Action plans

In partnership with its Green Yellow subsidiary, the Group is deploying energy performance contracts in its stores, which guarantee at least a 20% reduction in their baseline consumption.

In France, the energy management processes in Géant hypermarkets, Casino supermarkets, Monoprix stores, the corporate head office building in Saint-Étienne and the Franprix and Leader Price administrative offices in Vitry have all been certified in accordance with the ISO 50001 energy management standard.

In Brazil, energy retrofits have been performed in GPA hypermarkets with the goal of reducing energy intensity by 25%. At the same time, Assai has replaced more than 1,500 vertical refrigerated display cases in existing stores and equipped all its new outlets with horizontal cases with doors. In Colombia, Grupo Éxito continued to upgrade warehouse and in-store installations in 2018, including all-LED retrofits in 29 outlets.

Campaigns to build awareness and train employees in energy saving practices have been deployed in every Group unit, with in-store displays, meetings with store and technical managers, an e-learning module and the "Eco Gestures" guide.

The Group is actively engaged in deploying renewable energies, with the installation of solar power units on store rooftops and car park canopies.

In all, more than 530,000 square metres of solar panels have been installed on Casino Group store rooftops and car park canopies in France and Latin America, representing 135 solar power plants brought into service since 2007 and 16 plants currently being used for self-consumption by the Group. In France, after opening the country's first energy-positive hypermarket, the Géant Vals-Près-le-Puy, in 2016, the Group commissioned its first ground-mounted, self-consumption solar power plant in 2017. Built by the Green Yellow subsidiary, the new unit has a rated output of 250 kW, which covers 27% of the power needs of the Galerie Cap Costières shopping mall. This type of facility can be installed on previously unused land to supply tenants with renewable energy.

Performance

The Group's performance in executing its energy efficiency strategy is tracked by measuring the amount of electricity used per square metre of retail space. In 2018, average consumption per square meter was down by 5.3% compared with 2015. The Group generated 106,700 kWh of power from renewable source during the year.

Given the energy mix in its host countries, renewables account for 18% of the Group's total energy consumption.

A portion of the annual bonus for every manager in France, Colombia and Brazil is pegged to meeting a target for reducing the amount of electricity used per square metre of the Group's retail space.

See Group performance indicators on page 242.

3.5.4.3.2. Managing water consumption

Commitment and action plans

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.

Performance

The Group uses 6,394,279 cubic metres of water a year, tracked by measuring the amount of water used per square metre of retail space.

See Group performance indicators on page 242.

3.5.4.3.3. Reducing, sorting and reusing waste

Commitment

For several years now, the Group has 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.

In addition, to facilitate the emergence of a circular economy by using end-of-life products as sources of new raw material, the 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.

Action plans

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 Brazil, GPA's Multivarejo business continued to roll out in-store sorting programmes for cardboard and organic waste. 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, Éxito recovered and reused more than 33,900 tonnes of store waste. Managed by the Éxito Foundation, the resale of recyclable materials provides around 30% of its funding.

The operating units have in-store recycling bins and encourage customers to use them.

In Brazil, customers can return their cardboard, glass, steel, aluminium, plastic and other waste for recycling in collection boxes set up at the entrance to Pão de Açúcar, Extra and Assaí stores. Éxito and Carulla also provide collection points for used batteries, electrical and electronic devices and out-of-date medicines. Libertad provides in-store collection stations for glass, certain types of packaging and used motor oil in partnership with local recycling companies.

Performance

In 2018, Group recovered and reused more than 205,500 tonnes of waste, including cardboard, paper, plastic, organic matter, glass, wood and scrap metal. This was 11% more than the year before.

Stores and warehouses in France sorted more than 110,800 tonnes of waste for recycling by accredited service providers.

During the year, customers returned more than 10,700 tonnes of waste to store collection boxes. Of the total, 27% was paper and cardboard and 32% was waste electrical and electronic equipment (WEEE), which was transferred to accredited service providers for recycling.

See Group performance indicators on page 242.

3.5.4.3.4. Reducing the impact of packaging

Commitment

The Casino Group is assertively reducing the use of plastic and other packaging for its private-label products, while maintaining the highest standards of sanitary quality and food safety. It is committed to reducing the amount of packaging material, promoting recycling and recyclable materials, and reusing recycled raw materials that have proven to be innocuous. The Group supports its suppliers in meeting these goals with training and projects that promote the circular economy.

The Group deploys a policy comprising five priority actions shaped by eco-design principles:

(i) Avoid generating unnecessary waste, for example, by expanding scoop and weigh concepts in stores; (ii) reduce the amount of waste by using thinner packaging, avoiding excess packaging, etc.; (iii) encourage the reuse of single-use waste (recharging, etc.); (iv) improve waste recyclability, by eliminating sorting disruptors, for example; and (v) prefer composting to incineration.

In February 2019, the Casino Group signed the Plastic Pact supported by the French Ministry for the Ecological and Social Transition.

Action plans

● (i) Eco-designing products

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. It is also developing products with fully recyclable packaging. 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.

● (ii) Expanding bulk aisles and displays

In France, to reduce the amount of packaging, the Casino, Franprix, Naturalia and Monoprix banners are developing scoop and weigh concepts for dried fruits and vegetables, cereals, coffee and pasta, including a number of certified organic products.

Franprix is introducing new bulk 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. The new Pão de Açúcar store concept features a dedicated “Fresh and Healthy” section.

● (iii) Preventing the risks of using recycled materials

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.

● (iv) 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 taking 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 set up a rewards system for customers who do not use plastic bags, offering stylish new reusable bags. 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.”

  In Colombia, Grupo Éxito is encouraging the use of reusable plastic bags, in particular through campaigns like “#YoTrajeMiBolsa”, which asks shoppers to bring back their reusable bags the next time they came to the store. A special committee tracks the number of plastic bags used per quarter.

In addition, Franprix stores no longer carry single-use plastic cups, straws or plates.

3.5.4.4. COMBATING FOOD WASTE

Commitment

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. It supports the international Stop Food Waste Day with initiatives to raise awareness among customers and employees.

Action plans

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. In 2018, the Group upgraded its damaged produce systems, to be able to sell short-dated products at a discount. It also formed partnerships with start-ups like Too Good to Go in France, which offers specially priced "magic bags" of unsold, yet still edible food that stores have to throw out at the end of the day. More than 100,000 bags have been sold in the banners in France. In 2018, as part of its commitment to reducing food waste, Éxito piloted a programme in 25 stores to use the Foodcloud digital platform, which seeks to optimise the relationship between suppliers, stores and food banks;
- donating products to associations such as the French Federation of Food Banks (FFBA), with which the Group has partnered since 2009. It has also formed partnerships with several other social economy stakeholders. In France, these initiatives (see section 3.5.2.1.) demonstrated their effectiveness by enabling the donation of nearly 15,000 tonnes of food to associations in 2018, or 14% more than 2017. At Multivarejo, 257 stores have joined the Partnership Against Food Waste programme that donates damaged fruits and vegetables to NGOs or food banks;
- raising awareness among employees and customers. In France, retailers account for only 14% of food waste, with the rest attributable to upstream producers or downstream consumer behaviour, 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, 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. An e-learning programme was developed to teach employees how to combat food waste. Éxito is deploying its waste management plan, which covers food waste, and is building awareness among all its teams of proper food management practices;
- working closely 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;
- developing new concepts such as:
  - scoop and weigh: Group banners sell a variety of organic dried fruit and vegetables in bulk, supported by explanatory product labels and other shopper awareness initiatives,
  - 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.

3.5.4.5. ENCOURAGING CONSUMPTION THAT RESPECTS BIODIVERSITY.

Because biodiversity helps to guarantee balanced diets around the world, the Casino Group partnered with the Fayol Institute graduate school in Saint-Étienne to assess the pressure from food products (climate change, pollution and land use). This research enabled the Group to identify the production chains with the greatest impact and to assess the alignment of its initiatives. Based on the findings, the Group defined its commitments to preserve biodiversity. Present in countries with rich ecological diversity, such as Brazil and Colombia, the Casino Group is actively making a difference, both in the production chains and on the identified impacts.

Commitment

In its commitment to preserving diversity, the Casino Group has endorsed:

- the Act4Nature "Business for Biodiversity" manifesto issued by *Entreprises pour l'Environnement* (EpE), to encourage companies to protect, promote and restore biodiversity;
- the *Cerrado Manifesto* Statement of Support, to combat the deforestation in the Cerrado in Brazil.

In 2011, it joined the RSPO to support sustainable palm oil. It is a member of the Earthworm Foundation and, since 2019, the Palm Oil Transparency Coalition and the Duralim platform that supports sustainable animal feed.

Action plans

The Group has defined three priorities for action:

- market a line of products that help to preserve the environment and biodiversity;
- combat deforestation caused by production of commodities;
- preserve fishery resources.

(i) Market a line of products that help to preserve the environment and biodiversity

Casino Group stores now carry more than 30,000 products certified as sustainable, an increase of 18% over 2017. 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.

To support organic farming and reduce the use of pesticides, the Casino Group is expanding its lines of certified organic food products, with more than 2,000 private-label SKUs and around 18,750 national brand SKUs, up 27% compared to 2017. Organic products are on the shelves in every banner, including the discount stores, so that everyone can shop organic.

The Group is committed to topping €1.5 billion in revenue from organic products in 2021.

The Group, which also supports Good Agricultural Practices (GAP) and sustainable agriculture with brands like Terre et Saveurs, is the first retailer to start offering guaranteed pesticide residue-free product lines in Casino banners. Launched in 2016 following collaborative work with Casino partners already engaged in agroecological farming, the Casino AgriPlus programme 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:

1. innovative crop farming and animal husbandry practices, entirely rethought to produce differently and responsibly;
2. an agroecological approach based on collaborative work in the sector, to reconcile economic performance with environmental preservation;
3. an approach that ensures quality products that meet consumer expectations in terms of taste and food safety;
4. a transparent approach, based on guarantees monitored by independent bodies.

Products endorsed by the programme are identified by the easily identifiable Casino AgriPlus logo.

Monoprix has partnered with more than 700 fruit and vegetable farmers to launch the "Tous Cultiv'acteurs" initiative, which aims to eliminate neonicotinoid pesticides that can harm pollinators. A three-year agreement has been signed with 37 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.

In addition, the Group is expanding its organic banners in France with Naturalia and Franprix Noé, whose merchandise is focused on organic and other products that deliberately reflect a more responsible shopping experience (see paragraph 3.3.2 "Customers").

Internationally, Group banners market nearly 1,900 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.

The Group encourages its suppliers to comply with the Good Agricultural Practices (GAP) standard. Éxito, for example, has deployed a GAP certification programme and GPA has introduced new standards in its GAP protocol that include inspecting farmlands, undertaking corrective action plans and tracking their outcomes.

(ii) Combat deforestation caused by production of commodities;

A partner of the Earthworm Foundation, the Casino Group is committed to fighting deforestation caused by the production of commodities, focusing on beef, palm oil, soya and cocoa.

Beef: the Group has deployed a programme to inspect its beef suppliers in Brazil, with almost all of the ranches identified and geo-located in 2018 (see section 3.5.3.4.).

Palm oil: the Group has identified its suppliers' first importers and/or refiners and analysed their zero-deforestation policies, to engage them in maintaining and strengthening their commitment to producing certified deforestation-free palm oil. The Casino Group has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011. In 2019, it joined the Palm Oil Transparency Coalition to work with other businesses in engaging with palm oil refiners and importers in Europe (see section 3.5.3.4.).

Cocoa: cocoa is an ingredient in a variety of product categories. Given the complexity of the cocoa supply chain, which comprises around six intermediaries between the farm and the store, the Casino Group has pledged that all of the cocoa used by suppliers of its private-label products in France that contain at least 20% cocoa will be fair-trade certified by 2020, based on audits by UTZ, Fairtrade and other independent organisations.

Soya: to address soya issues and the potential risks raised by soybean farming in South America, the Casino Group is actively supporting the joint programmes in place to ensure that the soya in its supply chains in France has not caused deforestation, particularly in South America. Soya from Brazil is mainly found in the animal feed used in France to raise the animals purchased from Group suppliers, as well as in private-label and national brand soya-based products, such as soya drinks.

In 2018, the Group's discussions with stakeholders yielded a consensus that:

- the soya supply chain is particularly complex, with at least seven intermediaries between the meat suppliers and the soybean farmer;
- only multi-stakeholder solutions can ensure that the soya imported into France has not caused deforestation in Brazil, as indicated in France's national strategy to end imported deforestation;
- a small number of traders play a key role in exporting soya and soybeans to China and the European Union.

In response, as part of its corporate social responsibility policy, the Casino Group:

- has endorsed the Cerrado Manifesto Statement of Support, to participate in global multi-stakeholder initiatives;
- asked the three leading traders in France to provide information about their commitments and initiatives to ensure that the soya they import is deforestation-free;
- contacted Duralim, a French collaborative platform that supports sustainable feed for farmed livestock, to learn about the commitments in place, particularly as concerns soya in the animal feed industry. The Group will participate in the Duralim working meetings in 2019;
- took part in working meetings organised by our partner Earthworm Foundation to review the solutions and responded to requests for meetings with associations addressing the same issues;
- participated, *via* its GPA subsidiary in Brazil, in meetings of the Cerrado Working Group (GTC), which brings together civil society stakeholders, traders, industry associations and soybean farmers. GPA also supports the voluntary Soy Moratorium initiated in 2006 by soya traders;
- helped to develop the Soy Toolkit issued by GPA stakeholder Proforest;
- supports *Aliança da Terra*, a Brazilian environmental association that assists farmers in improving their environmental and social management.

Concerning the soya used as an ingredient in its private-label products, the Group is working with suppliers to identify the country of origin and the related country risk.

(iii) Preserve fishery resources and protect endangered species

The Group's policy is built around four main objectives: (a) protect endangered species, by prohibiting the sale of endangered fish since 2007 (11 species are currently banned); (b) encourage sustainable fishing by, for example, banning electrofishing and supporting sustainable certification; (c) focus on local sourcing and seasonal products; (d) support aquaculture with high-quality production chains, based on organic farming standards, without antibiotics and using GMO-free fish feed.

The Group has been steadily improving its seafood offering for many years now. 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, since 2018 Casino no longer sells European sea bass *(Dicentrarchus labrax)* caught in the North fishing area (North Sea, English Channel and Celtic Seas) during the February-March spawning season and limits its supplies from the Bay of Biscay and the Mediterranean to bass caught by pole and line. These responsible decisions will support the replenishment of sea bass stocks.

Since 2018, Éxito has sold seafood from nationally designated traditional fishing areas known as Zonas Exclusivas de Pesca Artesanal (ZEPA), which help to protect endangered species and preserve the diversity of marine life.

In 2018, Multivarejo expanded its sustainable fishing programme by raising consumer awareness of its policies in this area, such as respecting spawning seasons and minimum landing sizes, and voluntarily banning the sale of species that are rare in Brazilian waters.

Private-label tinned tuna

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 pledged to:

- fight against illegal fishing by ensuring that fishing boats supplying the banners are not listed as illegal, unreported or unregulated (IUU);
- improve traceability and best practices by:
  - encouraging suppliers to join International Seafood Sustainability Foundation (ISSF) and to use fish caught by vessels 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;

  Casino and Monoprix stores carry Aquaculture Stewardship Council (ASC)-and Marine Stewardship Council (MSC)-certified products, as a guarantee of more sustainable fishing;
- support a sustainable supply of tuna for the Casino private-label and Tous les Jours brand tinned tuna, with the following targets:
  - 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 a FIP;
- source from different fishing grounds so as to limit pressure on stocks;
- enable 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).

To strengthen the measures to prevent risks raised by its private-label tinned tuna, the Group joined the tuna working group coordinated by the Earthworm Foundation. Comprised of retailers and manufacturers based in France, the working group is seeking to steer stakeholders across the production chain towards more responsible tuna fishing and supply practices. To do so, it is exploring applications and systems capable of accurately tracking the progress of each stakeholder in terms of transparency and traceability, fished volumes by species, and tracking and verifying fishing methods and fishing areas.

3.6. NON-FINANCIAL PERFORMANCE

Non-financial 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.

Casino obtained a score of A1+ and Vigeo Eiris ranked it first out of 43 businesses in its industry and eighth out of the 4,612 assessed in November 2018.

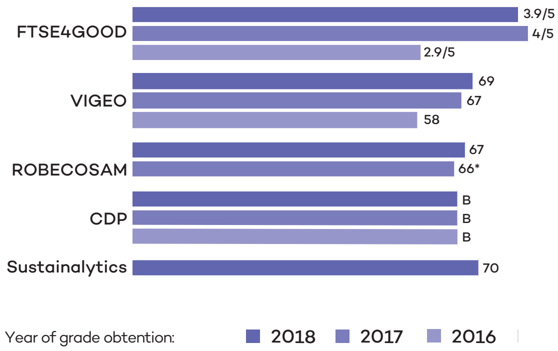
Since 2012, the Casino Group has favoured the following three non-financial indices: Euronext Vigeo Eiris, FTSE4GOOD and DJSI.

In 2018, Casino was included in the following indices:

- FTSE4GOOD;
- Ethibel Sustainability Index ESI;
- STOXX Global ESG Leaders indices;
- BBFAW Business Benchmark on Farm Animal Welfare: level 3, making Casino the highest-ranking French retailer in 2018.

For the sixth 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 listed on the Euronext Vigeo Eiris Emerging Markets index.

The Group reports to the Carbon Disclosure Project (CDP) and maintained its B rating in 2018.



** Change in rating methodology*

The changes in non-financial ratings and the discussions with SRI investors were presented to the Governance and Social Responsibility Committee in 2018.

Key performance indicators

Commitments	Indicator	2016	2017	2018	Change N-1
Committed employer					
Promote diversity	Number of employees at 31 December	223,211	221,956	220,060	-0.9%
	% of women in headcount	53%	53%	53%	-
	% of women managers	37.1%	38.0%	38.9%	+0.9 pts
	Number of disabled employees at 31 December (under permanent and fixed-term contracts)	7,035	7,331	8,134	+11%
	Disabled employees as a proportion of total headcount	3.2%	3.3%	3.7%	+0.4 pts
Help young people enter the workforce	Percentage of employees <30 years old	39.0%	38.6%	38.5%	-0.1 pts
	Number of people on Group work-study/apprenticeship programmes at 31 December	6,964	7,313	8,532	+17%
Provide growth opportunities for employees	Total number of training hours	4,027,000	4,365,924	4,554,603	+4%
	Total hours of training per person	18.2	19.8	21.0	+6%
Take action to protect employee health and well-being	Lost-time accident frequency rate	16.1	18.8	16.7	-2.1 pts
	Lost-time accident severity rate	-	0.79	0.67	-0.12 pts
	Absenteeism rate due to accidents and illness	-	4.9%	4.3%	-0.6 pts
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	18,617	25,338	30,017	+18%
	Number of organic food products (private-label and national-brand products)	13,092	16,344	20,826	+27%
Combat food waste	Recovered and donated by stores and warehouses *(tonnes)*	15,394	18,612	21,911	+18%
Strengthen ethical social compliance	Number of social audits conducted by the Group (in accordance with ICS methodology)	349	885	1,042	+18%
Environmentally committed group					
Reduce greenhouse gas emissions	GHG emissions related to cooling systems per square metre of retail space *($kgCO_2eq/sq.m$)*[(1)]	190.9	192.1	195.8	+1.9%
	GHG emissions related to electricity consumption per square metre of retail space *($kgCO_2eq/sq.m$)*[(2)]	65.5	65.0	49.3	-24%
Manage consumption of natural resources	Total electricity consumption *(MWh)*	3,241,027	3,176,789	3,130,765	-1%
	Electricity per square metre of retail space *(kWh/sq.m)*	569	572	566	-1%
	Renewable electricity produced *(MWh)*	90,500	107,500	106,700	-0.7%
	Water consumption per square metre of retail space *(l/sq.m)*[(3)]	1,341	1,258	1,487	+18%
Reduce and recover waste	Volume of operating waste recovered *(tonnes)*[(4)]	217,036	185,392	205,565	+11%
	Of which recovered cardboard *(tonnes)*	155,111	131,928	148,640	+13%
	Percentage of waste recovered (excluding food donations)[(5)]	45.0%	54.8%	44.5%	-10.3 pts
Local corporate citizen					
Develop foundation programmes and non-profit partnerships associated with natural resources	Funds distributed for community outreach (donations and foundations) *(€ thousands)*	74,191	77,959	86,455	+11%
	Donations of foodstuffs in meal equivalents – *(thousands of meals)*	30,788	37,224	43,821	+18%
	Estimated number of people reached through foundations or outreach partnerships	95,911	102,413	101,221	-1%

(1) 2018 data: excludes the Monoprix Group and Codim. Coverage rate for coolant refills in square metres of retail space: 85% in 2018 compared to 80% in 2017. The emission factors integrated in the 2018 emissions calculations have been updated.

(2) The emission factors integrated in the 2018 emissions calculations have been updated.

(3) 2018 data: excludes Codim. Coverage rate for water consumption in square metres of retail space: 77% in 2018 compared to 64% in 2017.

(4) 2018 data: excludes Disco Devoto and Naturalia. Coverage rate for waste recovered in square metres of retail space: 87% in 2018 compared to 66% in 2017.

(5) 2018 data: excludes Naturalia, Disco Devoto and Libertad. Coverage rate for this data in square metres of retail space: 85% in 2018 compared to 61% in 2017.

3.7. NON-FINANCIAL INFORMATION STATEMENT CROSS-REFERENCE TABLE

Pursuant to Article L. 225-102-1 of the French Commercial Code, the Company is required to produce a non-financial information statement for 2018. This statement must contain information on the Company's approach to assessing the employee relations, environmental and social consequences of its operations.

Chapter 3, Chapter 1 and section 4.3 contain the non-financial statement information and in the interest of simplicity, the cross-reference table below enables the reader to find the information needed.

NON-FINANCIAL INFORMATION STATEMENT – ARTICLES L. 225-102-1 AND R. 225-105 OF THE FRENCH COMMERCIAL CODE.		
Business model		
Presentation of business model	Chapter 1 Presentation of the Casino Group Section 1.4 The Casino Group business model	Pages 13 to 15
Main CSR risks		
Description of the main non-financial risks and challenges, and identification methodology used	Section 3.2.2 Description of the main non-financial risks and challenges, and identification methodology used	Pages 184 to 187
Labour relations/societal	Section 4.3 Main risk factors: Human resources risks, Product quality, conformity and safety risks	Page 274 Page 272
Environmental	Section 4.3 Main risk factors: Risks related to climate change (4.3.1.VIII) Section 3.5.3.4 Duty of care plan (Act of 27 March 2017)/Risk mapping	Page 274 Page 218
Human rights	Section 4.3 Main risk factors: Risks related to the supply chain and the Group's ethical commitments (4.3.1.IV)	Pages 272 and 273
Anti-corruption/Anti-tax evasion	Section 4.3 Main risk factors: Compliance risks – Laws and regulations (Sapin II law) Anti-tax evasion	Page 276 Page 187
Key policies, results and indicators		
Labour relations/societal	Section 3.5.1 The Casino Group, a committed employer/see Section 3.5.1.3 Section 3.5.3 The Casino Group, a responsible retailer/see Section 3.5.3.1 Key performance indicators	Pages 202 to 208 Pages 212 and 213 Page 242
Environmental	Section 3.5.4 The Casino Group, actively committed to the environment/see Section 3.5.4.5 Key Group performance indicators	Pages 238 to 240 and 242
Human rights	Section 3.5.3.4 Duty of care plan (Act of 27 March 2017) Key performance indicators	Pages 216 to 228 Page 242
Anti-corruption/Anti-tax evasion	Section 3.4 Ethics and Compliance/ see Sections 3.4.1 to 3.4.5 Anti-tax evasion	Pages 191 to 193 Page 187
Information and commitments		
Societal commitments to sustainable development	All commitments are detailed in Chapter 3 CSR and the non-financial information statement	Pages 181 to 240
Societal commitments to the circular economy	Section 3.5.4.3 Preserving natural resources, reducing their use and supporting the circular economy	Pages 234 to 236

Respecting animal welfare	Section 3.5.3.5 Ensuring animal welfare	Page 228 to 230
Combating food waste and food insecurity	Section 3.5.2.1 Supporting food relief Section 3.5.4.3 Preserving natural resources, reducing their use and supporting the circular economy	Page 209 Pages 234 to 236
Respecting fair, responsible and sustainable food choices	Section 3.5.3 The Casino Group, a responsible retailer/see Sections 3.5.3.2 to 3.5.3.5	Pages 213 to 230
Collective agreements and impacts on the company's performance and employee working conditions	Section 3.5.1.3 Providing an environment conducive to employee fulfilment	Pages 202 to 208
Fighting against discrimination, promoting diversity and measures taken for people with disabilities	Section 3.5.1 The Casino Group, a responsible retailer/see Sections 3.5.1.1.1 to 3.5.1.1.2	Pages 196 to 199
Human resources information		
Employment		
Total workforce and workforce by gender, age and country	Section 3.5.1 The Casino Group, a committed employer	Pages 195 and 242
Hires and terminations	Section 3.5.1 The Casino Group, a committed employer	Page 195
Compensation and changes in compensation	Section 3.5.1.3.3 Incentivising compensation to drive individual, collective and CSR performance	Pages 203 to 205
Working practices		
Organisation of working time	Section 3.5.1 The Casino Group, a committed employer	Pages 195 and 206
Absenteeism	Section 3.5.1 The Casino Group, a committed employer	Pages 207 and 242
Health and safety		
Health and safety conditions at work	Section 3.5.1.3.6 Fostering health, safety and well-being at work	Pages 205 to 207
Workplace accidents, especially their frequency and severity, and occupational illnesses	Section 3.5.1 The Casino Group, a committed employer	Pages 207 and 242
Employee relations		
Organisation of social dialogue, in particular information and employee consultation procedures and collective bargaining	Section 3.5.1.3.1 Encouraging social dialogue	Pages 202 to 203
Summary of collective agreements	Section 3.5.1.3.1 Encouraging social dialogue	Page 202
Training		
Training policies implemented	Section 3.5.1.3.8 Developing employability with training	Pages 207, 208 and 242
Total number of training hours	Section 3.5.1.3.8 Developing employability with training	Pages 208 and 242
Equal treatment		
Measures taken to promote gender equality	Section 3.5.1.2 Fostering gender equality in the workplace	Pages 200 to 202 and 242
Measures taken for the hiring and integration of people with disabilities	Section 3.5.1.1.2 Acting for the integration and retention of workers with disabilities	Pages 198, 199 and 242
Measures taken to combat discrimination	Section 3.5.1.1.1 Combating discrimination and stereotypes	Pages 196 to 198
Environmental information		
General environmental policy		
Structures in place allowing the Company to take into account environmental issues and, where applicable, to seek environmental audits or certification	Section 3.5.4.1 Environmental policy	Pages 230 to 231

Resources allocated to preventing environmental risks and pollution	Section 3.5.4 The Casino Group, actively committed to the environment	Pages 230 to 240
Provisions and guarantees for environmental risks, provided that the disclosure of this information does not cause any serious harm to the Company in an ongoing dispute	-	-
Pollution		
Measures to prevent, reduce and remedy air, water and soil pollution seriously affecting the environment	Section 3.5.4.2 The low-carbon strategy to fight against climate change	Pages 231 to 233 and 242
Measures to address noise and other forms of pollution specific to an activity	-	-
Circular economy		
(i) Pollution and waste management		
Measures to prevent, recycle, reuse and other ways of repurposing waste	Section 3.5.4.3 Reducing, sorting and reusing waste	Pages 235 and 242
Combating food waste	Section 3.5.4.4 Combating food waste	Pages 237 and 242
(ii) Sustainable use of resources		
Water use and supply in relation to local restrictions	Section 3.5.4.3.2 Managing water consumption	Pages 235 and 242
Raw materials use and measures taken to use them more efficiently	Section 3.5.4.5 Encouraging consumption that respects biodiversity	Pages 238 to 240 and 242
Energy use and measures taken to improve energy efficiency and increase the use of renewable energies	Section 3.5.4.3.1 Reducing energy consumption and encouraging the use of renewable energies	Pages 234 and 242
Land use	-	-
Climate change		
Emissions related to the use of goods and services	Section 3.5.4.2 The low-carbon strategy to fight against climate change	Pages 231 to 233 and 242
Measures taken to adapt to the consequences of climate change	Section 3.5.4.2.4 Adapting to climate change	Page 233
Medium- and long-term objectives for reducing GHG emissions and the means implemented to carry them out	Section 3.5.4.2 The low-carbon strategy to fight against climate change	Pages 231 to 233 and 242
Protecting biodiversity		
Measures taken to develop biodiversity	Section 3.5.4.5 Encouraging consumption that respects biodiversity	Pages 238 to 240 and 242
Information regarding social commitments		
Societal commitments to sustainable development		
Impact of the company's operations in terms of employment and local development	Section 3.3 Stakeholder dialogue	Pages 188 to 191 and 211
Impact of the company's operations on local residents and communities	Section 3.3 Stakeholder dialogue	Pages 188 to 191 and 211
Stakeholder relations and the forms of dialogue adopted with them	Section 3.3 Stakeholder dialogue	Pages 188 to 191
Partnership or philanthropy initiatives	Section 3.5.2 The Casino Group, a local corporate citizen	Pages 208 to 212 and 242

Subcontractors and suppliers		
Integration of social and environmental issues in the purchasing policy	Section 3.5.3.3 Monitoring and improving the social and environmental impacts of the supply chain Section 3.5.3.4 Duty of care plan (Act of 27 March 2017)	Pages 215 to 229
Consideration of corporate social responsibility standards in dealings with suppliers and subcontractors	Section 3.3 Stakeholder dialogue	Page 189
Fair business practices		
Action taken to prevent corruption	Section 3.4 Ethics and compliance	Pages 191 to 194
Measures taken to promote the health and safety of consumers	Section 3.5.3 The Casino Group, a responsible retailer/see Sections 3.5.3.1 to 3.5.3.2	Pages 212 to 215
Promotion of and compliance with the ILO's fundamental conventions on:		
▪ The respect for freedom of association and the right to collective bargaining	Section 3.1 CSR action and governance principles Section 3.5.1.3.1 Promoting social dialogue Section 3.5.3.3 Monitoring and improving the social and environmental impacts of the supply chain	Page 182 Page 202 Pages 215 to 216
▪ The elimination of discrimination in respect of employment and occupation	Section 3.5.1.1.1 Combating discrimination and stereotypes Section 3.5.3.3 Monitoring and improving the social and environmental impacts of the supply chain Section 3.5.3.4 Duty of care plan (Law dated 27 March 2017)	Pages 196 to 198 Pages 215 to 229
▪ The elimination of forced and compulsory labour	Section 3.5.3.3 Monitoring and improving the social and environmental impacts of the supply chain Section 3.5.3.4 Duty of care plan (Act of 27 March 2017)	Pages 215 to 229
▪ The effective abolition of child labour	Section 3.5.3.3 Monitoring and improving the social and environmental impacts of the supply chain Section 3.5.3.4 Duty of care plan (Act of 27 March 2017)	Pages 215 to 229
Human rights		
Action taken to promote human rights	Section 3.1 CSR action and governance principles Section 3.5.3.3 Monitoring and improving the social and environmental impacts of the supply chain Section 3.5.3.4 Duty of care plan (Act of 27 March 2017)	Pages 182 to 184 Pages 215 to 229
Methodology note		
	Section 3.9 Reporting methodology for non-financial indicators	Pages 250 to 252
Conclusion on the fairness and compliance of information		
	Section 3.10 Independent verifier's report on the consolidated non-financial information statement presented in the management report	Pages 253 to 255

3.8. SDG - GRI CROSS-REFERENCE TABLES

3.8.1. Sustainable Development Goals – SDG

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	3.5.1.1/3.5.1.2
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	3.5.1.1.3/3.5.2.3
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	3.5.1.3/3.5.1.3.7
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	3.5.1.3/3.5.1.3.6
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	3.5.3.2.
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	3.5.3.2/3.5.4.3/3.5.4.5
Combat food waste ▪ Educate customers and employees ▪ Develop new product and procurement concepts	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	3.5.4.4
Strengthen ethical social compliance and implement the duty of care plan within the supply chain	8 DECENT WORK AND ECONOMIC GROWTH	3.5.3.3/3.5.3.4
Support local production channels ▪ Develop long-term supply chain partnerships ▪ Promotion of local products	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	3.5.3/3.5.3.5
Promote the CSR initiatives of SMEs ▪ Maintain close relationships ▪ Evaluate CSR and environmental performance	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	3.3.3

Our 15 priorities	United Nations Sustainable Development Goals	Our commitments Our initiatives
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	3.5.2.1/3.5.2.2/3.5.2.5
Develop solidarity partnerships ▪ Support the integration of disadvantaged young people ▪ Combat exclusion	2 Zero Hunger 4 Quality Education	3.5.2.2/3.5.2.3 /3.5.2.4
Reduce greenhouse gas emissions ▪ Implement a low-carbon strategy	13 Climate Action	3.5.4.2
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	3.5.4.3
Reduce and recover waste ▪ Sort and recycle store waste ▪ Collect and recycle used products	12 Responsible Consumption and Production	3.5.4.3.3

3.8.2. Global Reporting Initiative – GRI

	Corresponding chapters
GRI 101: Introduction	
Reporting Principles	3.3/3.2.2/3.5.1.3.3/3.5.3.4
Using the GRI Standards for sustainability	–
Making claims related to the use of the GRI Standards	–
GRI 102: 2017 General information	
Organisational profile	1.3/1.6/2.1/3.5.1/3.5.3.4/8.5/3.6/9.1
Strategy	3.2.2/3.5.1.3
Ethics and integrity	3.4
Governance	5.4/5.5.4/6.1/6.2/3.1/3.4/3.5.1.3
Stakeholder engagement	3.3
Reporting practice	3.9
GRI 103: Management Approach 2017	
Explanation of the material topic and its boundary	3.2.1/3.2.2
The management approach and its components	3.5.1.3
Evaluation of the management approach	3.9
GRI 200: Economic	
201: Economic Performance	3.3/3.5.3/3.5.1.3/3.5.7
202: Market Presence	3.5.1
203: Indirect Economic Impacts	3.5.2
204: Procurement Practices	3.5.3.4
205: Anti-corruption	3.4/3.4.3/3.4.4/3.4.5/4.1
206: Anti-competitive Behaviour	4.3/3.4/9.10
GRI 300: Environmental	
301: Materials	3.5.4.3/3.6
302: Energy	3.5.4.3/3.6
303: Water	3.5.4.3.2/3.6
304: Biodiversity	3.5.4.5/3.5.7.1
305: Emissions	3.5.4.2/3.6.
306: Effluents and Waste	3.5.4.3.3/3.5.4.3.4/3.6.
307: Environmental Compliance	3.5.3.4
308: Supplier Environmental Assessment	3.5.4/3.6.
GRI 400: Social	
401: Employment	3.5.1/3.5.1.3
402: Labour/Management Relations	3.3/3.3.1/3.5.1.3
403: Occupational Health and Safety	3.5.1.3/3.5.1.3.6/3.6
404: Training and Education	3.5.1.3/3.5.1.3.8/3.6
405: Diversity and Equal Opportunity	3.5.1.1/3.5.1.2/3.6.
406: Non-discrimination	3.5.1.1
407: Freedom of Association and Collective Bargaining	3.5.1.3.1
408: Child labour	3.5.3.4
409: Forced or Compulsory Labour	3.5.3.4
410: Security Practices	3.5.1.3.6
411: Rights of Indigenous Peoples	–
412: Human Rights Assessment	3.5.3.4
413: Local Communities	3.3/3.3.5
414: Supplier Social Assessment	3.5.3.4
415: Public Policy	3.4/3.4.7
416: Customer Health and Safety	3.5.3.2/3.5.3.1.
417: Marketing and Labelling	3.5.3.2
418: Customer Privacy	4.3.1/4.3.3
419: Socio-economic Compliance	3.2/3.4

3.9. REPORTING METHODOLOGY FOR NON-FINANCIAL INDICATORS

REPORTING SCOPE

Unless otherwise specified, the human resources, 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 non-financial 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: operations under the Casino, Monoprix (including Naturalia), Cdiscount, Franprix and Leader Price banners. In accordance with IFRS 5, the Group's discontinued operations are excluded,
  - Brazil, encompassing the operations of Pão de Açúcar Group (GPA) and its entities Multivarejo and Assaí. In accordance with IFRS 5, GPA's discontinued operations are excluded, *i.e.*, Via Varejo 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. The non-financial indicators cover 100% of the Group's scope by default, excluding several exceptions that are specifically mentioned in the report.

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 2017 to 30 November 2018.

Environmental data cover offices, logistics sites and stores that operated for a full 12-month period between 1 October 2017 and 30 September 2018.

DATA COLLECTION

An integrated reporting tool was implemented in 2018 to improve data collection and the reliability of calculating and consolidating non-financial indicators for the Group scope. The procedures for collecting data and the calculation methods for non-financial indicators are distributed to all those involved in the reporting process in France and in foreign subsidiaries. Improvements are made each year to guarantee:

- compliance with the legal and regulatory requirements relating to the government order no. 2017-1180 of 19 July 2017 and the decree n° 2017-1265 of 9 August 2017 relating to the publishing of non-financial information;
- consistency and proper understanding of calculation methodologies in all subsidiaries in France and abroad;
- the reliability of reported data.

During the 2018 rollout of the integrated reporting tool, training sessions were organised and assistance was made available to all. The following matters were covered as part of this process:

- the organisation of the process of gathering, validating and consolidating CSR indicators;
- 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 methods for calculating indicators, consistent with applicable international or national reporting standards.

DATA CONSOLIDATION AND VERIFICATION

Internal procedures provide for the implementation of controls 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 and checking the data for his or her reporting scope.

Each indicator is also assigned a person in charge of validating the data entered by the contributor.

All the data are then brought together and consolidated centrally by the Group CSR department, which also conducts a series of controls to verify the data's 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 3.10 of this chapter.

BACKGROUND

The Casino Group mainly operates in Latin America,

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

Human resources data

- Workforce: indicators about the workforce are calculated at 31 December and do not include contracts expiring on that date. Suspended contracts are also not included.
- Employees with disabilities: the status of "employee with disabilities" is defined by the laws applicable in each of the Group's host countries. In France, the applicable provisions are set out in 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".
- The absenteeism rate due to accidents and illness (including occupational illness) corresponds to the number of lost hours as a proportion of the total number of hours worked. Hours worked include contractual hours, overtime and additional hours. These data do not include hours lost due to commuting accidents.
- 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 or work/study programme); training hours provided to non-Group employees; coaching initiatives implemented on site by supervisors; training programmes for which proof 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.
- "Textile" products are not included in this category, although some of them are produced with organic cotton.
- "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, identifiable by a fair-trade label;
  - products with certification attesting to an environmental progress programme, *e.g.*, MSC, NF Environnement, FSC, PEFC, European Ecolabel.
- 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

- 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.

  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 and electricity consumption can be measured from meter readings or from the entity's utility bill.
- 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, wood, lighting consumables, print consumables, waste cooking oil, bone and tallow, and scrap and metals.
- 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.

3.10. Independent verifier's report on the consolidated non-financial statement presented in the management report

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

Year ended 31 December 2018

To the General Assembly,

In our quality of independent verifier, accredited by the COFRAC under the number n° 3-1050 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereafter "Entity"), we present our report on the consolidated non-financial statement established for the year ended on 31 December 2018 (hereafter referred to as the "Statement"), presented in the management report pursuant to the provisions of article L. 225-102-1, R. 225-105 et R. 225-105-1 of the French Commercial code *(Code de commerce)*.

Responsibility of the Entity

It is the responsibility of the Board of Directors to establish the Statement in compliance with legal and regulatory provisions including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied regarding these risks as well as the results of these policies, including key performance indicators.

The Statement has been established by applying the procedures of the entity (hereinafter referred to as the "Reporting Protocol"), the significant elements of which are presented in the Statement and available on request at the Entity's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements pursuant to the provisions of article L. 822-11-3 of the French Commercial code *(Code de commerce)* and the Code of Ethics of our profession. 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 express a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to paragraph 3 of I and II of Article R. 225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions related to the main risks, hereinafter the "Information".

Nonetheless, it is not our responsibility to express any form of conclusion on:

- the Entity's compliance with other applicable legal and regulatory provisions, particularly regarding the vigilance plan and the fight against corruption and tax evasion;
- the compliance of its products and services with applicable regulations.

Nature and scope of the work

Our work described below has been carried out in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the procedures in which the independent third party conducts its mission, with professional standards as well as with the international ISAE 3000 standard – *Assurance engagements other than audits or reviews of historical financial information.*

The work that we conducted enables us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- We took note of the activity of all the companies included in the scope of consolidation, the presentation of the main social and environmental risks related to this activity and, if applicable, its effects regarding compliance with human rights, the fight against corruption, tax evasion as well as the resulting policies and their results;
- We assessed the suitability of the Reporting Protocol in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, industry best practices;

- We verified that the Statement covers each category of information provided in III of Article L. 225-102-1 of the French Commercial Code regarding social and environmental matters, as well as respect of human rights and the fight against corruption and tax evasion;
- We verified that the Statement presents the business model and the main risks related to the activity of all the entities included in the scope of consolidation; including if relevant and proportionate, the risks created through its business relationships, products or services, as well as its policies, actions and results, including key performance indicators;
- We verified, when relevant to the main risks or the policies presented, that the Statement presents the information provided for in II of Article R. 225-105 of the French Commercial Code;
- We assessed the process for selecting and validating the main risks;
- We inquired about the existence of internal control and risk management procedures put in place by the entity;
- We assessed the consistency of the results and the key performance indicators selected regarding the main risks and policies presented;
- We verified that the Statement covers the consolidated scope, *i.e.* all the companies included in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code, within the limits specified in the Statement;
- We assessed the collection process put in place by the entity to ensure the comprehensiveness and fairness of the Information;
- We implemented, for the key performance indicators and other quantitative results that we considered the most important, presented in Appendix 1:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions,
  - detailed tests based on samples, consisting in the checking the correct application of the definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities listed below: Casino France et Monoprix which cover between 16% and 77% of consolidated data selected for these tests (26% of employees, 35% of energy consumption, 77% of scope 1 GHG emissions and 16% of scope 2 GHG emissions);
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered the most important, presented in Appendix 1;
- We assessed the overall consistency of the Statement with our knowledge of the entities included in the scope of consolidation.
- We consider that the work we have performed by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

MEANS AND RESOURCES

Our verification work mobilized the skills of four people and took place between October 2018 and March 2019 on a total duration of intervention of about sixteen weeks.

We conducted five interviews with the persons responsible for the preparation of the Statement including in particular the Corporate Social Responsibility, Human Resources, Risk Management and Compliance, and Quality departments.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us not to believe that the non-financial statement complies with applicable regulatory provisions and that the Information, taken together, is fairly presented, in compliance with the reporting Protocol.

Paris-La Défense – 13 March 2019

French original signed by:

Independent Verifier

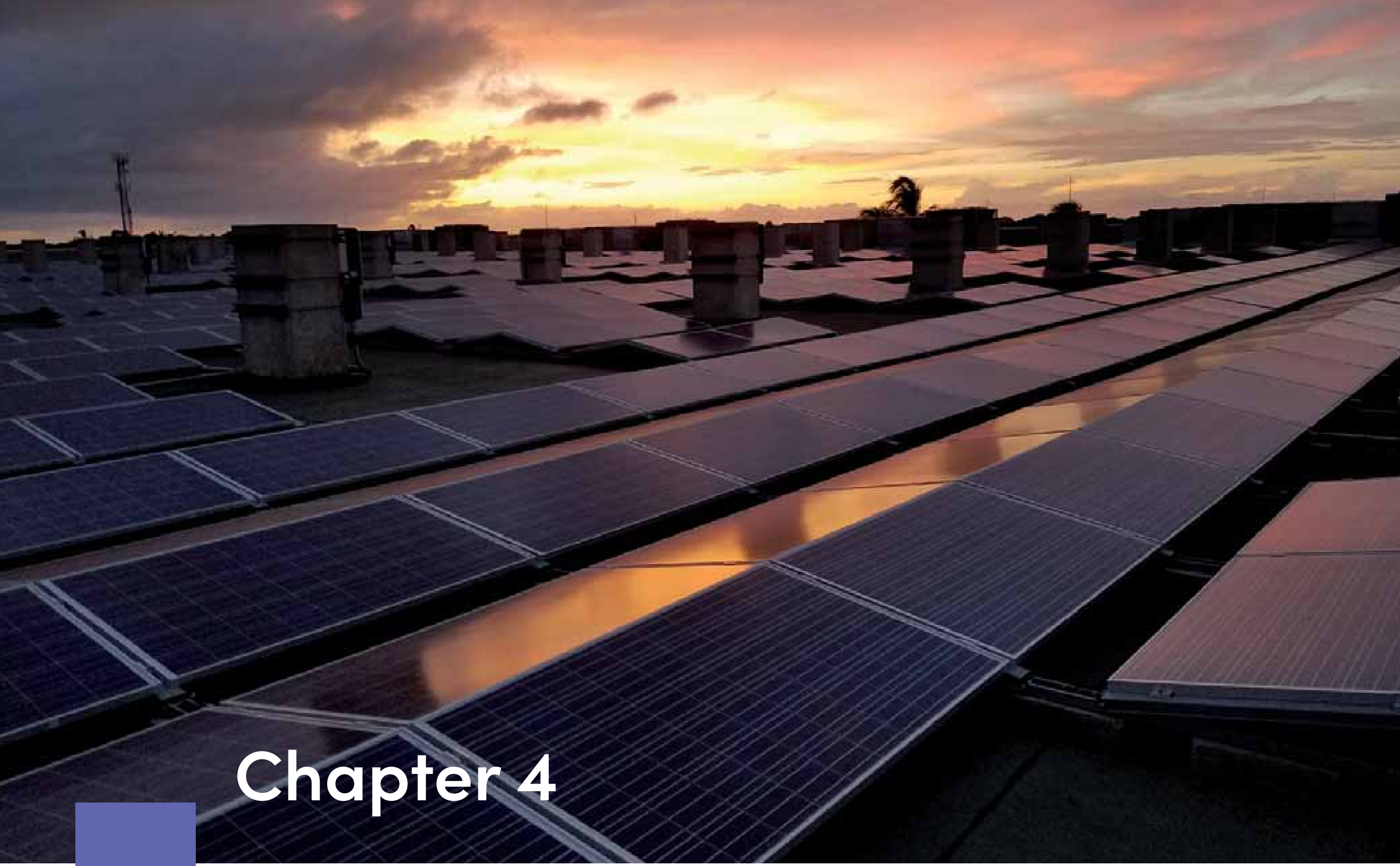
ERNST & YOUNG et Associés

Éric Mugnier
Partner, Sustainable Development

Jean-François Bélorgey
Partner

APPENDIX 1: MOST IMPORTANT INFORMATION

Social Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Number of hours of training per employee *(hours)* Frequency rate and severity rate of work accidents *(number/million worked hours)* Absenteeism *(%)* Share of women managers *(%)*	Health and safety (prevention actions) Training and skills development
Environmental Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Electric consumption per sales area *(kWh/m²)* Total quantity of refrigerant gas leakages *(kg)* GHG emissions (scopes 1 and 2)	The results of the environmental/energy policy (certifications, means) Climate change (significant emission sources due to activity, reduction objectives, adaptation measures)
Societal Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
▪ Number of ICS audits carried out in factories involved in the production of own-brand products for the Group ▪ Part of active audited factories, located in a country at risk, with Acceptable status ▪ Number of people trained regarding Group policy in terms of ethics and corruption prevention ▪ Number of microbiological analyses carried out during the year (France only)	Subcontracting and suppliers (environmental and social issues) Measures taken for the health and safety of consumers Actions in favor of human rights, in particular respect for fundamental ILO Conventions Actions taken to prevent corruption



Risks and control

4.1. INTERNAL CONTROL AND RISK MANAGEMENT

4.1.1. Organisation of and general approach to internal control and risk management

4.1.1.1. 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 chapter has been prepared 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.

4.1.1.2. SCOPE

The Group's risk management and internal control systems as described below 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, 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.

4.1.1.3. PARTIES INVOLVED IN RISK MANAGEMENT AND INTERNAL CONTROL

Senior Management
Executive Committee
Operating Managers

Board of Directors
Audit Committee
Governance and Social Responsibility Committee

1st line of control

All employees
Implement internal control day after day.

Operating management
Perform appropriate controls on the processes/activities under their responsibility and report all necessary information to the second line of control.

Unit management committees
Responsible for establishing and overseeing the system of internal control over the activities under their responsibility.
Also responsible for identifying, each year, their top ten major risks, assessing the extent to which they are controlled and defining action plans to manage the risks.

2nd line of control

Group Risks and Compliance department, including the Internal Control department
Coordinates the preparation and implementation of internal control and risk management systems.
Promotes, distributes and oversees compliance with the Group's Code of Ethics and Conduct, with the support of the Ethics Officer and the network of compliance officers.
Reports annually to the Audit Committee and the Governance and Social Responsibility Committee on the results of its work.

Group Insurance department
Contributes to identifying and assessing operational risks and transferring them to the insurance market.

Group Legal department
Ensures that the Group's operations comply with the applicable laws and regulations. Ensures, with the Group Risks and Compliance department and the relevant business unit departments, that risks related to laws and regulations are identified and that the associated controls are properly applied.

CSR department
Participates in identifying and assessing the Group's main CSR risks and opportunities through the risk mapping process and materiality analyses. Prepares the duty of care risk map used to identify the business units' highest risk suppliers and participates in meetings of the Duty of Care Committee.
Reports to the Governance and Social Responsibility Committee on the results of its work.

Group Information Systems Security department
Regularly assesses each unit's information systems security, ensures that action plans have been drawn up to address areas for improvement and leverages synergies between information systems security departments to ensure a consistent level of security across all units.
Reports annually to the Audit Committee on the results of its work.

Special committees
Group Ethics Committee
Risk Prevention Committee
Data Compliance Committee

3rd line of control

Group Internal Audit department
Performs regular audits of risk management and internal control systems, covering operational, accounting and financial, and compliance risks and procedures, in accordance with the annual internal audit plan.
Reports annually to the Audit Committee and the Governance and Social Responsibility Committee on the results of its work.

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 2018 are described in the Board of Directors' corporate governance report (see Chapter 5 "Report on Corporate Governance", 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.

Concerning non-financial information, another Committee of the Board – the Governance and Social Responsibility Committee – works with the Audit Committee to ensure that procedures are in place to identify and manage the main ethical and CSR risks and to verify compliance with the laws and regulations applicable in these areas.

The roles and responsibilities of the Audit Committee and the Governance and Social Responsibility Committee, including the limits thereon, are described in the Board of Directors' internal rules and the Committees' charters.

The Boards of Directors of most of the Group's listed subsidiaries have set up Audit Committees or equivalent structures 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 Group Risks and Compliance department is structured into three main functions:

- Risks and Compliance unit, whose role is to:
  1. help Casino Group entities, in France and abroad, identify, evaluate and monitor risks,
  2. create and update risk maps,
  3. make sure that the Group's internal systems and policies comply with the applicable regulations;
- Internal Control unit, whose role is to:
  1. oversee the implementation of a common internal control system across the Group in response to identified risks,
  2. ensure that internal control weaknesses identified by internal or external players in the course of their work are addressed by action plans and that implementation of these plans is monitored,
  3. establish and lead a process for identifying and analysing instances of fraud, and improving efficiency in the detection and prevention systems set up in the Group's business units;
- Anti-corruption/Sapin II unit, 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 and the Group Risks and Compliance department works with the local teams responsible for these areas.

The Group Risks and Compliance department also deploys initiatives to raise awareness of the risks of fraud and corruption, encouraging executives of each business unit to continuously strengthen the management of these risks.

The Group Legal department shares and disseminates best practices among the business units, primarily through the work of the cross-functional dedicated competence centres. 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, in line with the best practices defined at Group level.

To guarantee compliance with the applicable laws and regulations, each Group company's legal team monitors legal and regulatory developments under the supervision of the Group General Counsel and with the help of outsider advisors if appropriate. Monitoring of changes in employment laws and legal precedents is the responsibility of the Human Resources department and its dedicated employment law advisor. The business units' legal departments report to the Group Legal department on their unit's legal risks.

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.

The Group Insurance department contributes to identifying and assessing operational risks and transferring them to the insurance market. It also helps to promote the risk management culture and process by:

- providing input for the risk mapping process and overseeing implementation of action plans that concern the department;
- participating in reviews of the Group's contracts, business developments and new business ventures;

- contributing to the quality and risk prevention process launched several years ago and covering both private label and other products (see section 4.3 "Main risk factors" and section 4.3.1, "Product quality, conformity and safety risks" below and Chapter 3 "Corporate Social Responsibility Report and Non-Financial Information Statement");
- organising regular risk prevention audits by the insurance companies' engineers at the largest (or most strategic) sites, including hypermarkets, shopping centres, warehouses and headquarters (with audits at sites outside France stepped up in 2018);
- reviewing the engineers' findings and monitoring implementation of the related action plans with the departments concerned;
- managing and analysing insurance claims reported by Group entities, with the insurance brokers and companies and the lawyers;
- helping to manage any crisis and/or major incident giving rise to an insurance claim.

The Group Information Systems Security department coordinates systems security initiatives. Regular security assessments are performed in each unit and action plans are drawn up as part of the continuous improvement process. The department analyses the subsidiaries' systems security projects to ensure that they effectively address current threats and are appropriate considering the systems' maturity. These issues are addressed by leveraging synergies between the various systems security teams to optimise the choice of topics, share information in order to achieve greater agility, and coordinate initiatives in order to ensure a consistent level of security across the Group.

The Group Internal Audit department and the business units' Internal Audit departments regularly review the effectiveness of the risk management and internal control systems during their internal control assessments and contribute to its supervision (see section 4.1.3.5 for more information about the Internal Audit department's supervisory activities).

The Risk Prevention Committee participates in the Group-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 Group's strategy, the achievement of its objectives or, more generally, its continuity. Any specific problems identified by the Committee are reported to Senior Management.

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 2017, a GDPR Steering Committee was set up by the Risk Prevention Committee to oversee application of the General Data Protection Regulation (GDPR). In 2018, this committee was replaced by a Data Compliance Committee, which meets regularly to verify compliance with the personal data protection rules and discuss the issues associated with the application of the GDPR and the French Data Protection Law in order to harmonise practices. Any specific problems identified by the Committee are reported to Senior Management.

The Group Ethics Committee is responsible for overseeing the ethics system and making sure that the system is taken into account in local management decisions. Its main role is 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;
- make sure that the operating business units implement training and awareness raising actions.

With the support of the Group Risks and Compliance department and the Group Ethics Officer, the Committee oversees the effectiveness of the ethics systems set up by and under the responsibility of the business units' senior management. The network of Compliance Officers appointed by the French entities and led by the Group Compliance Officer, 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 Group's image and its assets. The process involves representatives of Senior Management, the Chairman and Chief Executive Officer, when necessary, the Human Resources Director and the Group General Secretary as well as 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.

4.1.2. General risk management principles

4.1.2.1. 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 executives to effectively detect and keep risks at acceptable levels for the Group 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.

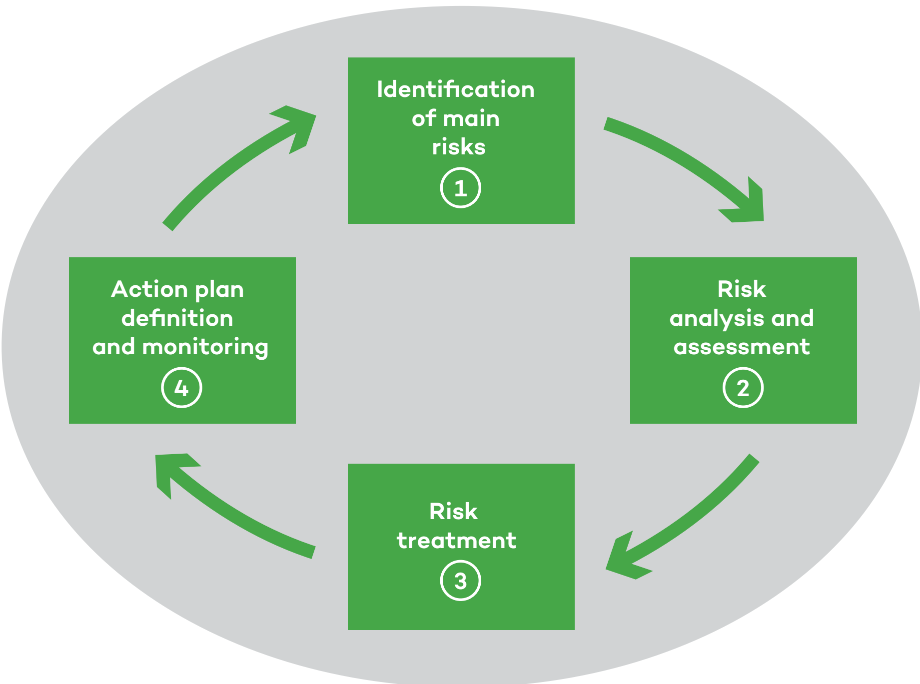
Employees, managers and department heads are responsible for ensuring that risk management and internal control systems operate efficiently while continuously seeking to improve them.

4.1.2.2. RISK MANAGEMENT OBJECTIVES

The key objectives of risk management are to help:

- create and preserve the Group's value, assets and reputation;
- secure decision-making processes and the processes that help the Group meet its objectives;
- ensure that the Group's actions are consistent with its values;
- promote a shared vision of the main risks among all employees.

4.1.2.3. RISK MANAGEMENT PROCESS



Within the Casino Group, risk management is decentralised under the supervision of the parent company's Senior Management. The business units' Management Committees are responsible for identifying, analysing, assessing and dealing with the main risks facing them.

Risk identification

The Group is faced with various types of risks such as operational risk, legal risk and financial risk. These risks are described in section 4.3 "Main risk factors".

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, Risks and Compliance (including Internal Control), Insurance, Legal, Information Systems Security and Human Resources departments. At business unit level, each unit's Management Committee is asked to identify the ten risks considered as major and to provide, for each one:

- an assessment of the inherent and residual risk;
- a correlation analysis between the main causes and consequences of each risk;
- a recommendation on the best way of treating the risk in order to improve internal control (with four options: conservation, mitigation, transfer or avoidance – see below);
- formal action plans to reduce the level of residual risk.

The Group Risks and Compliance department has 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 ten any major risk that is 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 map of major risks 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 certain 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 and definition of action plans

The control activities described below in section 4.3 "Main risk factors" 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.

Depending on the chosen risk treatment, the business units draw up action plans to reduce the risks.

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 additional measures are taken to change the level of residual risk; the risk is accepted and assumed by the business unit's Management;
- risk transfer: the probability of occurrence or impact of the risk is reduced by transferring or sharing part of the risk, for example on the insurance market;
- risk avoidance: the activities giving rise to the risk are abandoned.

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.

The Group Risks and Compliance department monitors implementation of the action plans drawn up by the business units to strengthen the effectiveness of their internal control system for managing these risks.

Lastly, a crisis management process has been set up involving representatives of Senior Management 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. Periodic drills are organised involving the main parties that deal with crisis management.

4.1.3. General internal control principles

4.1.3.1. 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.

4.1.3.2. 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.

4.1.3.3. 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

The Casino Group's 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.

Ethics and conduct

The Group's 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 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 accordance with 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 units in France, Asia and the Indian Ocean region, set up an internal whistleblowing system, created a network of Ethics 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, including through notices displayed in the various business premises and on intranets, and in an explanatory document attached to their payslips.

Similar systems have been set up by the Group's South American units. More detailed information on the action taken by the Group to prevent bribery and corruption can be found in section 3.4 "Ethics and compliance" of Chapter 3 "Corporate Social Responsibility Report and Non-Financial Information Statement".

The Group Risks 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 Company's intranet. Compliance with the principle of segregation of duties is also supervised by local or Group Internal Audit departments 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.

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.

Operating procedures and methods

Internal control procedures have been set up covering all of the Group's core business processes. These procedures identify key controls and the principles to be applied. They are published on the intranet sites and other documentary databases of the various Group business units. They are updated under the supervision of Group Internal Control, including recently in connection with the development of controls over the application of the Sapin II Act.

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 Social Responsibility Committee. Its content is described in the Board of Directors' corporate governance report (see Chapter 5 "Report on Corporate Governance", section 5.5.5 "Prevention of insider trading"). 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 Group's results during which the relevant employees may not trade in the Company's shares. In accordance with the Code's provisions, a Stock Market Conduct Committee has been set up to spread information about and monitor compliance with the Code.

4.1.3.4. INTERNAL CONTROL ACTIVITIES

The internal control activities described below concern application of Senior Management's instructions and guidelines. Internal control activities addressing operational, legal and financial risks are presented in section 4.3 "Main risk factors" below.

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 accounting and 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 indicators and financial indicators for each business unit. It also includes comments on performance compared to objectives and a report on the status of the main action plans.

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 produced by Group Budget Control after analysing and reviewing the individual packages are used to manage the business, and also to analyse actual-to-budget and year-on-year variances.

The monthly reporting data provides a basis for monthly business reviews conducted by Group Senior Management with the business units' Management. The reviews cover sales, operational and financial performance and also include a discussion of the action plans needed to meet the main objectives set for the business. Group Budget Control also submits regular reports to Senior Management on its analysis work.

Monthly working capital and capital expenditure 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 additional action plans are decided on and implemented 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 Strategic Planning department's recommendations concerning the business units' investment and capital spending projects in excess of a certain amount are submitted for approval during weekly meetings with Senior Management. The Group Investment Committee is then notified of the approved projects.

4.1.3.5. 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 the Group's 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 systems 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 Casino Group.

Group Internal Audit is supported by a central Internal Audit team, as well as 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 90 auditors, who are assisted by outside consultants when necessary.

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 2018 included three types of audit assignments:

- category A: audits performed directly by Group Internal Audit;
- category B: audits performed by the local internal audit teams 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 audit plan was adjusted at the beginning of 2018 to include new audits of action plans that had been shown to be inadequate by the initial follow-up audits carried out by Group Internal Audit between 2016 and 2017. The purpose of these follow-up audits is to assess the progress made on the action plans and ensure that the initial audit points have been correctly addressed.

The Group Internal Audit Charter, approved by the parent company's Audit Committee, describes the role and responsibilities of the Group Internal Audit department in accordance with the professional standards issued by the Institute of Internal Auditors (IIA). The Charter has been cascaded to the business units' internal audit teams with some adjustments. 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 Risks and Compliance, the local Finance departments and the Group Finance department. They report on their work to the Company's Audit Committee.

4.2. INTERNAL CONTROL OVER ACCOUNTING AND FINANCIAL INFORMATION

4.2.1. 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;
- the 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.

4.2.2. Monitoring the financial reporting process

GENERAL ORGANISATION

Each business unit has its own Accounting and Finance department 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 have been 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 and for the application of new standards, are appropriate;
- the Statutory Auditors have 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.

4.2.3. Process for the preparation of accounting and financial information

IDENTIFICATION OF RISKS AFFECTING THE PREPARATION OF PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION

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 new 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, 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.

4.3. MAIN RISK FACTORS

The main risk factors presented below were identified using the major risk mapping methodology presented in section 4.1.

They are organised in three categories:

- operational risks;
- legal risks;
- financial risks.

Non-financial risks that are qualified as major are as follows:

- consequences of the business in terms of corporate social responsibility: human resources risks (shortage of qualified staff, departure of key employees), product quality, conformity and safety risks;
- environmental consequences: risks related to climate change;
- human rights consequences: risks related to the supply chain and the Group's ethical commitments (including duty of care);
- consequences relating to the fight against corruption: risks related to legal and regulatory compliance (including the Sapin II Act).

Summary of the main risk exposures associated with the Group's business

Note: the risks are not classified by order of importance except for the first risk presented in each of the three categories, which corresponds to the main risk in that category.

4.3.1. Operational risks

In the operational risks category, the Group considers that its main exposure is to information system and cybersecurity risks, and more specifically the loss or theft of sensitive/confidential data, which can have a serious financial and reputational impact.

I. INFORMATION SYSTEMS AND CYBERSECURITY RISKS

Description of the risk

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 a serious 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.

Risk management approach

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. The aim is to make the Group a responsible and engaged leader in the digital economy and in personal data protection.

A set of cybersecurity rules, procedures and indicators have been defined by the Group Information Systems Security department and circulated among all units to protect their information systems and data more effectively. This department also reports regularly to the Group Audit Committee and Executive Committee on the status of action plans for preventing cybersecurity risks.

In addition, cybersecurity insurance was purchased in 2017 covering all Group units including GPA in Brazil and Éxito in Colombia. The cover was increased in February 2018 and is considered by the Group as being sufficient based on estimates of the potential losses that would result from the occurrence of this risk.

II. COMPETITION AND ECONOMIC RISKS

Description of the risk

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 of its markets (e.g., Brazil and Colombia) is under constant attack from international and local retailers that are seeking to strengthen their positions. Promotional campaigns and loyalty programmes may not be sufficient to protect its market shares and the Group may be forced to cut prices, with a negative impact on its results.

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 apps, the emergence of a new Cash & Carry model within the Group (with 144 stores based on this model in Brazil, ten in Colombia and one in Cameroon), 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.

Risk management approach

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.

III. PRODUCT QUALITY, CONFORMITY AND SAFETY RISKS

Description of the risk

Guaranteeing traceability and product safety and complying with health and safety standards in stores is a major challenge. From product specifications to store operations, the Group must have an end-to-end system, which makes sure it sells safe, healthy and high-quality products, because the sale of products that represent a health risk for consumers could have a serious adverse effect on its reputation and financial performance, and could also result in liability claims.

Risk management approach

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.

The Group Quality department coordinates regular exchanges of information with 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 procedure, product removal and recall procedures, etc.). Since 2011, they have formed the basis of an international quality policy, a standard quality performance indicator and a Quality Charter, which has been distributed to all the business units.

The Group's formal withdrawal or recall procedures for defective or non-conforming products are implemented around 200 times a year. Very rarely do the procedures concern products that represent a serious consumer health risk. However, despite these robust, tried and tested procedures, in early 2018 a series of unusual factors prompted the Group to accelerate deployment of its system to prevent withdrawn or recalled products being scanned at the check-out and bring forward the withdrawal/recall system upgrade. In order to set up an efficient warning system and take proportionate action, a system has been tested and deployed to assess the seriousness of each situation leading to the withdrawals/recalls.

Some business units have expanded their E-commerce business by developing a marketplace. Marketplaces enable third party merchants to post their product offers on the business unit's site and set their own conditions of sale (price, delivery lead time, warranties, etc.). The business unit acts as a host within the meaning of France's legislation to maintain confidence in the digital economy ("LCEN" Act No. 2004-575 dated 21 June 2004) and does not therefore systematically check the offers before they are posted on its site by the vendor. However, it does have a legal obligation to promptly remove any clearly illegal content (such as counterfeit goods, products that do not comply with safety standards, products whose sale or online sale is prohibited) reported to them by third parties such as rights holders or government agencies. A form is available on Cdiscount's E-commerce site to enable third parties to report illegal content. The form is both easy to find on the site and easy to use. In addition to this curative measure, the entities have implemented preventive measures. At Cdiscount, filters and algorithms have been developed to limit the risk of merchants posting offers for illegal products or products that are approved for sale in France but not on marketplaces (such as replica firearms). The business units are exposed to risk of damage to their image and, if they are too slow to remove clearly illegal content reported by a third party, they could be required to pay compensation to that party. These risks could have an adverse effect on the Group's results. In addition, if a business unit lost its host status under the LCEN Act, it could be held liable even if the illegal content was not reported to it, in the same way and for the same amounts as the merchant that posted the illegal products on the marketplace.

For additional information, see Chapter 3 "Corporate Social Responsibility Report and Non-Financial Information Statement".

IV. RISKS RELATED TO THE SUPPLY CHAIN AND THE GROUP'S ETHICAL COMMITMENTS

Description of the risk

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. This may have a serious adverse effect on the Group's reputation and image, and also on its business if there are calls for a boycott of some of its private label products.

Risk management approach

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 units and by all of its suppliers. The Group has drawn up a Suppliers Ethics Charter setting out its commitment to promoting responsible trade.

The Group's social responsibility and duty of care approach is described in more detail in Chapter 3 "Corporate Social Responsibility Report and Non-Financial Information Statement".

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 3.5 of Chapter 3 “Corporate Social Responsibility Report and Non-Financial Information Statement”.

Buyers conduct regular checks during calls for tenders, and supplier selection and deselection processes, to identify and minimise supplier dependence risk.

V. BUSINESS DISRUPTION/INTERRUPTION RISKS

Description of the risk

Business disruption/interruption risk includes the risks of supply disruption, inability to gain access to facilities (stores, warehouses, headquarters), building destruction or damage and critical information system failure.

Risk management approach

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 16 sites throughout the country, representing some 740,000 sq.m. of warehousing, to all of the various banners except for Monoprix, Franprix-Leader Price and Cdiscount, which have their own logistics networks. Cdiscount has 53,000 sq.m. of warehouse space spread across 15 sites.

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.

Each unit has developed its own internal control procedures to address business disruption/interruption risk. For example, Monoprix addressed the risk of being unable to gain access to its stores in Paris by developing a business continuity plan, setting up a crisis management team and conducting drills based on a simulation of the crisis situation that would arise if the Seine were to break its banks. Libertad in Argentina focused on the risk of building damage or destruction due to a maintenance failure, by paying close attention to ensuring that maintenance plans are in place and are properly executed.

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. Inventory counts are used to monitor performance indicators and detect any anomalies in the flow of merchandise.

Lastly, to ensure business continuity during events affecting the whole country, such as the “Gilets Jaunes” protests in France, the Group General Secretary has set up a special unit to micro-manage the crisis.

VI. GEOGRAPHIC RISKS

Description of the risk

The Group’s international operations expose it 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. In 2018, its businesses in Latin America accounted for some 43% 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 2018 consolidated financial statements (see Chapter 2 of this Registration Document) and goodwill impairment losses are disclosed in Note 10.5.2).

Risk management approach

The Group draws up action plans and implements measures to mitigate the impacts of these risks and ensure business continuity. In 2018, the policy of improving coverage of geographic risk was pursued. Insurance cover for acts of civil unrest and terrorism was maintained, with a limit of €150 million.

VII. HUMAN RESOURCES RISKS

Description of the risk

The skills, drive, quality and engagement of Group employees and the Group's ability to retain talent play a significant role in developing the business. If the Group were to fail to identify, attract, retain and train the skilled employees the business needs, the development of its businesses and results could be affected.

Risk management approach

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 is deploying various initiatives aimed at fighting all forms of discrimination, promoting diversity, equal access to career and social advancement opportunities and gender equality and improving workplace health and safety. For additional information about the Group's human resources strategy, see Chapter 3 "Corporate Social Responsibility Report and Non-Financial Information Statement". The Group's human resources policy aims to ensure a better allocation of resources within the Group through structured recruitment and career 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.

VIII. RISKS RELATED TO CLIMATE CHANGE

Description of the risk

The Group's international operations expose it to significant country risks linked to climate change, including the risk of natural disasters that could affect business continuity, assets, customers and employees, with consequences for the Group's businesses and financial position.

The main climate change risk identified as potentially impacting the Group's activities is the increase in extreme weather events, such as extreme rainfall in France, which resulted in the Seine river reaching a 100-year high in Paris, a mix of drought and torrential rain in Brazil and an earthquake in Colombia. An increase in the occurrence of such events would have not only direct consequences for the Group's operations (business interruption), but also an indirect impact through higher raw material prices, energy prices and insurance premiums, a drop in sales of seasonal products and changes in consumer habits.

Risk management approach

Policies and action plans are in place to mitigate the impacts of these risks.

The Group is contributing to the effort to limit global warming by deploying a low carbon strategy that is aligned with international objectives for the reduction of greenhouse gas emissions. As a participant in the Science Based Target initiative, Casino has committed to reducing its scope 1 and 2 greenhouse gas emissions by 18% by 2025 compared with 2015. This policy engages the entire Group and concerns all the main sources of greenhouse gas emissions generated by the business. All of the Group's units are implementing action plans.

The Group draws up action plans and implements measures to mitigate the impacts of these risks and ensure business continuity.

The business units all have their own business continuity plans. For example, GPA conducted its second crisis simulation exercise in 2018, under the supervision of the local Risk Management department.

In addition, the Group's policy of improving coverage of geographic risk was pursued during the year. The earthquake insurance policy in Colombia was renewed, providing maximum cover of €190 million. In France, natural disaster cover was raised from €100 million to €400 million in 2017 and was kept at this level in 2018, while flood insurance cover was renewed for €100 million.

The Group's response to climate and environmental risks and its management of environmental risks are described in section 3.5 of Chapter 3 "Corporate Governance Report and Non-Financial Information Statement".

IX. RISKS RELATED TO PARTNERSHIPS AND FRANCHISES

Description of the risk

The Group's banners in France and in international markets have affiliate and franchise networks. These include the Casino, Franprix and Monoprix supermarket networks, the Leader Price and Surtimax discount networks, the Vival and Spar convenience networks and the Géant, Géant Casino and Hyper Casino hypermarkets operated by affiliates. These networks expose the Group 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 and the risk of losing part of the store base if a franchisee decides to join a competitor's network.

Risk management approach

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 network by closely monitoring receivables and in some cases by taking out credit insurance.

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 the partners' activities. To effectively manage the legal and other risks inherent in the business, the business development and sales and marketing teams implement robust controls during the contract drafting and implementation phases, and make every effort to resolve problems before they go to litigation.

X. RISKS RELATED TO THE SAFETY OF PEOPLE AND PROPERTY

Description of the risk

In the course of its business, the Group operates stores and warehouses in which people (customers and employees), equipment and goods are present, and organises the transportation of goods from the warehouses to the stores. If the safety of people and property is not properly managed, this could lead to people being injured or physical assets being destroyed, with a negative impact on the Group's reputation, business volumes and financial results. In addition, any failure to comply with its legal and regulatory obligations in this regard could have legal consequences for the Group.

Risk management approach

The system of permanent controls to protect people and property is the responsibility of the business units' Human Resources, Technical and Operations departments and various other departments as appropriate. These departments are assisted by external experts in the relevant fields whenever necessary.

Each Group entity has implemented numerous occupational health and safety initiatives in its stores and warehouses, such as the drafting of safety procedure manuals – covering for example the procedure to be followed in the event of a fire – development of emergency plans, implementation of health and safety controls, and issue of formal site maintenance plans.

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.

For expatriates and employees who undertake international business travel, a system has been set up to ensure their safety while travelling and at their destination, and also to manage their repatriation if necessary.

XI. IMAGE AND REPUTATIONAL RISKS

Description of the risk

The development of social media in recent years has led to a sharp increase in image and reputational risks. In 2018, Casino found itself at the centre of repeated campaigns attacking its integrity and seeking to destabilise the Group. These campaigns may have had repercussions on the Casino, Guichard-Perrachon share price.

Risk management approach

To address this risk, external communications are prepared by the Communications department and all published information is approved by Senior Management and released under Senior Management's responsibility. The Group Communications department 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. Most of the Group's business units have a Communications correspondent. These correspondents meet at least once a month with the head of the Group Communications department to share significant information and provide feedback on communication initiatives.

The Group Communications department is also responsible for managing risks to Casino's image and that of its executives. It checks any information published about the Group on all types of media (newspapers, social networks, etc.) by implementing monitoring and alert systems and responds in a manner tailored to the situation concerned.

4.3.2. Legal risks

In the legal risks category, the Group considers that its main exposure is to compliance risk.

I. LEGAL AND REGULATORY COMPLIANCE RISKS

Description of the risk

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.

The Group considers that the anti-corruption provisions of France's Sapin II Act and the General Data Protection Regulation (GDPR) give rise to the greatest legal and regulatory risks, because they have only recently been adopted and their impact in terms of sanctions and reputational damage could be significant.

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 units are listed on stock exchanges and are subject to securities laws and regulations in the listing country. For example, Companhia Brasileira de Distribuçao – CBD (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) programme and is therefore also required to comply with the U.S. Sarbanes-Oxley Act in addition to local regulations.

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).

Risk management approach

- The Group Legal department's role is to ensure that the Group's operations comply with the applicable laws and regulations. The heads of business units and their representatives are responsible for ensuring compliance with the applicable laws in their host country. The Group Risks and Compliance department works with the Group Legal department and the dedicated teams in the business units (for example, the operational internal audit team) to identify legal and regulatory compliance risks and ensure that the related controls are properly applied (for more details about the Group Legal department's contribution to risk management, see section 4.1.1.3 "Parties involved in risk management and internal control").
- In particular, measures have been taken since 2016 to raise awareness of the new European General Data Protection Regulation that came into effect in May 2018, as well as other legislation arising from it. A GDPR Steering Committee common to all relevant business units met regularly in 2017 and up until the regulation's implementation date to identify the new requirements introduced by this legislation and to assist the banners in bringing their policies into line. In April 2018, it was replaced by a specific Data Compliance Committee, which meets twice a month.
- 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 in January 2017. Several new departments or positions (Compliance Officers, Risks and Compliance department) were also created and tasked with drawing up and implementing the necessary procedures and ensuring the Group's compliance with the provisions of the new law.

  More detailed information on the action taken by the Group to prevent bribery and corruption can be found in section 3.4 "Ethics and compliance" of Chapter 3 "Corporate Social Responsibility Report and Non-Financial Information Statement".

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 the Group's CSR policy, similar measures have been taken with regard to France's new corporate duty of care act, No. 2017-399, passed on 27 March 2017 applicable to parent companies and ordering parties (see section 3.5.4.1 of Chapter 3 "Corporate Social Responsibility Report and Non-Financial Information Statement").

II. TAX AND CUSTOMS RISKS

Description of the risk

The Group is required to comply with the rules applicable in its host countries to the industries in which its various business units operate. 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.

Risk management approach

Tax matters are dealt with by the Group Tax department, which reports 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 regulations and developments in all types of taxes and duties affecting the Group.

More generally, the Group 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.

III. CLAIMS AND LITIGATION

Description of the risk

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.

Risk management approach

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 Note 13 to the 2018 consolidated financial statements (see Chapter 2 of this Registration Document).

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.

4.3.3. Financial risks

Description of the risks

The Group's main financial risks are market risks (foreign currency risk, interest rate risk and equity risk), counterparty risk and liquidity risk.

Risk management approach

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 business units and reports to Senior Management. It has issued a Good Financial Practice Guide governing all financing, investment and hedging transactions carried out by Group business units.

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 business unit 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.

In the financial risks category, the Group considers that its greatest exposure is to liquidity risk in light of the potential seriousness of its consequences.

I. LIQUIDITY RISKS

Description of the risk

Liquidity risk is the risk of a company not having the necessary funds to settle its commitments when they fall due. If this risk were to occur, the Group could experience financial difficulties and, in the worst case scenario, its survival could be threatened.

Casino is exposed to this risk in the same way as all companies that use debt financing. Its loan and bond agreements include the acceleration clauses described below.

Risk management approach

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 financing sources;
- diversifying borrowing currencies;
- maintaining at all times confirmed financing facilities that significantly exceed the Group's liabilities;
- limiting annual debt repayments and proactively managing the repayment schedule;
- managing the average maturity of debt.

The liquidity analysis is performed both at the level of Casino, Guichard-Perrachon (taking into account the cash pool operated with all French subsidiaries) and for each of the Group's international subsidiaries.

All business units submit weekly cash reports to the Group and all new financing facilities require prior approval from the Corporate Finance department.

Casino, Guichard-Perrachon's debt and the debts of its main subsidiaries (GPA, Éxito and Monoprix) are unsecured, except for loans obtained by GPA from BNDES, which totalled €9 million at 31 December 2018.

The vast majority of Casino, Guichard-Perrachon's confirmed bank lines of credit are subject to a hard covenant based on the consolidated net debt/EBITDA ratio at 31 December which must be less than 3.5. At 31 December 2018, the ratio was between 1.84x and 2.74x (methods for calculating the ratio differ among the various lines of credit).

The financing facilities of GPA, Éxito and Monoprix are also subject to hard covenants. All of the covenants were complied with at 31 December 2018.

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).

Liquidity risk is discussed at length in Note 11.5.4 to the 2018 consolidated financial statements (see Chapter 2 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 the Casino Group). 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 11.19%, the bank's Tier 1 and CET1 capital adequacy ratios significantly exceed the minimum set by the banking supervisor.

II. MARKET RISKS

Description of the risk

The Group's main market risk exposures concern interest rate risk, current risk and equity risk.

Interest rate risk

Description of the risk

Interest rate risk is the risk of the Group experiencing an increase in borrowing costs due to higher interest rates.

Risk management approach

Interest rate risk is managed by monitoring and, when necessary, adjusting the interest cover ratio based on rate forecasts. The aim is to manage the risk of an increase in interest rates and optimise borrowing costs.

Various standard instruments are used to implement this strategy, but mainly interest rate swaps and options.

Specifically, Casino, Guichard-Perrachon's debt is mainly composed of fixed-rate bonds (principal amount of €5,338 million as at 31 December 2018). Interest streams on part of this debt were swapped for variable rate streams. As a result, as at 31 December 2018, 66% of Casino, Guichard-Perrachon's bond debt was at fixed rates of interest and 34% was at variable rates.

Note 11.5.2 to the 2018 consolidated financial statements includes an analysis of the sensitivity of debt to a 100-bps increase or decrease in interest rates.

Currency risk

Description of the risk

Due to its geographically diversified business base, the Group is exposed to both currency translation risk on the translation of the balance sheets and income statements of subsidiaries outside the euro zone and to transaction risk on transactions denominated in currencies other than the euro. Currency translation risk primarily concerns the financial statements of the Group's subsidiaries in Brazil and Colombia and arises from changes in exchange rates for the Brazilian real and Colombian peso against the euro. Transaction risk mainly concerns goods purchases billed in US dollars.

An unfavourable change in exchange rates could have a negative impact on the consolidated financial statements (translation risk) and lead to financial losses (transaction risk).

Risk management approach

Group policy consists of hedging currency transaction risk on highly probable future purchases (mainly goods purchases billed in US dollars). The risk is hedged through forward purchases of the payment currency. Currency risks on debt issues denominated in a currency other than that of the issuer are hedged in full.

The Group uses standard 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 groups, Casino may take very small, strictly controlled positions that do not qualify for hedge accounting, for more dynamic and flexible management of its interest rate exposures.

A breakdown of derivative financial instruments by type of risk and accounting classification is provided in Note 11.5.1 to the 2018 consolidated financial statements (see Chapter 2 of this Registration Document).

Equity risk

Description of the risk

Equity risk is the risk of losses due to an unfavourable change in share prices.

The Group is exposed to equity risk on its investments in its listed subsidiaries (GPA, Éxito, Mercialys, Cnova, Via Varejo) and on treasury shares.

A fall in the listed subsidiaries' share price could have a knock-on effect on Casino, Guichard-Perrachon's share price and the Group could also incur losses on its equity derivatives that have these subsidiaries' shares as their underlying.

Risk management approach

From time to time, the Group uses equity derivatives (total return swaps, forwards, puts and calls) to manage its financial exposure to its subsidiaries. These instruments are valued by a bank using market parameters (exchange rate, share price and interest rate). At each period-end, the instruments are marked to market.

The Group does not hold any options or other derivatives that have its own shares as the underlying.

Its cash management policy consists of investing solely in money market instruments that are not exposed to equity risk.

Market risks (interest rate risk, currency risk and equity risk) are discussed at length in Note 11.5.2 to the 2018 consolidated financial statements (see Chapter 2 of this Registration Document).

III. COUNTERPARTY AND CREDIT RISKS

Description of the risk

Counterparty risk is the risk that a counterparty fails and is unable to honour its financial commitments (credit risk) or other commitments to the Group.

The Group is exposed to counterparty risk in several ways: as a result of its operating activities (consumer finance for the Group's customers), cash investing activities and interest rate and currency hedging activities, for which the counterparties in all three cases are banking institutions.

If a counterparty risk were to occur, the Group could incur financial losses.

Risk management approach

- The Group 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).
- The Group's policy for managing customer credit risk consists of checking the financial health of all customers applying for credit. Customer receivables are regularly monitored; consequently, the Group's exposure to bad debts is not material.
- Concerning credit risk on other financial assets such as cash and cash equivalents, loans and derivative financial instruments, the Group's maximum exposure is limited to the instruments' carrying amount. The Group's cash management policy consists of investing cash and cash equivalents with highly-rated counterparties and in high-quality money market instruments.

Counterparty risk related to trade receivables and other assets is discussed in Note 11.5.3 to the 2018 consolidated financial statements (see Chapter 2 of this Registration Document).

4.4. INSURANCE – RISK COVER

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 the Group Finance department, is notably responsible for:

- contributing to the risk culture;
- helping to identify and analyse operational risks and transferring them to the insurance market;
- defining and coordinating French and international life and non-life insurance programmes;
- managing and controlling the captive reinsurance company;
- managing and overseeing claim processes;
- contributing to the crisis management process;
- supporting the distribution of insurance products (affinity products, franchisee insurance).

To help the department to fulfil these responsibilities, the Group uses the services of international brokers, engineering firms and consulting firms. The programmes are purchased from leading insurance companies with a satisfactory financial strength rating that are specialised in insuring major risks. The Group has purchased several international insurance programmes. 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.

Assessment of insurance cover and related costs

SELF-INSURANCE

To manage and control its insurance costs, in 2018 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, the Group reinsures part of its property damage risks through its captive reinsurance company in Luxembourg. In 2018, the reinsurance captive's commitments continued to be capped at €10 million per year.

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

In 2018, the Group pursued its policy of rationalising its insurance programmes covering all French and international subsidiaries.

The insurance programmes described below are those for 2018, which were still in force as of the date of this report. They may be changed at any time to account for 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 account for 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 fire, flood, explosion, natural disasters, terrorism and political violence, subsidence, electrical damage, business interruption and tenant risks.

In 2018, the Group rolled over the programme with the same limit of €400 million per claim and per year. The limits and/or sub-limits applicable to certain named perils and/or regions have been improved. No major and/or significant claims occurred in 2018 that could have led to a change in the terms and conditions of existing insurance policies or the total insurance premiums.

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:

- health and death/disability insurance in France;
- 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;
- transported goods insurance;
- corporate officers' liability insurance.
- cybercrime insurance, for which the limits were increased in 2018;
- fidelity 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.

4.5. SPECULATIVE ATTACKS ON THE SHARE PRICE

- Following the distribution by Muddy Waters – while trading was in progress on 17 December 2015 and after it had shorted Rallye and Casino stock – of a report containing untrue or misleading information about the Group, triggering an abrupt, very steep fall in the Casino share price, the Company immediately asked France's securities regulator, the AMF, to conduct an inquiry, impose a penalty and prevent such activities from occurring again. To the best of the Company's knowledge, the inquiry is still in progress.
- Since June 2018, Casino and Rallye have been the victims of further violent attacks and disinformation campaigns coordinated and orchestrated by hedge funds with the aim of artificially causing the value of their shares to collapse and destabilise the two companies, their employees and shareholders.

Casino and Rallye launched various procedures in response to these speculative attacks by short sellers who have borrowed unprecedentedly large quantities of Casino shares and breached market abuse regulations, including through the distribution of false or misleading information, and maintained constant downward pressure on the Casino and Rallye share prices.

Rallye and Casino reported these new speculative attacks to the AMF and asked for action to be taken to halt the attacks and impose sanctions. In addition, in October 2018 they filed a criminal complaint with France's financial Public Prosecutor for price manipulation, dissemination of false or misleading information, and insider trading, followed in November 2018 by a criminal complaint for false allegations with the Paris Public Prosecutor. These procedures are in progress.

Chapter 5

Corporate Governance Report

The Board of Directors' report on corporate governance ("Corporate Governance Report"), prepared pursuant to Article L. 225-37, last paragraph, of the French Commercial Code (*Code de commerce*), was reviewed and approved by the Board of Directors at its meeting of 13 March 2019.

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 during the financial 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 (Chapter 5).

Chapter 6 of the Registration Document presents the principles and rules adopted by the Board for the determination of the compensation and benefits in kind granted to corporate officers as well as the components of compensation due or paid to the corporate executive officer during the financial year and the principles and criteria of his compensation for the following financial year, subject to binding ex post and ex ante shareholder votes at the Annual General Meeting pursuant to 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 shareholders' meetings and the information that could have an impact in the event of a public tender offer, pursuant to Article L. 225-37-5 of the French Commercial Code, are set forth in Chapter 9, on pages 417 and 419, respectively. The table showing outstanding delegations of authority granted at the Annual General Meeting with respect to capital increases is presented in Chapter 7, page 362. For further information on the content of the Corporate Governance Report, please refer to the cross-reference table on page 443 of this Registration Document.

The Corporate Governance 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 Code revised in June 2018, the recommendations contained in the Code's guidelines updated in December 2018, the 2018 Activity Report of the High Commission on Corporate Governance (*Haut comité de gouvernement d'entreprise*), the recommendations of the French financial markets regulatory authority (*Autorité des marchés financiers* – AMF), and the recommendations of shareholders, voting consultants and non-financial rating agencies.

A draft of the Report was submitted to the Governance and Social Responsibility Committee and the Appointments and Compensation Committee on matters in their respective scopes of responsibility at their meetings prior to the review and approval by the Board of Directors.

The Statutory Auditors have stated in their report on the statutory accounts (pages 147 to 150) that said Report contains the information required of the report on corporate governance by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code, that they attest to 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 favour, and that 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 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 June 2018, 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 Governance and Social Responsibility Committee whose role with respect to social responsibility was broadened at the end of 2017. In order to protect minority shareholders of the Group's different subsidiaries and parent companies, the Board of Directors decided in 2015 to introduce a procedure for the systematic review of agreements entered into by Casino related parties, subsidiaries and parent companies, by the Audit Committee prior to their signature. The initiatives and tasks assigned in this connection to such Committees reflect the determination of the Board of Directors and Senior Management to ensure best corporate governance practices.

The Company's situation in relation to each of the recommendations of the Afep-Medef Code is presented in section 5.5.6.

5.2. Composition of the Board of Directors

5.2.1. Composition of the Board of Directors as at 13 March 2019 *(date of approval of the 2018 financial statements and adoption of the proposed resolutions)*

13 directors including
1 Director representing employees

Board independence rate:
42% (1)

1 Independent Lead **Director** since 2012

Women on Board: 50% (2)
and Chairs
of 2 Committees

(1) Above the one-third minimum set forth by the Afep-Medef Code. The Director representing employees is not taken into consideration for the calculation of the independence rate, in accordance with the Afep-Medef Code.
(2) Excluding the Director representing employee in accordance with Afep-Medef Code.

As at 13 March 2019, the Board of Directors seats thirteen Directors. It is comprised of twelve Directors appointed by the Annual General Meeting and one Director representing employees (appointed by the most representative union) pursuant to 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 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 memberships to the Board of Directors are renewed in part each year. The Company's Articles of Association impose a legal age limit according to which no more than one-third of the Directors may be aged over 70.

As at 13 March 2019, the members of the Board of Directors were as follows:

	Age/ Gender	Nationality	No. of shares	No. of directorships of listed companies[2]	Independence	First term of office	Term expires	Years on the Board	Participation in Committees: Audit	Participation in Committees: Governance and Social Responsibility	Participation in Committees: Appointments and Compensation
Executive Corporate Officer											
Jean-Charles Naouri[1] *Chairman and Chief Executive Officer*	70/H	🇫🇷	376 [3]	-		2003	2019	16			
Directors											
Nathalie Andrieux	53/F	🇫🇷	375	1	☑	2015	2021	4		M	C
Diane Coliche[1] *Representative of Matignon Diderot, Director*	41/F	🇫🇷	42,185	-		2016	2019	3			
Jacques Dumas[1] *Representative of Euris, Director*	66/H	🇫🇷	61,368	-		2015	2020	4			
Christiane Féral-Schuhl	61/F	🇫🇷 🇨🇦	674	-	☑	2017	2020	2		M	
Laure Hauseux	56/F	🇫🇷	700	-	☑	2018	2021	1	M		
Sylvia Jay	72/F	🇬🇧	400	1	☑	2012	2021	7			M
Didier Lévêque[1] *Representative of Finatis, Director*	57/H	🇫🇷	275	-		2008	2019	11			
Catherine Lucet *Lead Director*	60/F	🇫🇷	445	-	☑	2011	2021	8	M	C	
David de Rothschild	76/H	🇫🇷	400	-		2003	2020	16			M
Frédéric Saint-Geours	68/H	🇫🇷	350	-		2006	2020	13	C	M	
Michel Savart[1] *Representative of Foncière Euris, Director*	56/H	🇫🇷	22,158	-		2011	2020	8			
Director representing employees											
Gilbert Delahaye *Director representing employees*	63/H	🇫🇷	2,144	-	N/A	2017	2020	2			M

(1) Representing the controlling shareholder.
(2) Excluding Casino/Euris (Euris and its subsidiaries, and Casino, Guichard-Perrachon and its subsidiaries).
(3) The Chairman and Chief Executive Officer also exercises majority control over the Company through Euris (see Chapter 7, "Controlling Shareholder").
C: Chair
M: Member

Henri Giscard d'Estaing, Gilles Pinoncély and Gérald de Roquemaurel participate in Board Meetings in their capacity as non-voting Directors elected for a three-year term (see section 5.2.6 Non-voting Directors below).

Pursuant to the Board's Internal Rules, each Director appointed at the Annual General Meeting is required to own registered shares the value of which is equivalent 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 laid down in the Afep-Medef Code with respect to its members. Assisted by its Governance and Social Responsibility Committee and its Appointments and Compensation Committee, it periodically reviews its size, structure and membership, and performs a similar review of its Committees. New candidates and re-appointments, which are submitted for approval at shareholders' meetings, take into account the findings of the review into the Board's functioning and are the subject of recommendations by the Appointments and Compensation Committee. Since June 2017, employee representation on the Board has been organised in accordance with applicable law and the provisions of the 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 one-third threshold recommended by the Afep-Medef Code for companies having a controlling shareholder, which is the case with the Company. The Group also seeks increased representation by non-French professionals and experts in the Retail sector.

The appointment of Directors and the renewal of their terms of office are proposed to maintain or achieve such balance and ensure expertise consistent with the Group's business and growth strategy (food retail in France and Latin America, food and non-food e-commerce and related services, commercial real property, CSR improvement programmes, multi-channel strategy and digital innovation) and the technical tasks given to the Board's Committees. Other important factors are their willingness to be part of the Group's growth, their commitment to the Group's ethical standards and social responsibility programme, in addition to their availability in light of the frequency of Board and Committee meetings.

No objective is set in terms of age, except for compliance with the statutory age limit for holding office as a Director. The Board gives priority to ensuring that its members have a wealth of experience and complementary expertise.

The renewal of terms of office and appointments proposed at shareholders' meetings, as well as changes in the Committees, are consistent with the implementation of this policy (see paragraphs 5.2.3 and 5.2.4 below).

New candidates are proposed by independent consulting firms based on the criteria, profiles and areas of expertise specified by the Board and its Committees, and are reviewed by the Appointments and Compensation Committee. The Lead Director and the Chairman and Chief Executive Officer also participate in the selection process.

The resulting 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 2018

Annual General Meeting of 15 May 2018	Expired term	Renewed term	Appointments
	Nathalie Andrieux[(1)] Sylvia Jay[(1)] Catherine Lucet[(1)] Finatis (Didier Lévêque) Gérald de Roquemaurel[(2)]	Nathalie Andrieux[(1)] Sylvia Jay[(1)] Catherine Lucet[(1)] Finatis (Didier Lévêque)	Laure Hauseux[(1)] Gérald de Roquemaurel (Non-Voting Director)

(1) Independent members.
(2) No longer qualified as independent as from the Annual General Meeting of 15 May 2018. Resignation effective on the date of the Annual General Meeting of 15 May 2018 in order to keep the Board's present size and maintain a balanced representation of independent Directors.

APPOINTMENT OF A NEW INDEPENDENT DIRECTOR

The Annual General Meeting of 15 May 2018 approved all proposals to elect and re-elect Directors submitted to the meeting, including the election of a new Independent Director, Laure Hauseux, who contributes to the Board her financial expertise and experience of the retail sector. She joined the PPR group in 1997, holding the position of Group Financial Controller and then Store Manager with Fnac, before becoming CFO of Printemps and later Deputy CEO of Conforama Italy. She was Deputy General Manager of Virgin Stores from 2010 to 2013, then CEO of international audit and consulting firm GAC Group from 2014 to 2017.

The procedure for selecting candidates was conducted by the Appointments and Compensation Committee, with support from an independent 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:

- exposure to the retail market;
- financial expertise necessary to sit on the Audit Committee after the Annual General Meeting;
- knowledge of the French, European and, where possible, LATAM markets.

The Board thus ensured that it has within its ranks the complementary experience and appropriate skills required for the Company's business and the Committees' work. It also ensured that Laure Hauseux met all of the independence criteria laid down in the Afep-Medef Code, that there were no conflicts of interest and that she had enough time to fulfil her duties.

DIVERSITY AND BOARD INDEPENDANCE

During the previous year, the appointment of a new Independent Director, Christiane Féral-Schuhl, a French and Canadian citizen, a barrister and former Chair of the Paris Bar Association, with significant expertise in new technologies, IT and information systems law, and communication and intellectual property law, met the Board's diversity objectives in that it has added specialised legal expertise to the Board that is adapted to the Group's business and to the continuous improvement of its social responsibility programme.

After the close of the 2018 Annual General Meeting, 50% of Board members were women (6/12 excluding the Director representing employees, in accordance with the law) versus 42% previously, *i.e.*, above the minimum 40% threshold set by the Afep-Medef Code and French Law No. 2011-103 of 27 January 2011. The proportion of independent Board members was 42% (excluding the Director representing employees in accordance with the Afep-Medef Code), *i.e.*, above the one-third threshold recommended by the Afep-Medef Code for companies with a controlling shareholder, which is the case with the Company. The Board includes one member who is a foreign national and another who has dual nationality.

The Board has expertise consistent with the Group's business and growth strategy and with the technical tasks given to the Board's Committees. The findings on Director independence and the diversity of skills within the Board are presented in paragraphs 5.2.5 and 5.2.7 below.

APPOINTMENT OF A NEW LEAD DIRECTOR AND CHANGES IN THE COMPOSITION OF COMMITTEES OF THE BOARD IN 2018

At the close of the Annual General Meeting of 15 May 2018, having noted that Frédéric Saint-Geours no longer qualified as an Independent Director because he had served on the Board for the maximum 12-year period specified in the Afep-Medef Code, the Board designated Catherine Lucet, Independent Director and Chair of the Audit Committee since 2015, to succeed him as Lead Director and Chair of the Governance and Social Responsibility Committee (see section 5.3.1 The Chairman and Chief Executive Officer – Role of the Lead Director, below).

Membership on the Committees was changed more extensively 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:

	Audit Committee	Governance and Social Responsibility Committee	Appointments and Compensation Committee
Prior to the Annual General Meeting of 15 May 2018	Catherine Lucet(1) (Chair) Frédéric Saint-Geours(1) Gérald de Roquemaurel(1)	Frédéric Saint-Geours(1) *(Chairman and Lead Director)* Sylvia Jay(1) David de Rothschild	Gérald de Roquemaurel(1) *(Chairman)* Nathalie Andrieux(1) Gilbert Delahaye(2) Jacques Dumas
After the Annual General Meeting of 15 May 2018	Frédéric Saint-Geours *(Chairman)* Laure Hauseux(1) Catherine Lucet(1)	Catherine Lucet(1) *(Chair and Lead Director)* Nathalie Andrieux(1) Christiane Féral-Schuhl(1) Frédéric Saint-Geours	Nathalie Andrieux(1) *(Chair)* Gilbert Delahaye(2) Sylvia Jay(1) David de Rothschild

(1) Independent members.
(2) Director representing employees.

Frédéric Saint-Geours was appointed Chairman of the Audit Committee for a transitional period.

5.2.4. Composition of the Board of Directors submitted to the Annual General Meeting of 7 May 2019

Annual General Meeting of 7 May 2019	Term expires	Renewed term	New term
	Jean-Charles Naouri Finatis (Didier Lévêque) Matignon Diderot (Diane Coliche) Gilles Pinoncély (Non-Voting Director)	Jean-Charles Naouri Finatis (Didier Lévêque) Matignon Diderot (Diane Coliche) Gilles Pinoncély (Non-Voting Director)	-

The following Directors whose terms expire at the close of the Annual General Meeting of 7 May 2019 are proposed for re-election: Jean-Charles Naouri, Chairman and Chief Executive Officer, Finatis, Director representing the controlling shareholder, currently represented by Didier Lévêque, and Matignon-Diderot, Director representing the controlling shareholder, currently represented by Diane Coliche. The directorship of Finatis was renewed for one year in 2018, to facilitate a more regular renewal of Directors, as provided in Article 16-I of the Articles of Association.

The Directors' biographical details are presented on pages 295 and following.

The functions of Chairman of the Board of Directors and Chief Executive Officer, which were combined by the Board of Directors at its meeting dated 21 March 2005, have since been exercised by Jean-Charles Naouri, controlling shareholder of the Group and the sole senior executive corporate officer of the Company (see section 5.3.1 The Chairman and Chief Executive Officer, below).

In these conditions, subject to approval of these proposals at the Annual General Meeting, the Board would therefore remain unchanged at the close of the Meeting.

A proposal is also being submitted to the Annual General Meeting to re-elect Gilles Pinoncély, a member of the Guichard family, 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. Given the age limit applying to non-voting Directors, Gilles Pinoncély's term of office will expire prematurely at the Annual General Meeting called to approve the 2020 financial statements. After the Annual General Meeting, the Board would have two non-voting members, as Henri Giscard d'Estaing is not being proposed for re-election as a Non-Voting Director (see section 5.2.6. Non-voting Directors, below).

5.2.5. Independent Directors

In accordance with Afep-Medef Code recommendations, during the annual review of its composition, at its meeting on 13 March 2019 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 Annual General Meeting of 7 May 2019 (provided the proposed resolutions concerning re-elections of Directors are approved) has been assessed in relation to all of the independence criteria 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 within the Company's consolidation scope, or of the Company's parent or a company within said parent's consolidation scope, and not have held any of said positions in the previous five years;
- criterion 2: not be a senior corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a 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 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 that generate a material portion of its business with the Company or the Group;
- criterion 4: not have any 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 (a Director no longer qualifies as independent once the 12-year threshold is reached);
- criterion 7: not to be a senior non-executive corporate officer of the Company who receives variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or the Group;
- criterion 8: not be and not control or represent a shareholder that owns, either alone or together with others, over 10% of the shares or 10% of the voting rights at Company shareholders' meetings.

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 qualify as independent hold 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 non-materiality of the transactions for each of the parties, the fact that the Director does not hold an executive position within the company or group concerned or does not have a stake in managing the relationship and that the business relationship pre-dates his or her appointment to the Company's Board.

The Board of Directors has confirmed its analysis of the independence of Nathalie Andrieux, Christiane Féral-Schuhl, Sylvia Jay, Laure Hauseux and Catherine Lucet with regard to the Company or its Group and confirmed that none of them has any direct or indirect business ties with the Company or its Group that might compromise their freedom of judgement.

As a reminder, the assignment entrusted to Nathalie Andrieux in 2017, in respect of which the Board authorised payment of compensation that was subject to the approval procedure applicable to related-party agreements, was both exceptional and non-recurring.

With regard to 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 unlikely to compromise her independence with respect to matters discussed by the Board, nor are they likely to give rise to conflicts of interest. These business ties largely precede her appointment to Casino's Board. All transactions are on arm's-length terms and no potential conflict of interest has ever been flagged. The Casino Group deals with over 30,000 approved suppliers and, moreover, these types of purchases are managed independently by a dedicated subsidiary, Achats Marchandises Casino (AMC), or by the operating subsidiaries. After reviewing the parties' respective purchase and sale volumes with each other (which are not disclosed for trade secrecy reasons) compared to their total purchases and sales, as reviewed by the Appointments and Compensation Committee, the Board of Directors found that the transaction volumes were not material for either party.

Catherine Lucet also stated that she has never, since the beginning of her directorship, been the subject of a conflict of interest and that, should any such conflict arise, she would refrain from taking part in any Board discussion or decision involving either of these companies in accordance with the Board's Internal Rules.

As in preceding years, David de Rothschild does not qualify as independent owing to the material business relationships he has with the Group and/or its executives. On the basis of length of service provided in the Afep-Medef Code, Frédéric Saint-Geours ceased to qualify as an Independent Director as from the 2018 Annual General Meeting, having at that time served for twelve years.

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, and they do not hold the majority of votes on the Board of Directors. The following table shows the extent to which each member of the Board of Directors fulfilled independence criteria after the Annual General Meeting of 7 May 2019:

Directors	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Criterion 8	Qualification
Nathalie Andrieux	yes	yes	yes	yes	yes	yes	yes	yes	Independent
Christiane Féral-Schuhl	yes	yes	yes	yes	yes	yes	yes	yes	Independent
Laure Hauseux	yes	yes	yes	yes	yes	yes	yes	yes	Independent
Sylvia Jay	yes	yes	yes	yes	yes	yes	yes	yes	Independent
Catherine Lucet	yes	yes	yes	yes	yes	yes	yes	yes	Independent
Frédéric Saint-Geours	yes	yes	yes	yes	yes	no	yes	yes	Not Independent
David de Rothschild	yes	yes	no	yes	yes	no	yes	yes	Not Independent
Jean-Charles Naouri(1)	no	yes	yes	yes	yes	no	yes	no	Not Independent
Diane Coliche, representing Matignon Diderot(1)	no	yes	yes	yes	yes	yes	yes	no	Not Independent
Jacques Dumas, representing Euris	no	yes	yes	yes	yes	yes	yes	no	Not Independent
Didier Lévêque, representing Finatis(1)	no	yes	yes	yes	yes	yes	yes	no	Not Independent
Michel Savart, representing Foncière Euris	no	yes	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	N/A

(1) Director proposed for re-election at the Annual General Meeting called on 7 May 2019.
(2) Pursuant to the Afep-Medef Code, the Director representing employees is not included when calculating the independence rate.

After the Annual General Meeting of 7 May 2019, called to propose the re-election of existing Directors, five out of twelve of the Directors serving on the Board of Directors will qualify as independent – equivalent to 42% – which exceeds the one-third proportion 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 opinions or make observations that they deem appropriate. No more than five non-voting Directors may sit on the Board. The age limit for serving as a non-voting Director is 80.

Gérald de Roquemaurel was appointed as a non-voting Director at the Annual General Meeting of 15 May 2018 after serving as a Company Director for 12 years.

Henri Giscard d'Estaing and Gilles Pinoncély were appointed non-voting Directors at the Annual General Meeting of 13 May 2016 after serving as Company Directors for 12 and 13 years, respectively. Only Gilles Pinoncély will be proposed for re-election at the Annual General Meeting of 7 May 2019. Given the statutory age limit, his term of office will expire at the Annual General Meeting to approve the financial statements for the financial year ending December 31, 2020.

As non-voting Directors on the Board of Directors, their expertise and extensive knowledge of the Group, its operations, and the retail sector enriches debate and discussion between the Directors. At the Audit Committee's request, Gilles Pinoncély is invited to attend Audit Committee meetings where he provides opinions or observations based on his significant expertise in the operations side of business.

5.2.7. Diversity of skills on the Board

The Board offers a diversity of skills, as follows:

	Commerce Retail	Digital / Technologie / Medias	Finance	Real Property / Asset management	Industry / Transportation / Tourism	Law	Social Responsibility	International experience	Experience in the general management
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 directorships, other positions and expertise of the members are described in detail below in section 5.5 "Information about corporate officers".

5.3. GOVERNANCE STRUCTURE

5.3.1. The Chairman and Chief Executive Officer

Since the decision of the Board of Directors at its meeting of 21 March 2005 to combine the functions of Chairman of the Board of Directors and Chief Executive Officer and attribute them to the one person, said functions have been performed by Jean-Charles Naouri, controlling shareholder of the Group and the sole executive corporate officer of the Company.

After Jean-Charles Naouri was re-appointed as Director at the Annual General Meeting of 13 May 2016, the Board of Directors decided to maintain this combination of functions as it was considered well suited to a company with a sole controlling shareholder and to re-appoint Jean-Charles Naouri as Chairman and Chief Executive Officer.

Immediately after the Annual General Meeting of 7 May 2019, at which shareholders will be asked to re-elect Jean-Charles Naouri as a Director and provided that he is re-elected, the Board of Directors will be asked to vote on the proposal to keep the positions of Chairman and Chief Executive Officer combined and to re-appoint Jean-Charles Naouri to this dual role, in line with the unanimous recommendations of the Governance and Social Responsibility Committee and the Appointments and Compensation Committee, and with the unanimous support of the independent Directors.

The Board considers that the Group's strategic and financial challenges represent a compelling argument in favour of continuing to combine the roles of Chairman and Chief Executive Officer in a highly-competitive, fast-changing environment, as this governance structure makes decision-making processes more efficient by strengthening the link between strategic planning and implementation.

BALANCED GOVERNANCE

In accordance with the Chairman and Chief Executive Officer's wishes, Senior Management's powers were restricted and an Independent Lead Director was elected 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 of 11 May 2012 and has been entrusted since then to an Independent Director (see sections 5.3.3 and 5.5.3 below).

The sound practices favouring 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 whose social responsibility duties were extended at the end of 2017;
- compliance with the Afep-Medef Code's recommendations concerning the proportion of independent Directors on the Board of Directors and on the Committees;
- 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 may seek advice from independent experts;
- holding a meeting of independent Directors at least once a year to discuss any subject. These meetings, chaired by the Lead Director, provide an opportunity to conduct an annual review of the functioning of the Board and to monitor implementation of the suggestions resulting from the review;
- the Independent Lead Director's work in preventing and managing conflicts of interest and his or her role vis à vis independent Directors;
- implementing procedures to strictly manage conflicts of interest, the ability of the Governance and Social Responsibility Committee to examine any exceptional issue that could potentially give rise to a conflict of interest and the procedure for reviewing agreements between related parties, entrusted since 2015 to the Audit Committee in addition to the review of related-party agreements and related independent expert advice issued in that respect (see section 5.5.5. Rules of Conduct – Conflicts of Interest – Protection of Minority Shareholders below);
- periodic review of the Board's internal rules and the Committees' charters, and modification of their provisions, where required.

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 unlimited 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 shareholders' 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 wished certain management transactions to be submitted to the Board for prior approval in view of the type of transaction and/or the amounts involved. 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. Role of the Lead Director

In accordance with Article 13 of the Board of Directors' Internal Rules, the Lead Director is elected 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 the Company's governance structure is balanced and that combining the roles of Chairman and Chief Executive Officer does not have an adverse impact on the proper functioning of the Board, in terms of 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 also plays an essential role in preventing and managing conflicts of interest.

Catherine Lucet has served as Lead Director since 15 May 2018, replacing Frédéric Saint-Geours who no longer qualified as an Independent Director due to strict application of the 12-year service criterion of the Afep-Medef Code.

She is also Chair of the Governance and Social Responsibility Committee, which is responsible for monitoring and implementing best governance practices, and may submit to the Committee any issues that arise during the performance of her duties as Lead Director. She may attend meetings of Committees of which she is not a member and have access to all their work and to information that is made available to them.

She chairs meetings of independent Directors, which provide an opportunity to discuss any subjects they may suggest and to conduct an annual review of the functioning of the Board.

She is also a member of the Audit Committee, which she chaired between 7 July 2015 and 15 May 2018. The Audit Committee is also responsible for examining or monitoring material or strategic transactions, examining specific issues and – since 2015 – reviewing the agreements between related parties (see section 5.5.5. Rules of Conduct – Conflicts of Interest – Protection of Minority Shareholders).

The activity report of the two successive Lead Directors for 2018 is set forth on page 329 (see section 5.5.3 below).

5.3.4. 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 one 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;
- Stéphane Brunel, Executive Director, Performance Management and Strategic Planning;
- Hervé Daudin, Executive Director, Merchandise Director and Chairman of Achats Marchandises Casino;
- Peter Paul Estermann, Chief Executive Officer of GPA (Brazil);
- Franck-Philippe Georgin, General Secretary, Executive Committee Secretary;
- Carlos Mario Giraldo Moreno, Chairman and Chief Executive Officer of the Éxito Group (Colombia);
- Julien Lagubeau, Chief Operating Officer;
- David Lubek, Chief Financial Officer;
- Jean-Paul Mochet, Chief Executive Officer of Franprix;
- Tina Schuler, Chief Executive Officer of Leader Price, Casino Supermarchés, Géant Casino and Casino Proximités;
- Régis Schultz, Chairman of Monoprix;
- Arnaud Strasser, Executive Director, Corporate Development and Holdings; Vice Chairman of GPA.

GENDER BALANCE ON MANAGEMENT COMMITTEES AND DIVERSITY IN THE MOST SENIOR MANAGEMENT POSITIONS

The Group's long-standing human resources development policies, covering such areas as hiring, training, support, mentoring, career management and cross-functional mobility, are designed to foster and develop diverse potentials, without discriminating against potential candidates – women in particular – in order to prepare succession plans to take over from Senior Management when the time comes.

All of the initiatives deployed each year aim notably to improve over time the gender balance on the Business Units' management committees and in the Group Executive Committee.

Senior Management tracks the main indicators concerning the women employed in the Business Units in order to ensure that gender balance and fairness are embedded in career advancement opportunities. The review is based on consolidated indicators produced as of 30 June and 31 December of each year. The indicators notably measure the change in the proportion of top management positions (corresponding to the top two levels in the management hierarchy represented by senior executives and Senior Management) held by women and the proportion of women members of the management committees in France.

As of 31 December 2018, the proportion of women was 27% for top management and 31% for the 12 management committees of the Business Units in France and the Upstream (merchandise and supply chain) functions. Currently, of the thirteen members of the Group Executive Committee only one is a woman (8%). Her responsibilities are very broad, covering five Business Units in France.

These indicators provide a basis for assessing the results of efforts to increase the proportion of women holding the top 10% of senior management positions in France as of 31 December 2018.

5.4. INFORMATION ABOUT CORPORATE OFFICERS

JEAN-CHARLES NAOURI

Chairman and Chief Executive Officer
(proposed for re-election)

Born

8 March 1949

Nationality: French

Business address

1, cours Antoine Guichard – 42000 Saint-Étienne, France

Number of Casino shares held: 376

Expertise and experience

A graduate of *École normale supérieure* (majoring in Science), Harvard University and *École nationale d'administration*, Jean-Charles Naouri, an *Inspecteur général des finances*, began his career 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

Position/Duties	Date of appointment	Term of office ends
Director	4 September 2003	AGM of 7 May 2019
Chairman of the Board of Directors	4 September 2003	AGM of 7 May 2019
Chief Executive Officer	21 March 2005	AGM of 7 May 2019

Other directorships and positions held in 2018 and as of 13 March 2019

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 Fondation d'Entreprise Casino;
- Chairman of Fondation Euris.

Outside the Casino Group/Euris

- Director and Member of the Selection, Appointments and Compensation Committee of Fimalac;
- Honorary Chairman and Director of *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);
- Member of the Supervisory Board of Monoprix SA;
- Chairman of "Promotion des Talents", a non-profit organisation.

NATHALIE ANDRIEUX

Independent Director

Born

27 July 1965

Nationality: French

Business address

171, rue de l'Université – 75007 Paris, France

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 Chair of the Board 2009. She became Chair of the Board 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 has been 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

Position/Duties	Date of appointment	Term of office ends
Independent Director	12 May 2015	AGM to be held in 2021
Member of Appointments and Compensation Committee	7 July 2015	AGM to be held in 2021
Chair of Appointments and Compensation Committee	15 May 2018	AGM to be held in 2021
Member of Governance and Social Responsibility Committee	15 May 2018	AGM to be held in 2021

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group

- Member of the Supervisory Board and Member of the Audit Committee of Lagardère (listed company);
- Chair of the Board of Directors of ENSCI-Les Ateliers*;
- Non-executive member of the Strategy Committee of Groupe Open (listed company).

Other directorships and positions held in the past five years (excluding those listed above)

- Chair of Mediapost Holding;
- Director of Docapost, Maileva and Mix Commerce;
- Member of the Strategy Committee of Cabestan, Matching, Mediapost, Media Prisme, Mediapost Publicité 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 Board of Institut Mines Telecom.

* *Term expires in 2019.*

GILBERT DELAHAYE

Director representing employees

Born

15 September 1955

Nationality: French

Business address

1, cours Antoine Guichard – 42000 Saint-Étienne, France

Number of Casino shares held: 2,144

Expertise and experience

Gilbert Delahaye has a university degree in technology, with a specialisation in marketing and sales and has spent his entire career with Casino. Joining the Group on 1 January 1979 as Sales Director of Proximité (convenience stores), he became Management Controller in 1982, a position he held until 1986. He was 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 Cross-Functional CSR Projects from 2010. He has also been Deputy Director of External Relations for Casino Services since 2014.

Main executive position

Director of Cross-Functional CSR projects for Casino Services

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Director (representing employees)	6 May 2017(1)	AGM to be held in 2020
Member of Appointments and Compensation Committee	15 December 2017	AGM to be held in 2020

(1) Gilbert Delahaye was designated by the Group's most representative union to sit on the Board of Directors at its first meeting after the designation date, i.e., 13 June 2017.

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group

- Chairman of FCPE Casino (corporate mutual fund);
- 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)

None

CHRISTIANE FÉRAL-SCHUHL

Independent Director

Born

21 May 1957

Nationality: French and Canadian

Business address

24, rue Erlanger – 75016 Paris, France

Number of Casino shares held: 674

Expertise and experience

Member of the Paris Bar (since 1981) and the Quebec Bar (since 2016), Christiane Féral-Schuhl holds a degree from *Université de Paris II* (*maîtrise en Droit des affaires* – Masters in Business Law). She joined the international law firm Serrero, Giroux & Buhagiar before moving to Huglo-Lepage. In 1988, with Bruno Grégoire Sainte-Marie, she founded FG Associés, a firm specialising in the law relating to new technologies. In 1998, they and their team joined Salans, Hertzfeld to form the IT department (Informatics, Technologies and Communication) of the international 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. Her particular areas of practice are IT, internet, media and telecommunications law. She also acts as mediator, arbitrator, and cyber-arbitrator.

Christiane Féral-Schuhl served as President of the 25,000-strong Paris Bar from 2012 and 2013, 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) and 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) (2016-2017). She is currently Chair of the *Conseil National des Barreaux* (CNB – French National Bar Council)

Author of *Cyberdroit: le droit à l'épreuve de l'Internet (Dalloz Praxis – 7th edition, 2018)* (Cyberlaw: the Challenge to Law Represented by the Internet"), 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

- Lawyer admitted to the Paris Bar and the Quebec Bar;
- 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;
- Referenced in the Directory of the *Conseil National de Médiation des Avocats (CNMA) du Conseil National des Barreaux (CNB)* (National Lawyers' Mediation Council of the French National Bar Council) and included on the list of *Mediateurs auprès de la Cour d'appel de Paris* (Paris Appeal Court Mediators).

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Independent Director	5 May 2017	AGM to be held in 2020
Member of Governance and Social Responsibility Committee	15 May 2018	AGM to be held in 2020

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group

- Member of the *Comité de Direction* (Management Committee) of the CARPA;
- President of the French National Bar Council (*Conseil National des Barreaux*).

Other directorships and positions held in the past five years (excluding those listed above)

- Member of the French High Commission for Equality (*Haut Conseil de l'Égalité* – HCEfh);
- Co-Chair of the French Parliamentary Committee on Digital Affairs;
- Member of the Paris Bar Association (*Conseil de l'Ordre des Avocats de Paris*);
- Member of the Administrative Courts and Administrative Court of Appeal Council and designated by the French President as a qualified person.

LAURE HAUSEUX

Independent Director

Born

14 August 1962

Nationality: French

Business address

4, villa Schutz et Daumain – 92270 Bois-Colombes, France

Number of Casino shares held: 700

Expertise and experience

Laure Hauseux holds a degree from the Franco-German Chamber of Commerce, an MBA from ESCP Europe, a post-graduate degree in Management Control 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 held the positions of 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, Laure Hauseux continued her career with Virgin Stores as Deputy General Manager, then, in 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

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Independent Director	15 May 2018	AGM to be held in 2021
Member of Audit Committee	15 May 2018	AGM to be held in 2021

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group

- Member of the Supervisory Board and Member of the Audit Committee of ECG Holding SAS;
- Member of the Management Board and Chair of the Audit Committee of Obol France 1;
- Legal Manager of SCI Le Nid.

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);
- Legal Manager of GA Conseil and Grande Armée Conseil;
- Managing Director of GAC;
- Member of the Supervisory Board, member and Chair of the Audit Committee of Zodiac Aerospace* (listed company).

* *Directorships and positions expired in 2018.*

LADY SYLVIA JAY

Independent Director

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-Chair of L'Oréal UK & Ireland and in 2011, she was appointed Chair 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

Position/Duties	Date of appointment	Term of office ends
Independent Director	11 May 2012	AGM to be held in 2021
Member of Appointments and Compensation Committee	15 May 2018	AGM to be held in 2021

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group
▪ Non-executive Director of Lazard Ltd (listed company – United States).

Other directorships and positions held in the past five years (excluding those listed above)

- Director of Alcatel-Lucent and Saint-Gobain (listed companies);
- Trustee of the Entente Cordiale Scholarship Scheme and the Prison Reform Trust.

CATHERINE LUCET

Independent Director

Born

3 February 1959

Nationality: French

Business address

25, avenue Pierre-de-Coubertin – 75013 Paris, France

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, a 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, the Le Robert dictionaries, and Daesign, a serious games publisher, and Chair of Éditions Nathan and Daesign.

Main executive position

Chief Executive Officer of the Education and Reference division of Editis

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Independent Director	28 February 2011	AGM to be held in 2021
Independent Director	15 May 2018	AGM to be held in 2021
Member of Audit Committee	19 June 2012	AGM to be held in 2021
Member of Governance and Social Responsibility Committee	15 May 2018	AGM to be held in 2021
Chair of Governance and Social Responsibility Committee	15 May 2018	AGM to be held in 2021

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group	
Within the Editis group	**Outside the Editis group**
▪ Chair of S.e.j.e.r and Daesign; ▪ Chair 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)

- Chair and Chief Executive Officer of Paraschool and S.e.j.e.r;
- Chair of Dokeo TV;
- Director of the Cap Digital Competitiveness Division.

DAVID DE ROTHSCHILD

Director

Born

15 December 1942

Nationality: French

Business address

23 bis, avenue de Messine – 75008 Paris, France

Number of Casino shares held: 400

Expertise and experience

David de Rothschild ran the Rothschild & Co SCA group (formerly Paris-Orléans) from 2003 to 2018. In May 2018, he was named Chairman of the Supervisory Board of Rothschild & Co SCA in connection with a succession plan whereby his son Alexandre de Rothschild succeeded him as Chairman of Rothschild & Co Gestion SAS, the Managing General Partner of Rothschild & Co SCA. He is a descendant of Mayer Amschel Rothschild, founder of the Rothschild dynasty, and of Baron James de Rothschild, who created Banque Rothschild Frères in Paris in 1812. David de Rothschild has worked in banking for over 40 years, gaining experience in the various branches of the family business. After Banque Rothschild Frères was nationalised in 1981, David de Rothschild and his cousin Eric de Rothschild were authorised to create a new Rothschild bank in France in 1986. In 2003, David and Eric de Rothschild agreed to a plan to merge the family's UK and French businesses, leading in 2008 to the creation of the family holding company Rothschild & Co Concordia SAS. David de Rothschild is a graduate of *Institut d'études politiques de Paris*.

Main executive position

Chairman of the Supervisory Board of Rothschild & Co SCA

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Director	4 September 2003	AGM to be held in 2020
Member of Appointments and Compensation Committee	15 May 2018	AGM to be held in 2020

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group	
Within the Rothschild group	**Outside the Rothschild group**
▪ Chairman of 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; ▪ Legal Manager of Bero and RCB Partenaires; ▪ Member of the Supervisory Board of Banque Martin Maurel; ▪ Director of Rothschild & Co Concordia; ▪ Sole Director of GIE Sagitas; ▪ Chairman of Rothschild Europe BV (Netherlands); ▪ Member of the Board of Directors of Continuation Investments NV (Netherlands).	▪ Legal Manager 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 Rothschild & Co Gestion*, Rothschild & Co Concordia* and Rothschild Martin Maurel Associés*;
- Managing Partner of Rothschild & Cie*;
- Director of Edmond de Rothschild and Compagnie Financière Martin-Maurel;
- Member of the Supervisory Board of Euris;
- Legal Manager of Rothschild Martin Maurel;
- Chairman of NM Rothschild & Sons Ltd (United Kingdom), Rothschild & Co Continuation Holdings AG (Switzerland) and Rothschild & Co North America Inc. (United States);
- Vice-Chairman of Rothschild & Co Bank AG (Switzerland);
- Member of the Board of Directors of Rothschild Asia Holdings Ltd (China), Rothschild & Co Concordia AG (Switzerland), Rothschild & Co Continuation Holdings AG (Switzerland), Rothschild & Co Holding AG (Switzerland) and Rothschild Employee Trustees Ltd (United Kingdom).

* *Directorships and positions expired in 2018.*

FRÉDÉRIC SAINT-GEOURS

Director

Born

20 April 1950

Nationality: French

Business address

Campus Étoiles – 2 place aux Étoiles – 93200 La Plaine Saint-Denis, France

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 Chairman of the UIMM trade federation from 20 December 2007 until 2014. 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 appointed Chairman of *Groupe des Fédérations Industrielles*. In November 2014, France's Council of Ministers appointed him as Chairman of the Supervisory Board of SNCF, 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

Position/Duties	Date of appointment	Term of office ends
Director(1)	31 May 2006	AGM to be held in 2020
Member of Audit Committee	31 May 2006	AGM to be held in 2020
Chairman of Audit Committee	15 May 2018	AGM to be held in 2020
Member of Governance and Social Responsibility Committee	7 July 2015	AGM to be held in 2020

(1) In 2018, Frédéric Saint-Geours ceased to qualify as an Independent Director, having served on the Board for the maximum period specified in the Afep-Medef Code.

Other directorships and positions held in 2018 and ongoing as at 13 March 2019

Outside the Casino Group

- Director of BPIFrance Investissement and BPIFrance Participations.

Other directorships and positions held in the past five years (excluding those listed above)

- Vice President of the Conseil National de l'Industrie;
- Chairman of the *Union des Industries et des Métiers de la Métallurgie* and of the *Groupe des Fédérations Industrielles*.

EURIS

Director

Simplified joint stock company *(société par actions simplifiée)* with share capital of €164,806

Headquarters

83, rue du Faubourg-Saint-Honoré – 75008 Paris, France

348 847 062 Trade and Companies Registry Paris

Number of Casino shares held: 365

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Director	4 September 2003	AGM to be held in 2020

Other directorships and positions held in 2018 and as of 13 March 2019

With the Casino Group/Euris
▪ 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, France

Number of Casino shares held: 61,368

Expertise and experience

Holder of a Masters Degree in Law and graduate of the *Institut d'études politiques de 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 of Casino, Guichard-Perrachon

Deputy Chief Executive Officer of Euris.

Other directorships and positions held in 2018 and as of 13 March 2019

With the Casino Group/Euris	Outside the Casino Group/Euris
▪ Director of Rallye (listed company); ▪ Member of the Supervisory Board of Monoprix SAS; ▪ 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); ▪ Legal Manager 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 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);
- Member of the Audit, Risk and Sustainable Development Committee of Mercialys (listed company).

FINATIS

Director

(proposed for re-election)

Société anonyme (joint stock company) with share capital of €84,852,900

Headquarters

83, rue du Faubourg-Saint-Honoré – 75008 Paris, France

712 039 163 Trade and Companies Registry Paris

Number of Casino shares held: 380

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Director	15 March 2005	AGM of 7 May 2019

Other directorships and positions held in 2018 and as of 13 March 2019

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

First elected on 29 April 2010

Born

20 December 1961

Nationality: French

Business address

83, rue du Faubourg-Saint-Honoré – 75008 Paris, France

Number of Casino shares held: 275

Expertise and experience

Didier Lévêque is a graduate of *École des hautes études commerciales*. From 1985 to 1989, he was a Research Lead for the Finance department of Roussel-Uclaf. He joined the Euris Group in 1989 as deputy Corporate Secretary. 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 2018 and as of 13 March 2019

With the Casino Group/Euris	Outside 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. and Euris Real Estate Corporation (EREC); ▪ 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 as Director of Rallye (listed company); ▪ Co-Manager of Silberhorn (Luxembourg); ▪ Member and Treasurer of 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); ▪ Representative of Matignon Diderot, Legal Manager of SCI Penthièvre Neuilly.	▪ Member of the Board of Directors of Wansquare.

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of the Board of Directors of Cnova NV (listed company – Netherlands);
- Chairman and Chief Executive Officer of Parande Brooklyn Corp.* (United States);
- Vice-Chairman and Non-Executive Director of the Board of Directors of Cnova NV (listed company – Netherlands);
- Member of the Supervisory Board of Centrum Leto (Luxembourg);
- Permanent Representative of Foncière Euris on the Board of Directors of Casino, Guichard-Perrachon (listed company);
- Legal Manager of EMC Avenir 2.

* *Directorships and positions expired in 2019.*

FONCIÈRE EURIS

Director

Société anonyme (joint stock company) with share capital of €149,158,950

Headquarters

83, rue du Faubourg-Saint-Honoré – 75008 Paris, France – 702 023 508 Trade and Companies Registry Paris

Number of Casino shares held: 365

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Director	29 April 2010	AGM to be held in 2020

Other directorships and positions held in 2018 and as of 13 March 2019

With the Casino Group/Euris
▪ Chair 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)

Chair of Marigny Belfort.

MICHEL SAVART

Permanent representative of Foncière Euris since 9 February 2017

First elected 28 February 2011

Born

1 April 1962

Nationality: French

Business address

83, rue du Faubourg-Saint-Honoré – 75008 Paris, France

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 2018 and as of 13 March 2019

With the Casino Group/Euris

- Chairman of the Management Board of Centrum Serenada Sp. Zoo and Centrum Krokus Sp. Zoo (Poland);
- Permanent Representative of Rallye on the Supervisory Committee of Groupe Go Sport;
- Representative of Delano Holding, Co-Legal Manager of Delano Participations;
- Representative of Foncière Euris, Chairman of Marigny Foncière, Mat-Bel 2 and Matignon Abbeville;
- Representative of Immat Bel, Co-Legal Manager of Delano Holding;
- Representative of Marigny Foncière, Co-Legal Manager of Les Deux Lions and Ruban Bleu Saint-Nazaire, Legal Manager of Pont de Grenelle and Centre Commercial Porte de Châtillon;
- Representative of Mat-Bel 2, Legal Manager of Immat Bel and Matbelys;
- Co-Manager of Guttenbergstrasse BAB5 GmbH (Germany).

Outside the Casino Group/Euris

- Director, member of the Investment Committee and member of the Audit, Risks and Sustainable Development Committee of Mercialys (listed company);
- Chairman of Aubriot Investissements.

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of the Management Board of Centrum Riviera Sp. Zoo and 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 Matignon Abbeville, Manager 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;
- Representative of Mat-Bel 2, Legal Manager of Marigny Fenouillet;
- Representative of Fenouillet Participation, Legal Manager of Fenouillet Immobilier;
- Representative of Marigny Fenouillet as Legal Manager of Fenouillet Participation;
- Representative of Immat Bel, Legal Manager of Marigny Fenouillet;
- Permanent Representative of Rallye on the Board of Directors of Groupe Go Sport;
- Co-Manager of Einkaufszentrumam Alex GmbH and Loop 5 Shopping Centre GmbH (Germany);
- Legal Manager of Aubriot Investissements and Montmorency*;
- Member of the Appointments and Compensation Committee of Mercialys* (listed company).

* *Directorships and positions expired in 2018.*

MATIGNON DIDEROT

Director

(proposed for re-election)

Simplified joint stock company (*société par actions simplifiée*) with share capital of €83,038,500

Headquarters

83, rue du Faubourg-Saint-Honoré – 75008 Paris, France – 433 586 260 Trade and Companies Registry Paris

Number of Casino shares held: 350

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Director	17 October 2007	AGM of 7 May 2019

Other directorships and positions held in 2018 and as of 13 March 2019

With the Casino Group/Euris
▪ Director of Finatis and Foncière Euris (listed companies);
▪ Legal Manager 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, France

Number of Casino shares held: 42,185

Expertise and experience

A graduate of ESSEC business school, with a Master's degree in Business Law from *Université Paris II – Panthéon Assas*, Diane Coliche was M&A and Investments Director at Casino from 2010 to 2016. Prior to joining the Casino Group, she worked in the Mergers and Acquisitions department of investment bank Morgan Stanley in Paris and London from 2000 to 2010. She has been Finance and Development Director of the Monoprix group since January 2017.

Main executive position

Finance and Development Director, Monoprix Group

Other directorships and positions held in 2018 and as of 13 March 2019

With the Casino Group/Euris
▪ Chair of Beauty Monop' Plus and Simonop' 1 Gestion;
▪ Chief Executive Officer of LRMD and Monop'Station SAS;
▪ Legal Manager 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 Officer 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).

GILLES PINONCÉLY

Non-Voting Director

(proposed for re-election)

Born

5 January 1940

Nationality: French

Business address

1, cours Antoine Guichard – 42000 Saint-Étienne, France

Number of Casino shares held: 4,000 fully-owned and 21,000 as beneficial owner

Expertise and experience

A graduate of *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 an authorised signatory in 1976, Managing Partner of Casino in 1981, then Statutory Legal Manager in 1990. He became a member of Casino's Supervisory Board in 1994 and joined the Board of Directors in 2003.

Main executive position

Director of various companies

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Non-Voting Director	13 May 2016	AGM of 7 May 2019

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group
▪ Director of Financière Célinor (Vie & Véranda);
▪ Director of the Centre Long Séjour Sainte-Élisabeth, a retirement home.

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).

GÉRALD DE ROQUEMAUREL

Non-Voting Director

Born

27 March 1946

Nationality: French

Business address

64, rue de Belle Vue – Brussels 1000, Belgium

Number of Casino shares held: 400

Expertise and experience

Gérald de Roquemaurel holds a Law degree, is a graduate of *Institut d'études politiques de Paris* and attended *École nationale d'administration* from 1970 to 1972. A direct descendant of Louis Hachette (founder of the Hachette publishing house), he joined Filipacchi Publications 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 was later a member of the Executive and Strategy Committee of Lagardère SCA, a Director of Hachette SA, and Legal Manager 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 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 Legal Manager of BGR Partners, Arjil's partnering group in Belgium. In September 2015, he resigned from his position with Arjil and became Senior Advisor at Messiers-Maris.

Main executive position

Legal Manager of BGR Partners (Belgium)

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Non-Voting Director	15 May 2018	AGM to be held in 2021

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group
▪ Director 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;
- Member of the Supervisory Board of Baron Philippe de Rothschild SA*;
- Director, Chairman, member of the Appointments and Compensation Committee and member of the Audit Committee of Casino, Guichard-Perrachon*.

* *Directorships and positions expired in 2018.*

INFORMATION ABOUT HENRI GISCARD D'ESTAING WHOSE TERM AS NON-VOTING DIRECTOR EXPIRES AT THE ANNUAL GENERAL MEETING AND WHO IS NOT PROPOSED FOR RE-ELECTION

HENRI GISCARD D'ESTAING

Non-Voting Director

Born

17 October 1956

Nationality: French

Business address

11, rue de Cambrai – 75019 Paris, France

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, and subsequently Chairman when the company was transformed into a French *société par actions simplifiée* – simplified joint stock company.

Main executive position

Chairman of Club Med

Directorships and other positions within the Company

Position/Duties	Date of appointment	Term of office ends
Non-Voting Director	13 May 2016	AGM of 7 May 2019

Other directorships and positions held in 2018 and as of 13 March 2019

Outside the Casino Group	
Within the Club Med Group	**Outside the Club Med Group**
▪ Chairman and Founding Director of the Club Med Corporate Foundation; ▪ Chairman of Club Med Invest and Club Med Holding; ▪ Director of Club Med Holding.	▪ Member of the Supervisory Board and Member of the Governance & Nomination Committee of Randstad, a listed company in the Netherlands; ▪ Vice-Chairman of the Board, Executive Director and Deputy CEO of Fosun Tourism, a listed company in Hong Kong.

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);
- Chief Executive Officer of Club Méditerranée;
- Member of the Strategy Committee of Randstad (listed company in the Netherlands)

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 it is 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 tied vote, the Chairman of the meeting casts the deciding vote.

The Chairman of the Board of Directors organises and conducts Board meetings and reports to shareholders on the Board's work at the Annual General Meeting.

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 Internal Rules set forth the various rules applicable to the Board of Directors' organisation and practices by virtue of applicable legal and regulatory provisions and the Articles of Association of the Company. They also contain the corporate governance principles and provide the framework for their implementation. The Internal Rules are reviewed periodically by the Board to identify any amendments or clarifications that may be needed to comply with applicable law and regulations or to improve the efficiency and operation of the Board and its Committees.

The Internal Rules were amended on 15 December 2017 to reflect the wider scope of the Governance Committee in the area of corporate social responsibility, which gave rise to its new name (the "Governance and Social Responsibility Committee") and, in light of its broader responsibilities, its interaction with the Audit Committee with regards to compliance and management of risks in these areas. The rules were further reviewed on 13 March 2019.

The Internal Rules describe the rules of procedure, roles and responsibilities of the Board of Directors and its specialised Committees, and establish the principle of regular formal self-assessments of the Board's practices. They also set forth the process for appointing the Lead Director and define his or her role. They also contain the restrictions on the powers of the Chief Executive Officer.

The rules of conduct and the principles of sound governance applicable to members of the Board of Directors and embedded in the Internal Rules are described below in section 5.5.5. Rules of Conduct – Conflicts of Interest – Protection of Minority Shareholders.

The Internal Rules 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 rules are made available to shareholders in Chapter 9 of the Registration Document. The Internal Rules of the Board of Directors, the charters of its Committees and the Insider Trading Policy may be found on the Company's website at: https://www.groupe-casino.fr/en/group/governance/

INFORMATION PROVIDED TO THE BOARD OF DIRECTORS – TRAINING

The Internal Rules of the Board of Directors contain the terms and conditions under 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 Directors with all documents and information needed 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. Following the installation of a secure platform in 2016, the Board and its specialised Committees began using digitalised files 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 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, reports on debt levels and available credit lines and headcounts at 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 six months, 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, the executives of the subsidiaries and the heads of the Corporate departments are also invited to attend depending on the items on the agenda.

Between Board meetings, the Directors receive any important information concerning the Company or any events that materially affect the Company, its operations, or 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. Senior Management, the Chief Financial Officer and the Board's secretary are at the Directors' disposal to provide any relevant information or explanations.

Each Director, if he or she deems it necessary, may receive additional training on the Group's specificities, its business activities and sectors, its social responsibility and environmental challenges, as well as on accounting or financial concepts to round out 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. They may also request documents they deem would be useful.

They benefit from an induction programme that can be adapted depending on their requests and needs. Meetings are organised with the heads of the main Corporate departments and with executives of the Group's main subsidiaries. Store visits are also organised so that new members can get to know the management teams and quickly 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 his duties, which is set at 20 hours per year. He also benefits from preparation time before each meeting that is 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 programme is decided by the Board of Directors on the recommendation of the Governance and Social Responsibility Committee, after prior consultation with the person involved. In the second quarter of 2017, the Director representing employees attended several training sessions with 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 2018 as a form of continuing education. At the end of 2018, the Governance and Social Responsibility Committee noted that the Director representing employees viewed this continuing education process as appropriate and adequate.

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 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 also grants stock options (options to purchase or subscribe for shares) and free shares, and implements employee share ownership plans. It also reviews the Company's gender equality policies each year. It convenes and notifies shareholders of Annual General Meetings.

As mentioned earlier in this Report, 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 limits on the powers of Senior Management.

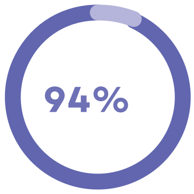
In accordance with the principles of sound governance, the Board entrusts the Audit Committee or an *ad hoc* committee of independent Directors with the task of examining or monitoring significant transactions or any other matter.

The Board may also consult its own independent legal or financial advisers where appropriate.

Activity of the Board of Directors during 2018

13 meetings, one of which was held offsite at one of the Group's business locations

Average attendance rate:



2 meetings of independent directors, chaired by the two successive lead directors

In 2018, the Board of Directors met thirteen times, as opposed to ten times in 2017. The average attendance rate was 94%, versus 95% in 2017. The meetings lasted an average of just over 2 hours, compared with 2 hours in 2017.

In the same way as in 2017, the Board spent more time in 2018 reviewing and considering the Group's strategy in respect of its various banners at meetings, which were attended by their operating management.

VISITS OF COMMERCIAL LOCATIONS

Since 2017, one Board meeting per year is held onsite at one of the Group's commercial locations, to better understand the operating realities of the Group's strategic choices and to meet local teams during the visits. In 2017, the Directors visited the Toulouse-Fenouillet hypermarket, to get a better understanding of the operating realities of the strategy under way at Géant hypermarkets and the "corner" (store-in-store) concept deployed by Géant partnering with Cdiscount. In 2018, it was the turn of Cdiscount in Bordeaux to play host to the Board. The Directors visited the Cdiscount warehouses in Cestas, France's largest e-commerce logistics centre where they were given a presentation of the unique Skypod robotics solution developed by Exotec that has been chosen by Cdiscount to increase warehouse capacity and automate the order preparation process.

In 2018, the progress made in reducing the Group's debt and implementing the planned disposals of non-core assets were the main axes of the Board's activities. The main work of the Board is presented below:

Approval of financial statements – Financial position

The Board of Directors reviewed and approved the financial statements for the year ended 31 December 2017 (annual and consolidated) and the interim financial statements for 2018 (consolidated), together with the related reports and management forecasts of Casino, Guichard-Perrachon, determined the 2017 dividend and approved the 2018 interim dividend. Accordingly, it reviewed the business performance of the Company and its subsidiaries, the business outlook and the Group's detailed financial position, and obtained the opinions of the Audit Committee and the Statutory Auditors. The Board discussed and approved the Group's draft press releases.

Each meeting also included a presentation of changes in the Group's financial position with respect to debt, financing and liquidity.

The Board reviewed and approved the Group's financial ratings, share performance and the research reports published by analysts in an environment shaped by repeated attacks on the Casino share and that of its parent, Rallye, by hedge funds seeking to artificially drive down their share prices and, in so doing, destabilise the two companies, their employees and shareholders. These attacks and criticisms were closely examined and discussed by the Board, which was also informed about and approved legal action taken by the Company in response thereto. Where appropriate, the Board sought the opinions and advice of financial and legal external advisors on these matters.

During the year, 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 department and the Group Risks and Compliance department and was informed on the status of action plans to (i) detect and prevent cybercrime, (ii) strengthen anti-corruption measures in application of the Sapin II Law[1] and (iii) comply with the General Data Protection Regulation (GDPR). It received the reports of the specialised Committees of the Board.

The Board also decided to implement a share repurchase programme. It cancelled a number of acquired shares.

Strategy – Activities of the Group

The Board of Directors reviewed and approved the Group's three-year strategy and 2018 budget and monitored the execution thereof. During the financial year, it benefited from specific presentations by the banners' Chief Operating Officers on each banner's situation, consumer trends, operations, strategic focuses (including format mix, digital and omni-channel strategies, data and the development of services), innovations and action plans. The presentations notably concerned Géant Casino, Casino supermarkets, Monoprix, Casino Proximités, and Cdiscount in France and Éxito and GPA in Latin America.

A specific presentation was organised on the development of the GreenYellow business and the Group's real estate strategy was examined in detail. The Board approved the implementation of a plan to dispose of non-core assets and asked the Audit Committee to track the plan's progress.

At each meeting during the year, the Board reviewed developments in the Group's business and progress in implementing the asset disposal plan.

Various partnership and development projects were also examined by the Board, including the Horizon purchasing cooperation project between Auchan and Casino, the partnership between Monoprix and Amazon, Monoprix's acquisition of Sarenza, development of the Casino Max application and other innovations. Lastly, the Board was also informed of developments concerning logistics partnerships designed to reduce supply chain costs.

Governance and Social Responsibility

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 percentage of women on the Board, particularly in light of the proposed re-election of the Directors whose terms expired at the Annual General Meeting of 15 May 2018. Pursuing its diligent application of the rules concerning the representation of independent Directors and the implementation of its diversity policy, the Board recommended that the Annual General Meeting appoint a new Independent Director and appointed a new Independent Lead Director when the previous one ceased to qualify as independent, as well as changed the composition of the Committees of the Board based on these Committees' recommendations.

It reviewed the Lead Director's annual report on the application of the principles of sound governance by the Chairman of the Board and the Chief Executive Officer in each of these roles, in addition to the functioning of the Board. The Lead Director reported to the Board on the meeting of independent Directors. The Board discussed this report and approved its conclusions.

The Board also discussed the terms of the Board of Directors' Corporate Governance Report, as well as the corporate social responsibility information, the presentation of ethical and compliance processes and of the duty of care plan prepared by Senior Management for inclusion in the management report, all included in the 2017 Registration Document, after considering the report on the work and recommendations of its specialised Committee.

The Board also examined the related-party agreements that were authorised or remained in effect in 2017 and the Audit Committee's reports on its review of agreements between related parties, to ensure that minority shareholders' interests were duly protected.

It updated the Internal Rules of the Board of Directors, the Audit Committee's Charter and the Insider Trading Policy on the recommendation of its Committees.

It discussed the training programme for the Director representing employees.

In December 2018, the Board received the Human Resources Director's presentation on the main initiatives deployed in 2018 within the Group under the gender equality policy and the principal action plans for 2019. It also received the Group CSR Director's presentation on the Group's corporate social responsibility policy; the Chair of the Governance and Social Responsibility Committee reported to the Board on the Committee's work and recommendations related thereto.

It renewed the annual authorisations granted to the Chairman and Chief Executive Officer, as presented above in section 5.3.2.

(1) French law No. 2016-169 of 9 December 2016 concerning transparency, anti-corruption measures and the modernisation of the economy.

Compensation – Free allocation of shares – Human capital development

The Board of Directors decided on the components of the Chairman and Chief Executive Officer's compensation for 2018 submitted for approval to the shareholders at the Annual General Meeting of 15 May 2018 and set the amount of his variable compensation for 2017 based on criteria established during the preceding financial year. It decided on the terms and conditions for allocating directors' fees in respect of financial year 2018 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.

The Board decided to introduce free performance share grants and free share grants to managers responsible for successfully implementing strategic and/or particularly complex transactions.

The Board received the Human Resources Director's presentation on the Group's succession plans and human capital development strategy. The Board's specialised Committee presented its opinion on the continuous process to update succession plans for the members of the Business Units' management committees and the Group's Senior Management, which are regularly presented to the Committee. The Committee also presented its opinion on the human resources development initiatives which are designed to gradually improve the gender balance at the governing bodies of the organisation and which must be pursued.

Annual General Meeting

The Board of Directors approved the agenda, reports and draft resolutions presented at the Ordinary and Extraordinary General Meetings held on 15 May 2018, including those relating to the components making up the Chairman and Chief Executive Officer's compensation and the appointment of a new Independent Director.

At each meeting the work performed and decisions taken by the Board were preceded by a 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 the Governance and Social Responsibility Committee as of 15 December 2017 after the scope of its responsibilities in the area of social responsibility was broadened.

The members of these Committees are appointed by the Board, which is also responsible for appointing their respective Chairs. 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 items on the agenda of the Board meeting in question. The Committees report to the Board on their work and observations and, where appropriate, inform the Board of their opinions, proposals or recommendations in each of their respective fields of expertise.

The Board may also decide at any time to set up an *ad hoc* committee of independent Directors to examine a specific issue. Pursuant to 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 must be independent Directors within the meaning of the criteria in the Afep-Medef Code. With respect to the Appointments and Compensation Committee, the Internal Rules impose a minimum of three members, the majority of whom must be independent.

As part of its work, each Committee may organise meetings with the Senior Management of the Company and its subsidiaries should it deem necessary and, on its own initiative, may use the services of external experts and request any information it needs to carry out its functions.

During Board meetings, the Committees present oral reports on their work and a written report is made available to the Directors.

ACTIVITIES OF THE BOARD'S COMMITTEES IN 2018

Attendance rate

100%

Audit Committee

7 meetings

Appointments and Compensation Committee

3 meetings

Governance and Social Responsibility Committee

3 meetings

AUDIT COMMITTEE

Composition as at 13 March 2019

	Role	Independence	1st appointment/ last renewal	Number of meetings	Attendance rate
Frédéric Saint-Geours	Chairman Member		15 May 2018 5 May 2017		100%
Laure Hauseux	Member	●	15 May 2018	7	100%
Catherine Lucet	Member (*)	●	15 May 2018		100%
Independence rate		**2/3**			

(*) Chair until 15 May 2018.

The proportion of independent Directors on the Committee complies with the two-thirds threshold recommended by the Afep-Medef Code. Frédéric Saint-Geours was appointed Chairman of the Committee for a transitional period. At the close of the Annual General Meeting of 15 May 2018, he ceased to qualify as an Independent Director, having served on the Board for the maximum period of 12 years specified in 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 Responsibilities

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 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.

Pursuant to 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.

Accordingly, it is tasked with tracking 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, the Statutory Auditors organise a presentation on their audit work and audit findings for the Committee. At least twice a year, the Audit Committee meets alone with the Statutory Auditors where necessary, without any Company representatives in attendance. Additional meetings with the Statutory Auditors and with the internal audit manager may be arranged at the Committee's request.

The Committee organises the Statutory Auditor selection process.

Since 15 February 2015, the Audit Committee has also reviewed, prior to their signature, all material agreements between the Company or its wholly-owned subsidiaries and related parties (defined as the other Casino Group companies, the Group's parent companies and their subsidiaries and the associated companies). The purpose of this review is to help prevent the risk of conflicts of interest and to protect minority shareholders. It informs the Senior Management and the Board of Directors of its opinion on these agreements, for information purposes or prior to their approval, where 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 5.6.5 below on the procedure for reviewing related-party agreements and its scope).

The Audit Committee's powers and duties, notably those concerning risk analysis and the detection and prevention of management errors, are set out in a Charter. The Charter was updated on 14 December 2018 following the Committee's adoption of a revised procedure for the approval of non-audit services that may be provided by the Statutory Auditors. Its powers and duties are also described in the Board of Directors' Internal Rules.

Activity of the Audit Committee in 2018

The Audit Committee met seven times in 2018 versus six times in 2017. In addition to meetings on the financial statements and the half-yearly reports on the work of the internal auditors and the Risks, Compliance and Internal Control department, three special meetings were held to review related-party agreements prior to their approval and to monitor progress on the asset disposal and deleveraging plan. The attendance rate was 100%, as it was in 2017.

The Chief Financial Officer, the Director of Group Consolidation, Reporting, and Standards, the Chief Accountant, the head of Internal Audit, the Group General Counsel, the deputy Director of the Risks, Compliance and Internal Control department 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, the payment of dividends, changes in accounting standards, and the work of the Internal Audit department and the Risks, Compliance and Internal Control department are reviewed or discussed.

On the basis of the items on the Agenda, other executives, including the Chief Operating Officer, the deputy Chief Financial Officer, the Director of Group Accounting Principles and Cross-Functional Projects, the Chief Financial Officer for Latin America, the Chairman of the Risk Prevention Committee and Chairman of the Group's Ethics Committee, the Director of the Risks and Compliance department and Group Ethics Officer, the Head of the Group's Information Systems Security department, the Executive Director, Merchandise, and Director and Chairman of Achats Marchandises Casino, the Executive Director, Corporate Development and Holdings, and the Chairman of Immobilière Groupe Casino also participated in Audit Committee meetings. During its review of the 2018 annual and interim financial statements, the Committee also met the Statutory Auditors without any representatives of the Company in attendance.

For the purposes of its review, the Committee referred to reports commissioned from external financial and legal advisors. It also referred to the reports of the Governance and Social Responsibility Committee when verifying that the system for the prevention and detection of bribery and corruption complied with the Sapin II Law and that the procedure for the protection of personal data complied with the General Data Protection Regulation.

The Committee's work focused on the following areas:

In connection with its review of the 2017 annual financial statements and the 2018 interim financial statements, the Audit Committee reviewed the accounts closing process and the consolidation of the accounts of the Group's various listed subsidiaries. It reviewed and discussed the note prepared by the Financial and Accounting department on off-balance sheet risks and commitments, the management reports and the Statutory Auditors' report on their audit procedures, their review of the system of internal controls over the preparation and processing of accounting and financial information and their review of all the consolidation entries 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, focusing on particular on reviewing once again the accounting treatment of tax risks at GPA. It obtained assurance concerning the appropriateness of the accounting methods and treatments used in the financial statements and the effective completion of the Statutory Auditors' engagement. It reviewed the draft financial press releases.

The Committee was regularly informed of changes in the Group's indebtedness and financial rating, as well as on legal proceedings or investigations in progress against the Group. In particular, it was informed about the action taken in response to speculative attacks and hostile communication campaigns based on false and misleading information that were launched in a bid to drive down the Casino and Rallye share prices.

Regular presentations were made to the Audit Committee on the asset disposal and deleveraging plan. The Committee also reviewed the proposal to pay an interim dividend in 2018 and obtained assurance that the interim dividend would be consistent with the Company's corporate interests in order to make a recommendation thereon to the Board of Directors.

In connection with its review of related-party agreements, the Committee expressed an opinion on the agreements related to the reorganisation of the activities of relevanC and 3W Régie, Cdiscount's data monetisation business, and examined the impact of the reorganisation on these companies' 2018 budgets. It also examined and issued a favourable opinion on the proposed related-party agreement between Casino and Mercialys, covering the payment by Casino of the costs incurred by Mercialys in connection with the sale of the Group's interest in its capital. In addition, it reviewed the annual report on all of the agreements between related parties, the purpose of which is to regroup all of the agreements and transactions that took place between or among these in 2017, including transactions exempted from the scope of application of the Committee's prior systematic review.

The work performed to prepare the application of IFRS 9, IFRS 15 and IFRS 16 was presented at meetings attended by the Statutory Auditors.

The Head of the Internal Audit department presented to the Committee its six-month interim activity reports on completed audits, the results of follow-up audits to check that action plans have been launched to implement the internal auditors' recommendations, and the assignments performed in coordination with the internal auditing teams of the various Group entities. The Committee also approved the internal audit programme for 2019.

The six-month interim reports of the Risks and Compliance department and its Group Internal Control unit were also presented to the Committee by the Internal Control Director and the Director of the Risks and Compliance department and Ethics Officer. The Committee was informed in particular about the status of action plans to gradually deploy the Group internal control standards and internal control and risk-mapping process self-assessments. The Head of the Internal Control presented an updated risk map covering the Group's major risk exposures, along with a description of the mapping methodology and the action plans drawn up to address the risks.

The head of the Group's Information Systems Security department gave presentations every six months on the monitoring of action plans aimed at preventing cyber-criminality. The Committee noted the continuous efforts deployed to improve information systems security and raise the Business Units' awareness of the growing cyber risks and the need to upgrade data security in order to fully comply with the General Data Protection Regulation.

The Committee was also informed of all the work undertaken since the start of the year by the Governance and Social Responsibility Committee, in particular with regard to monitoring both the steps taken to comply with the General Data Protection Regulation and the roll-out of procedures to combat bribery and corruption pursuant to the Sapin II Law, and related action plans in progress, as well as reviewing changes to the management report relating to social and environmental data.

The Committee approved "non-audit" services provided by the Statutory Auditors pursuant to the relevant approval procedure introduced in July 2016 and took due note of the confirmation by the Statutory Auditors that there were no situations or risks that might have jeopardised their independence during 2018. The approval procedure was revised in December 2018 and included as an appendix to the Audit Committee's Charter.

The Committee reported its observations and recommendations on the work and on follow-up work performed.

The Committee's Chair reported to the Board of Directors on the work performed at each of the Audit Committee's meetings.

APPOINTMENTS AND COMPENSATION COMMITTEE

Composition as at 13 March 2019

	Role	Independence	1st appointment/ last renewal	Number of meetings	Attendance rate
Nathalie Andrieux	Chair Member	●	15 May 2018 7 July 2015	3	100% 100%
Gilbert Delahaye	Member	N/A	15 December 2017		-
Sylvia Jay	Member	●	15 May 2018		100%
David de Rothschild	Member		15 May 2018		100%
Independence rate		**2/3**			

The composition of the Committee was reviewed on 15 May 2018 (see also section 5.2.3 above) based on the skills required for the Committee's work and the rules concerning the proportion of independent Directors on the Committee.

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 selection and appointment process for Directors and the Lead Director and the information on the compensation policy for key executives who are not corporate officers.

Role and responsibilities

The role and responsibilities of the Appointments and Compensation Committee is set out in its Charter, which was amended on 13 March 2019, according to which its role of reviewing social and environmental annual information and the Company's gender parity policy was transferred to the Governance and Social Responsibility Committee in connection with the broadening of that Committee's social responsibility role. The Board of Directors' Internal Rules, also amended, describe these responsibilities.

The Appointments and Compensation Committee is notably tasked with assisting the Board in reviewing (i) candidates 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, the complementarity of expertise and diversity, (ii) the human capital development and succession plan, (iii) the independence of Directors, (iv) the setting and review of corporate executive officer compensation, (v) the granting of stock options or free shares by the Company, as well as (vi) the implementation of employee shareholder plans.

Activity of the Appointments and Compensation Committee in 2018

The Appointments and Compensation Committee met three times in 2018 after meeting five times in 2017. The attendance rate was 100% in 2018, as it was in 2017. During the year, the Committee finalised its process for selecting a new woman Director in accordance with the Board's complementarity criteria and with a view to achieving and retaining balanced representation of men and women and the desired proportion of independent Directors. It made recommendations to the Board concerning its composition and the proposed re-elections and elections of Directors to be submitted to the Annual General Meeting of 15 May 2018.

The Committee performed its annual review of the independence of Directors, taking into account all of the criteria in the Afep-Medef Code, and presented the results of the review to the Board. As part of its review, it examined whether any Directors had any relationships with Group companies that might affect their judgement or lead to conflicts of interest.

It made recommendations concerning the post-Annual General Meeting composition of the Committees and the proposal to appoint Catherine Lucet, Independent Director, as Lead Director and Chair of the Governance and Social Responsibility Committee in recognition of her personal qualities, skills and experience as a member of the Board.

It was consulted about the method of determining the Chairman and Chief Executive Officer's fixed and variable compensation for 2018 and on the variable component for 2017. For 2018, it recommended proposing more challenging vesting conditions for the non-financial quantitative CSR objective set for his annual variable compensation and, after discussions with investors, raising the minimum target growth in Total Shareholder Return (TSR) for the long-term incentive to vest. It was also informed of the compensation of other Executive Committee members and examined the overall compensation of each members of the Executive Committee. It reviewed the proposed resolutions and the Board's Reports on the vote of shareholders on the components of the Chairman and Chief Executive Officer's 2017 compensation and on the 2018 compensation policy for the Chairman and Chief Executive Officer submitted at the Annual General Meeting held in May 2018. It also reviewed the sections of the Chairman's Report, which can be found in the 2017 Registration Document, relating to matters for which he is responsible.

The Committee was also consulted about proposals to grant shares for free to managers of the Group and recommended submitting a proposal to renew the authorisation to make free grants of shares to the Annual General Meeting.

The Committee made recommendations on the directors' attendance fees to be allocated to Board members and members of the Board's Committees, as well as to the Lead Director, the Chairs of the Committees and the non-voting Directors.

The Human Resources Director presented his annual report on succession plans and the human capital development process deployed in France and internationally. The composition of the Group management committees, more specifically in France, and of the Group Executive Committee was also reviewed during the year.

The Committee noted in particular the effectiveness of procedures to identify and manage reservoirs of talent within the Group. It also noted the long-standing human resources development policies, covering such areas as hiring, training, mentoring, career management and cross-functional mobility, which are designed to nurture and develop diverse potentials, without discriminating, in order to prepare internal candidates to take over from Senior Management when the time comes.

The Committee considered that the action taken should, in time, lead to an improved gender balance on the Business Units' management committees and the Group Executive Committee (which currently includes only one woman, whose responsibilities are very broad). It recommended that the action plans be pursued or even stepped up.

The Committee also ensured that the process of continuously updating the succession plans for the Business Units' management committees and key executives was being actively pursued, and that measures existed to deal with a situation where the Casino senior executive position unexpectedly falls vacant. These measures are regularly presented to the Committee.

The Chairman of the Committee reported on the work performed at each Committee meeting to the Board of Directors.

The Appointments and Compensation Committee used independent 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 at 13 March 2019

	Role	Independence	1st appointment/ last renewal	Number of meetings	Rate of attendance
Catherine Lucet	Chair Member	●	15 May 2018 15 May 2018	3	100%
Nathalie Andrieux	Member	●	15 May 2018		100%
Christiane Féral-Schuhl	Member	●	15 May 2018		100%
Frédéric Saint-Geours	Member*		5 May 2017		100%
Independence rate		**3/4**			

* *Chair until 15 May 2018.*

The composition of the Committee was modified on 15 May 2018 (see also section 5.2.3 above) to take account of its expanded responsibilities in the area of Corporate and Social Responsibility (CSR), the appointment of a new Lead Director and the rules concerning the proportion of independent Directors.

Role and responsibilities

The purposes, organisational rules and operation of the Committee are described in a specific Charter that was amended and approved most recently by the Board of Directors on 15 December 2017. The Board of Directors' Internal Rules also set out the Committee's 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 organisation and functioning and managing conflicts of interest. It periodically reviews the Board's structure, size and composition.

The scope of the Committee's duties in the area of social responsibility was broadened from 15 December 2017, reflecting the involvement of individuals at the highest level of the organisation in the Group's social responsibility process and the alignment of said duties with those of the other two Committees. It is thus responsible for reviewing the Group's commitments and policies in the area of ethics and rules of conduct and corporate social, environmental and societal responsibility, implementing these policies and tracking their results, in line with the Group's strategy. In this respect, together with the Audit Committee, it ensures the existence of systems for identification and management of the principal risks relating to these areas and compliance with applicable law and regulations. It reviews the Group's participation in non-financial indices and the information provided annually in the management report in respect of non-financial information under applicable law and the gender parity policy, which correspond to responsibilities previously entrusted to the Appointments and Compensation Committee (see also Article 12.2.5 of the Board of Directors' Internal Rules in section 9.4 of chapter 9 of this Registration Document).

Activity of the Governance and Social Responsibility Committee in 2018

During 2018, the Governance Committee met three times, as it did in 2017. The attendance rate was 100%, as it was in 2017.

The Committee's work mainly focused 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 were respectively performed in 2017. It also reviewed the Board of Directors' Corporate Governance Report included in the 2017 Registration Document and recommended that the Board approve the terms of the report.

The Committee reviewed the size and the membership of the Board and its Committees and was briefed on the completion of the selection process for a new woman Director based on the search criteria recommended by the Committee in light of the results of the assessment of the Board's practices.

It reviewed the report of the Insider Trading Committee, prepared after its first year of operation, and examined this Committee's proposal to update the Insider Trading Code.

In connection with its responsibilities in the area of corporate social responsibility (CSR), the Committee examined and discussed on two occasions in 2018 the Social and Environmental Responsibility policy implemented by the Company, when it was presented by the Group CSR Director. The review focused primarily on the defined strategies and priorities and the results of the policy. The Committee reviewed the selected CSR indicators, the Group's participation in CSR indices and changes in its CSR ratings, the Group's dialogue with stakeholders and the issues discussed, action plans, the identified challenges for 2018 and 2019 and their management in France and Latin America. It approved the continued implementation of the CSR strategy and encouraged the development of a communication plan to raise awareness of the strategy at corporate level and at the level of the banners. The work in progress to prepare the CSR performance statement and monitor implementation of the Senior Management vigilance plan for 2018 was presented to the Committee.

Several review points were presented to the Committee by the Director of the Risks and Compliance department and Ethics Officer and by the Internal Control Director on (i) the implementation of measures and procedures to prevent and detect bribery and corruption as required by the Sapin II Law (measures previously overseen by the Audit Committee) and (ii) the risk mapping process. The Committee noted the work completed to date and the work in progress, which will be monitored going forward. The Group's approach to complying with the General Data Protection Regulation was presented to the Committee, along with a status report on each of the priority actions. The Committee reported to the Audit Committee on its monitoring of compliance with these CSR issues and recommended that the Board approve the CSR information, the ethics and compliance process and the Senior Management duty of care plan included in the management report presented in the 2017 Registration Document.

The Human Resources Director presented the main action taken by the Group in 2018 in connection with the gender equality policy and the action plans to be implemented in 2019, to enable the Committee to prepare the Board's annual discussion of these issues.

In December 2018, 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 2018 and the recommendations of the Afep-Medef Code revised in June 2018. It reported to the Board on the results of this review.

It 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's Chairman reported to the Board of Directors on the work carried out at each Committee meeting.

5.5.3. Lead Director – 2018 report

The Internal Rules of the Board of Directors provide for the mandatory appointment of an Independent Lead Director whenever the offices of Chairman of the Board of Directors and Chief Executive Officer are held by the same person (see also section 5.3.3 above).

The position of Lead Director was created on 11 May 2012 at the suggestion of the Chairman and Chief Executive Officer. This position had previously been held by Frédéric Saint-Geours, Chairman of the Governance and Social Responsibility Committee, from 7 July 2015. The Board appointed Catherine Lucet, Independent Director, to succeed him as from May 15, 2018.

The Lead Director's 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 or she may consult the Governance and Social Responsibility Committee at any time about any issues that could create a problem.

In 2018, either Frédéric Saint-Geours or Catherine Lucet participated in all meetings of the Board of Directors (13 meetings) and respectively chaired or participated in all meetings of the Audit Committee (7 meetings) and the Governance and Social Responsibility Committee (3 meetings).

In respect of 2018:

- Each Lead Director chaired a meeting of independent Directors in 2018 devoted to assessing the functioning of the Board and its Committees in 2017 and 2018.
- The Lead Director reported in March 2019 to the Governance and Social Responsibility Committee then to the Board 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 and Social Responsibility Committee or to the Lead Director during the financial year concerning any actual or potential conflicts of interest. The Lead Director confirmed the proper functioning of the Board with regard, in particular, to the organisation of its discussions, the information given to Directors and the functioning of the Board Committees. The Chairman and Chief Executive Officer was informed by the Lead Director of the observations and recommendations expressed, and met individually with each of the Board members that are external to the Company.
- As Chair of the Governance and Social Responsibility Committee, the Lead Director assessed the annual review of governance practices under the Afep-Medef Code, its implementation guide and the reports of the AMF and the High Commission on Corporate Governance; the Lead Director ensured that the Directors were fully informed about changes in these practices, that governance issues were properly reviewed and that the Committee properly fulfilled its new duties in the area of CSR; the Lead Director reported to the Audit Committee and the Board on the Committee's monitoring of action to (i) comply with the General Data Protection Regulation and (ii) step up the programme to combat bribery and corruption as required by the Sapin II Law.
- Frédéric Saint-Geours participated in the selection process for the woman candidate under consideration to become a member of the Board of Directors in May 2018 and in the discussions relating to changes in the composition of the Board Committees and the selection of a woman as Independent Lead Director.
- As member of the Audit Committee, the Lead Director participated in all of the Committee's work, including its review of related-party agreements and the implementation of the non-core assets disposal plan, after recommending that the Committee monitor this plan. In an environment shaped by violent attacks against the Company, along with attempts to discredit and destabilise it, he or she ensured that the due diligence related to the proposed payment of an interim dividend enabled the Directors to fully and freely exercise their judgement and fulfil their responsibilities.
- The Lead Director held regular discussions with the Board Secretary to prepare meetings of the Board Committees and the agenda of the Board meetings.
- The Lead Director reported on his activities to the Governance and Social Responsibility Committee and the Board of Directors.

The Board of Directors' secretary was at the disposal of the Lead Director to assist him or her in the performance of their responsibilities.

5.5.4. Evaluation of the Board's functioning

Pursuant to the Afep-Medef Code, the Board's Internal Rules provide for an annual review and regular performance evaluations of the Board of Directors by the Governance and Social Responsibility Committee, assisted by an independent consultant if it so wishes.

For 2016, the Governance Committee engaged an external firm (SpencerStuart) to perform the sixth evaluation. It performed said evaluation in late 2016, the report of which was sent to all of 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 them and approved the implementation of all the recommendations.

The evaluation report unequivocally testified to the efficient, professional and continuously improved functioning of the Board. 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 effective communication between the Board and its Committees contributed positively to this overall assessment.

The Directors applauded the organisation 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 or her work, notably in organising meetings of independent Directors.

Various suggestions were made concerning improvements to the organisation of the Board's work. Implementation of these suggestions during 2017 was monitored during the annual meeting of independent Directors and certain clarifications were made.

The late-2016 evaluation process had not formally planned for an assessment of Directors' individual contribution, as recommended by the Afep-Medef Code. Consequently, 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 Committee Chairpersons and the Lead Director, and review his or her own contributions. The process carried out 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. Based on the opinion expressed by the independent Directors, the Governance and Social Responsibility Committee recommended that the individual contribution of Directors should not be assessed during the next formal evaluation of the Board's functioning to be conducted during the second half of 2019. Instead, preference should continue to be given to evaluating the Directors collectively, as this approach appears better aligned with the Board's structure and has proved satisfactory.

At their meeting on 30 January 2018, the independent Directors expressed their satisfaction with the action taken in 2017. The main suggestions confirmed and refined during the meeting were to continue to involve the Board in strategic discussions, business plan analyses and reviews of the competition, to develop budget monitoring processes, to hold one Board meeting at a commercial location after the successful experiment carried out in 2017 and to highlight the Group's CSR objectives and achievements both within and outside the organisation.

At their meeting in late 2018, the independent Directors applauded the action taken and unanimously recognised the quality of the day-to-day functioning of the Board and its Committees. They also expressed their appreciation of the fact that their suggestions are taken into account year after year. The following actions undertaken in 2018 were highlighted in particular:

- presentations of the strategy, budgets and budget performance, and opportunities for Board members' to talk directly with Senior Management and the Chief Executive Officers of the Business Units;
- the organisation of another Board off-site meeting in 2018, this time at the Cdiscount headquarters; the visit, which included a tour of the warehouse, enabled Board members to deepen their knowledge of this major entity and appreciate its momentum and the quality of its top management team;
- changes in the composition of the Board, with the selection of new independent members whose profiles fulfil the criteria defined by the Board;
- Board discipline and the provision of high quality information to the Directors during a period of repeated attacks against Casino and its parent company, with Directors given the means to exercise their judgement and fulfil their responsibilities.

The independent Directors suggested improving the technical quality of the telephone and videoconferencing systems used by Directors to participate in meetings from a distance, and asked that a Board meeting be held once again in a commercial location.

In connection with the proposal to re-elect the Chairman and Chief Executive Officer as a Director at the 2019 Annual General Meeting, the independent Directors unanimously agreed that continuing to combine the positions of Chairman of the Board and Chief Executive Officer was in the Group's interests. They expressed the opinion that the strategic and financial challenges facing the Group require a unified approach that can undeniably best be provided by the Chairman and Chief Executive Officer, supported by a high quality Executive Committee.

5.5.5. Rules of Conduct – Conflicts of Interest – Protection of Minority Shareholders

RULES OF CONDUCT – INTERNAL RULES

The Internal Rules of the Board of Directors and, in particular, Section VI, set out the rules of conduct applicable to Board members. This section was supplemented and updated in 2016 and again 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 notably includes the duty of the Directors to request information, their obligation to protect the Company's interests, avoid and manage conflicts of interest, attend meetings, keep information confidential, and contains rules relating to equity interests held by Directors designated by the Annual General Meeting. 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 reference documents intended for all employees as well as the executives and Directors of the Group. These documents may be viewed on the Company's website (https://www.groupe-casino.fr/en/insider-trading-policy/ and https://www.groupe-casino.fr/en/ethics-compliance/).

Section VI of the Internal Rules states that before agreeing to undertake the position, 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, where appropriate and in a timely manner, for the information they need to make useful contributions to the discussions of items on the Board meeting's agenda.

With respect to the rules applicable to the prevention and management of conflicts of interest, Directors who represent the interests of all shareholders have a duty to disclose any conflicts of interest they may have to the other Board members. 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 discussions and votes on the matter concerned. In addition, each Director must consult the Chairman prior to committing to any business undertaking or to accepting any duties or obligations that could create an actual or even a potential conflict of interest for him or her. The Chairman may refer the matters to the Governance and Social Responsibility Committee and the Board of Directors.

Note that during the 2015 financial year, the Board of Directors, in order to better reflect the Group's strong international footprint and the presence in the Group of several listed companies (subsidiaries or parent companies) both in France and abroad, decided to strengthen and supplement existing procedures and/or governance bodies, thereby enhancing its good governance process. The Board accordingly implemented a procedure to review all agreements between related parties (see below), and to create the Governance Committee, renamed Governance and Social Responsibility Committee in December 2017, whose specific task is to examine governance, ethical and social responsibility issues.

As part of its duties, the Governance and Social Responsibility Committee may therefore examine any exceptional issue that may give rise to a conflict of interest within the Board of Directors and give an opinion or make a recommendation on the matter.

CONFLICTS OF INTEREST – PROTECTION OF MINORITY SHAREHOLDERS

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 overall controlling company, of which Jean-Charles Naouri is Chairman and majority shareholder. Euris provides permanent advisory services on strategy and development (by a team of 17 people), on terms that are contained in an agreement dated 5 September 2003, approved by the Annual General Meeting under the procedure applicable to related-party agreements and commitments, as were the subsequent amendments to that agreement. Pursuant to an amendment dated 14 March 2017, authorised by the Board of Directors which met on 6 March 2017 and following a review and an unanimous favourable opinion by the Audit Committee and approval at the Annual General Meeting of 5 May 2017, the term of the agreement, renewed from 2017 under the same invoicing terms and conditions, was extended by three years. A clause was added to provide for an annual review of the amount invoiced to the Company based on the changes in Euris' costs for providing strategic support and on the portion of costs allocated on the basis of the cost-sharing formula. As part of the review procedure described above, the Audit Committee expressed a unanimously favourable opinion on entering into this amendment after reviewing the reports from financial experts and after obtaining independent expert advice confirming the relevance of the cost-sharing method used and its suitability for the engagement as well as legal opinions to the effect that renewing the agreement was in the Company's interest, as was the decision to extend its length by three years. The findings of the independent expert were brought to the attention of the shareholders at the Annual General Meeting of 5 May 2017. Under the terms of the agreement, the amount paid by the Company to Euris in 2019 for 2018 was €760,000 excluding VAT, versus €900,000 excluding VAT paid in 2018 for 2017 (see Report of the Statutory Auditors on related-party agreements).

Euris also provides permanent strategic advisory and assistance and development services to the Company's subsidiaries. The total amount billed by Euris for these services in 2018 was €2.38 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 the abovementioned contracts, 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 qualify as a grant of special benefits.

Jean-Charles Naouri, Diane Coliche, Jacques Dumas, Didier Lévêque and Michel Savart, executives, 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 these two groups and/or to the Casino Group (see list of the positions in section 5.5) and accordingly receive compensation and/or directors' fees.

To the Company's knowledge, there are no other potential conflicts of interest between the duties performed by the members of the Board of Directors for the Company and their private interests or other obligations. There are no arrangements or agreements with shareholders, customers, suppliers or other parties 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 agreements between related parties, and of the Governance and Social Responsibility Committee, on both of which sit a majority of independent Directors, as well as the Lead Director, help to prevent conflicts of interest and ensure that the power of the majority shareholders is not exercised unfairly.

In addition, to the best of the Company's knowledge, no family ties exist between 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 natural persons.

Prior review of agreements between related parties by the Audit Committee

Casino considered that close attention should be paid to agreements between the Company or its wholly-owned subsidiaries and other companies in the Casino Group, the Group's parent companies and their subsidiaries, as well as companies accounted for by the equity method, referred to as "related parties."

In this regard, 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. The only procedure for the prior authorisation of related-party agreements, as provided for in the French Commercial Code, which consists in prior authorisation from the Board of Directors, the preparation of a Statutory Auditors' special report, and approval at the Annual General 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 conditions, for which the latter represents the vast majority of intra-group agreements.

The Board therefore introduced a prior review procedure for the Audit Committee to examine all agreements before they are submitted for information or approval to the Board of Directors, 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 with the same related party during the same financial year, either individually or in total, is greater than €10 million per transaction and, above the €10 million aggregate threshold, transactions for which the total amount is €1 million. 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.

Moreover, related-party agreements (as per French law) entered into 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 for review to the Audit Committee owing 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.

To perform its work in line with this procedure, the Audit Committee may use studies or reports generally produced by external specialist 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 agreements between related parties by the Audit Committee of which at least two-thirds of members are independent Directors.

The Audit Committee issued a favourable opinion on all of the transactions it reviewed in 2018 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-mentioned exceptions to the related-parties procedure. The report presented to the Audit Committee during the 2018 financial year once again concluded that there was no need to widen the scope of application of the systematic review procedure introduced in 2015.

CONVICTIONS

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 sentence imposed by a legal or regulatory authority;
- been involved in an insolvency, a receivership or a liquidation in his or her capacity as a member of a management body;
- 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

Pursuant to 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 elected at an Annual General Meeting, whether a natural person, legal entity or permanent representative, also undertakes to hold a number of Company shares the amount of which corresponds to at least one year of directors' fees, with the possibility of using said directors' fees 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, to any applicable law or regulations regarding requirements to abstain from carrying out transactions involving Company securities in connection with the prevention of insider trading.

PREVENTION OF INSIDER TRADING

During 2017, 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 following the introduction of Regulation (EU) No. 596/2014 of 16 April 2014 on market abuse which entered into effect on 3 July 2016.

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 applicable sanctions. 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 as, more generally, to employees who may have access to sensitive or inside information. It is sent to all such persons, who attest that they have read it and agree to comply with it.

The Policy provides for the creation of 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, prohibits the abovementioned persons from trading in the Company's securities or financial instruments:

- during the 30 calendar days preceding the publication by the Company of a press release announcing its annual and interim financial results, including the date of said publication;
- during the 15 calendar days preceding the publication by the Company of a press release announcing its quarterly financial results, including the date of said publication;
- 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 after it is made public.

The start of each blackout period coincides with the sending of an email informing the persons affected by the prohibition, to which is attached a calendar of the blackout periods and a reminder of the obligations stipulated in the Insider Trading Policy.

The Policy contains rules relating to the compilation of lists of insiders and includes information about the declarations 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, which is the subject of a regular review, was updated on 7 March and 14 December 2018.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS AND HOLDING 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 Board of Directors' meetings and Annual General Meetings, as well as meetings of the Committees on which they serve. The Company's methods for determining and allocating directors' fees comply with the Afep-Medef Code recommendations, which notably stipulate that Directors' attendance should account for a significant weight of the variable fee and its distribution.

Checks are performed to ensure that no Director eligible for re-election at an Annual General 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 Board's opinion before accepting a new directorship in a listed company not affiliated with the 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 Director or at the subsequent renewal of the position. Each Director must inform the Company of the directorship she or he holds in other French or foreign companies. She or he must inform the Company of any new directorship or professional responsibility as soon as possible.

The table below illustrates the active involvement of the Directors in the work of the Board of Directors and its Committees during 2018. Due to their professional commitments, some members were unable to participate in all of the special meetings organised at short notice on the dates when the greatest number of independent Directors were available.

	Board of Directors (13 meetings)	Audit Committee (7 meetings)	Appointments and Compensation Committee (3 meetings)	Governance and Social Responsibility Committee (3 meetings)
Jean-Charles NAOURI	100%			
Nathalie ANDRIEUX(1)	100%		100%	100%
Diane COLICHE	100%			
Gilbert DELAHAYE	100%		100%	
Jacques DUMAS(2)	100%		100%	
Christiane FÉRAL-SCHUHL(3)	77%			100%
Laure HAUSEUX(4)	100%	100%		
Sylvia JAY(5)	65%		100%	100%
Didier LÉVÊQUE	100%			
Catherine LUCET(6)	100%	100%		100%
Gérald DE ROQUEMAUREL(7)	100%	100%	100%	
David DE ROTHSCHILD(5)	70%		100%	100%
Frédéric SAINT-GEOURS	100%	100%		100%
Michel SAVART	100%			
Henri GISCARD D'ESTAING (Non-Voting Director)	50%			
Gilles PINONCÉLY (Non-Voting Director)	95%			
Gérald DE ROQUEMAUREL (Non-Voting Director)(7)	80%		100%	

(1) Chair of the Appointments and Compensation Committee and member of the Governance and Social Responsibility Committee since 15 May 2018.
(2) Member of the Appointments and Compensation Committee until 15 May 2018.
(3) Member of the Governance and Social Responsibility Committee since 15 May 2018.
(4) Elected at the Annual General Meeting of 15 May 2018 and member of the Audit Committee since 15 May 2018.
(5) Member of the Governance and Social Responsibility Committee until 15 May 2018 and member of the Appointments and Compensation Committee since 15 May 2018.
(6) Chair of the Audit Committee until 15 May 2018, member of the Audit Committee and Chair of the Governance and Social Responsibility Committee since 15 May 2018.
(7) Director and member of the Appointments and Compensation Committee until 15 May 2018, Non-Voting Director since 15 May 2018.

5.5.6. Implementation of the Afep-Medef Code recommendations

The Company aims to implement each of the recommendations of the Afep-Medef Code. In accordance with the "comply or explain" rule provided for in Article 27.1 of the Afep-Medef Code, the recommendation that has not been fully implemented is presented 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 performed by an independent consultant at the end of 2016, 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 the independent Directors. For further details on the process and its results, please refer to the section entitled "Evaluation of the Board's functioning". Concerning the implementation of this recommendation, the independent Directors considered that, as things currently stand, it was better to continue to focus on evaluating the quality of the collective functioning of the Board and its Committees.

5.6. Information on the agreements mentioned in Article L. 225-37-4 of the French Commercial Code

To the knowledge of the Board of Directors, no agreements were made in 2018, directly or through an intermediary, between, on the one hand, any corporate 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, either directly or indirectly, more than half the share capital, except for agreements relating to routine 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 partner: Yvon Salaün (since 2015).

Date first appointed: 20 May 1978

Date current appointment ends: at the conclusion of the Ordinary General Meeting to be held in 2022 to approve the financial statements for the year ended 31 December 2021.

In accordance with the French Financial Security Law *(Loi de sécurité financière)* of 1 August 2003, one of the signing partners from Ernst & Young was rotated for the second time in 2015.

DELOITTE & ASSOCIÉS

Signing partners: Patrice Choquet (since 2017) and Frédéric Moulin (since 2016).

Date first appointed: 29 April 2010

Date current appointment ends: at the conclusion of the Ordinary General Meeting to be held in 2022 to approve the financial statements for the year ended 31 December 2021.

In accordance with the French Financial Security Law *(Loi de sécurité financière)* of 1 August 2003, one of the signing partners from 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 Meeting to be held in 2022 to approve the financial statements for the year ended 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 Meeting to be held in 2022 to approve the financial statements for the year ended 31 December 2021.

Chapter 6

Executive and management compensation

Procedures for determining corporate officers' compensation and directors' fees

6.1. CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION

GENERAL PRINCIPLES

The Board of Directors uses the Afep-Medef Code (June 2018 version) as its reference to determine the principles for setting the compensation of executive corporate officers. It decides the principles for determining and structuring the Chairman and Chief Executive Officer's compensation based on the recommendations of the Appointments and Compensation Committee.

The Board of Directors ensures that the compensation policy is consistent with the Company's corporate interests and the interests of shareholders and stakeholders. It is also consistent with the compensation policies applied to the members of the Executive Committee and to the Group's employees. The performance indicators selected for setting the variable compensation must be in line with the Group's strategy. They reflect the Group's financial and operating priorities, and include both financial and CSR criteria, with performance assessed annually and/or over several years.

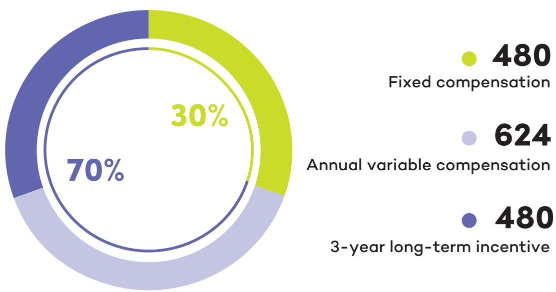
The Board of Directors bases its consideration of this issue on the analyses and findings of a consulting firm specialising in compensation which advise the Appointments and Compensation Committee on market practices in this area. These routine compensation analyses make it possible to draw a comparison between, on the one hand, the structure of the executive corporate officer compensation, its level and how it has evolved, the weighting assigned to each of the components and the performance criteria, 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.

6.1.1. Determination of the components of the compensation in respect of the 2018 financial year

METHOD OF DETERMINING THE COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION IN RESPECT OF THE 2018 FINANCIAL YEAR

For 2018, the Board of Directors decided to apply the same compensation structure as in 2017 (fixed compensation, annual variable compensation, long-term variable incentive). However, following discussions with stakeholders, more challenging performance criteria were set for CSR performance (annual variable compensation) and relative total shareholder return (TSR) performance (long-term incentive).

Target structure (in € thousands)



The principles and criteria for determining, allocating and granting the components of the Chairman and Chief Executive Officer's compensation were set by the Board of Directors on 7 March 2018 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 15 May 2018 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 2018 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.

Conditional annual variable compensation

In line with market practices, his 2018 target variable compensation was 130% of fixed compensation if all the objectives were met (*i.e.*, a gross amount of €624,000).

The annual variable compensation was entirely subject to the achievement of challenging objectives reflecting the Group's strategic priorities, with no guaranteed minimum.

It was determined based on objectives which were consistent with those used to determine the 2018 bonuses of members of the Executive Committee, as follows:

- exclusively quantitative objectives:
  - Three financial quantitative objectives aligned to the Group's key operating and financial objectives for 2018:
    - organic growth in consolidated net sales (excl. petrol and calendar effects),
    - organic growth in consolidated trading profit,
    - growth in consolidated cash flow from continuing operations (replacing the criterion based on underlying net profit that was used in 2017).

  For each criterion, a minimum threshold (at least 50% of the target), a target level (performance in line with Group objectives) and a maximum amount (outperformance compared to Group objectives) were set, with the corresponding component of annual variable compensation calculated on a straight-line basis between the minimum and maximum points.

  - One CSR quantitative objective, which was made more challenging in 2018 by measuring performance in terms of the average of the 2018 scores awarded to Casino, Guichard-Perrachon by FTSE Group, Vigeo Eiris and DJSI, which publish indices of the best-performing companies in terms of corporate social responsibility and environmental performance. The target performance corresponded to Casino's average score for 2017, *i.e.*, 72.67/100 and the minimum performance corresponded to Casino's average score for the last four years, *i.e.*, 64.53/100. The corresponding component of annual variable compensation would be calculated on a straight-line basis between the minimum and maximum points;
- heavy weighting to the financial objectives, with the following weightings assigned to the four criteria:
  - the three financial objectives accounted for 90% of the target amount and up to 118.8% in the event of outperformance, with each objective accounting for one-third (30% and up to 39.6% in the event of outperformance),
  - the CSR objective accounted for 10% of the target amount, which is in line with currently observed compensation practices;
- outperformance applied only to the financial criteria and was capped at 132% of their target amount.

On the above basis, in the case of outperformance, the gross annual variable compensation would amount to a maximum of €804,000, or 167.50% of the fixed component, unchanged compared to 2017.

However, at the Chairman and Chief Executive Officer's request, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, agreed, at its 13 March 2019 meeting, to adjust the target amount of his 2018 variable compensation downwards, in the same way as for the Group's other key senior executives, thus reducing it from €624,000 to €612,000. The maximum amount has been reduced accordingly from €804,000 to €788,100.

The other factors used to determine the variable compensation were unchanged (criteria, weighting of each criterion, minimum and target performance with straight-line calculation between the two and, for the three financial objectives, increase to a maximum of 132% of the target level for outperformance compared with the target).

On this basis, at its 13 March 2019 meeting, the Board of Directors reviewed the results achieved and determined the amount of variable compensation due for 2018, as follows:

	Target *(as a % of €612,000)*	Maximum *(as a % of €612,000)*	% achievement *(as a % of the target)*
Quantitative financial objectives	**90**	**118.8**	
▪ 1. Organic growth in consolidated net sales(1)	30	39.6	25.5%, i.e., €156,000
▪ 2. Organic growth in consolidated trading profit	30	39.6	24.6%, i.e., €151,000
▪ 3. Consolidated cash flow from continuing operation	30	39.6	0%
Quantitative CSR objective(2)	**10**	**10**	**8.35%, i.e., €51,000**
			58.45% (€357,740)

(1) Excluding petrol and calendar effects.
(2) Average of the scores awarded to Casino, Guichard-Perrachon in 2018 by the three rating agencies, i.e., 71.33/100.

The total annual variable compensation due for 2018 therefore came to a gross amount of €357,740, representing 58.45% of the target amount (€612,000) and 74.53% of fixed compensation.

In 2017, the total gross variable compensation was €454,020, representing 72.75% of the target amount (€624,000) and 94.59% of fixed compensation.

Pursuant to Article L. 225-37-2 of the French Commercial Code, payment of the annual variable compensation for the 2018 financial year, determined as shown above, is contingent on shareholder approval at the Annual General Meeting of 7 May 2019 (5th resolution).

Long-term variable compensation (LTI)

In order to maintain the increase in the variable portion of the Chairman and Chief Executive Officer's compensation (70% of total compensation) and take into account the Group's longer-term performance, the Board of Directors decided to once again award him a long-term incentive (LTI) bonus in 2018.

If the performance conditions are satisfied, the target (and maximum) level will be equal to 100% of the fixed compensation component, representing a maximum gross LTI bonus of €480,000.

The LTI will be paid only if the Chairman and Chief Executive Officer is still in office and is subject to two performance conditions to be met at the end of a three financial years period (2018-2020), with each counting for 50% of the maximum target compensation:

- Growth in relative TSR (as compared with the TSR of nine other European food retailers: Ahold-Delhaize, Carrefour, Colruyt Group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco). The corresponding portion of the LTI is calculated on a straight-line basis, according to the positioning of the Company's TSR between a minimum corresponding to the median TSR for the panel (representing a more challenging threshold than for the 2017 LTI) and a maximum corresponding to the highest TSR.
- Growth in the Group's average EBITDA/net sales ratio over the three-year period. A demanding minimum threshold and maximum amount equal to the target have been set, with the corresponding portion of the LTI calculated on a straight-line basis between the two.

The target objectives are challenging and consistent with those set in the LTI plans for key managers decided in 2018. There is no guaranteed minimum LTI bonus.

Pursuant to the terms of Article L. 225-37-2 of the French Commercial Code, payment of the long-term variable compensation is also subject to shareholder approval at the Annual General Meeting of the Company to be held in 2021.

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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 quantifiable financial objectives and the addition of a non-financial quantifiable CSR objective. The provision of a long-term cash incentive plan is also in line with market practice and recommendations.

Other components of compensation and benefits of any kind granted in respect of his position on as Chairman and Chief Executive officer

There were no changes in these components in 2018 compared with 2017.

- The Chairman and Chief Executive Officer received a gross Director's fee of €12,500 in 2018, representing half of the fee paid to external Directors.
- The Chairman and Chief Executive Officer has not and has never been awarded any stock options, bonus shares or performance shares. He is expressly excluded from the list of beneficiaries of these types of compensation under the terms of the resolutions voted at the Extraordinary General Meetings of 7 May 2017 and 15 May 2018.

- In addition, the Chairman and Chief Executive Officer does not benefit from any supplementary pension plan set up by the Company, and would not be entitled to any compensation for loss of office or to any compensation in connection with a non-compete clause.

He participates in the government-sponsored compulsory supplementary pension scheme and the employee benefits scheme *(régime de prévoyance)* open to all executive employees.

- He did not receive any benefits of any kind in respect of 2018.

6.1.2. Compensation due or paid to the Chairman and Chief Executive Officer by Casino, Guichard-Perrachon in respect of and during 2018

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 2017 and 2018 were as follows:

	2017		**2018**	
(gross amounts in €)	Amounts due(1)	Amounts paid(1)	Amounts due(1)	Amounts paid(2)
Fixed compensation	480,000	480,000	480,000	480,000
Variable compensation	454,020	625,120	357,740	454,020
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	**946,520**	**1,117,620**	**850,240**	**946,520**

(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 2018

(€)	2017	**2018**
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 2018 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 2017 and 2018 by Casino, Guichard-Perrachon, its controlled subsidiaries, companies that control it and companies controlled by them were as follows:

	2017		**2018**	
(gross amounts in €)	Amounts due	Amounts paid	Amounts due	Amounts paid
Compensation	2,101,520	2,272,620(1)	1,380,240	1,476,520(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	**2,101,520**	**2,272,620**	**1,380,240**	**1,476,520**

(1) Compensation and/or directors' fees paid and due in 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.*

(2) Compensation and/or directors' fees paid and due in 2018:
- *Casino, Guichard-Perrachon: see table in 6.1.2;*
- *Rallye: €10,000 in directors' fees;*
- *Euris: €520,000 in fixed compensation; no annual variable compensation was paid for 2018.*

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 participates in the government-sponsored compulsory supplementary pension scheme and the employee benefits scheme (régime de prévoyance) open to all executive employees.

6.1.6. Principles and criteria for determining, allocating and granting the components of the Chairman and Chief Executive Officer's compensation in respect of the 2019 financial year

(6th resolution at the Ordinary General Meeting of 7 May 2019)

Pursuant to the terms of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, allocating and granting the fixed, variable and exceptional components of the compensation and benefits of any kind paid or granted to the Chairman and Chief Executive Officer in respect of this position for the 2019 financial year must be submitted for approval at the Annual General Meeting of 7 May 2019.

At its meeting on 13 March 2019, based on the Appointments and Compensation Committee's recommendation, the Board of Directors set the principles and structure of the Chairman and Chief Executive Officer's compensation for 2019.

COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION

For 2019, as an extension of the 2017 and 2018 analyses of the practices of SBF 120 companies, especially the 17 comparable French companies in terms of size and challenges whose Chairman and Chief Executive Officer is also the controlling shareholder – including six CAC 40 companies, 10 SBF 120 companies and one Next 20 company –, external experts were once again asked to review the Chairman and Chief Executive Officer's total compensation. Following this review, the Board of Directors decided to apply the general principles described in the introduction and the recommendation of the Appointments and Compensation Committee, by renewing for 2019 the Chairman and Chief Executive Officer's compensation structure, as applied in 2018, based on the following terms and conditions:

Fixed compensation

His gross fixed compensation has been set at €480,000, unchanged since 2013.

Conditional annual variable compensation

In line with market practices, the target level of the annual variable compensation will continue to be fixed at 130% of fixed compensation (corresponding to a gross amount of €624,000) for a 100% achievement rate; if the achievement rate exceeds 100% of the objective, the variable compensation will represent up to 167.50% of fixed compensation (corresponding to €804,000).

The annual variable compensation is entirely subject to the achievement of challenging objectives reflecting the Group's strategic priorities:

- Exclusively quantitative objectives:
  - three quantitative financial objectives, aligned with Casino's priority operating and financial objectives for 2019.
    The proposed objectives, which are consistent with the Group-level quantifiable criteria and objectives used to determine the 2019 bonuses of members of the Executive Committee, concern:
    - comparable growth in consolidated net sales,
    - organic growth in France Retail trading profit,
    - free cash flow France.

    These indicators are central to the Group's profitable growth model and reflect the more challenging performance standards set for France. To assess achievement, each criterion also has a pre-defined minimum threshold, a target level for a performance in line with objectives and an outperformance level. The variable compensation is calculated on a straight-line basis between the minimum and maximum levels.
    On the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to adjust two of the three financial criteria to better reflect the objectives set for France Retail performance, free cash flow generation and working capital improvement, without adjusting their respective weightings;
  - one quantitative CSR objective which is unchanged from 2018 and corresponds to the average of the scores awarded to Casino by three rating agencies, FTSE Group, Vigeo Eiris and DJSI, with a target corresponding to Casino's average score for 2017, *i.e.*, 72.67/100 (because Casino's average score was lower in 2018) and a minimum corresponding to Casino's average score for the last four years, *i.e.*, 68.06/100.
    This quantitative CSR criterion underscores the strategic value the Group places on the development of its CSR policy as the driver of sustainable long-term growth.
    A CSR criterion has been included in determining the annual bonuses of managers since 2016. For 2018, a quantifiable CSR objective was set, based on two criteria – gender equality (percentage of women managers) and energy efficiency (electricity use in stores). This objective will also apply in 2019.

- There is no guaranteed minimum.
- The 2019 annual variable compensation is once again based for the most part on financial objectives:

  The weighting of the four criteria is as follows:
  - The three financial objectives account for 90% of the target level and up to 118.8% if the target is exceeded, on the basis of one-third each, or 30% of the target level and up to 39.6% if the target is exceeded.
  - The CSR objective accounts for 10% of the target variable compensation.
- Performance in excess of the target would be rewarded only for the three financial criteria, thus continuing to represent 132% of their target level.

The breakdown of these quantitative criteria and their relative weight in determining the Chairman and Chief Executive Officer's 2019 variable compensation is as follows:

Target amount: €624k (i.e., 130% of fixed compensation)	Variable component target	Variable component maximum
Quantitative financial objectives (90%):		
Each representing 30% if performance targets are achieved, i.e., a target amount of €187.2k, and up to €247.2k if performance targets are exceeded		
1/ Comparable growth in consolidated net sales (excl. fuel and calendar effects)	**30.00%**	**39.60%**
Corresponding variable component	€187.2k	€247.2k
2/ Organic growth in France Retail trading profit	**30.00%**	**39.60%**
Corresponding variable component	€187.2k	€247.2k
3/ *France free cash* flow(1)	**30.00%**	**39.60%**
Corresponding variable component	€187.2k	€247.2k
Quantitative non-financial objective (10%):		
1/ Average of the scores obtained by Casino from the following three rating agencies: FTSE Group, Vigeo Eiris and DJSI	**10.00%**	**10.00%**
	(2)	(3)
Corresponding variable component	€62.4k	€62.4k
TOTAL	**€624K**	**€804K**

(1) Before dividends and interest, including property development and excluding Cdiscount.
(2) Average of the scores obtained over the last four years, or 68.06/100.
(3) Average of the scores obtained in 2017, or 72.67/100 (as the average for 2018 was lower).

Long-term variable compensation (LTI)

In accordance with market practices and the recommendations of external firms consulted about the preponderance of variable compensation in the make-up of aggregate compensation, but also to take into account the Group's longer-term performance, the Board of Directors decided to once again grant the Chairman and Chief Executive Officer a cash-based LTI bonus in 2019, with the same structure as the LTI granted in 2017 for the first time.

The long-term incentive bonus is determined as follows:

- The target level, assuming the performance conditions are met, remains at a maximum of 100% of fixed compensation, representing a maximum LTI bonus of €480,000.
- The performance conditions continue to be assessed at the end of a period of three financial years (2019-2021).
- There is no guaranteed minimum.
- For each of the two performance criteria, a minimum threshold has been set, as well as a maximum amount corresponding to the objectives. The performance conditions are demanding and consistent with those set for the LTI plans covering the Group's key managers that will be decided in 2019.
- The LTI will be paid only if the Chairman and Chief Executive Officer is still in office and is subject to two performance conditions (unchanged), with each counting for 50% of the total target:
  - Growth in relative total shareholder return (TSR) (comparison between the average of the last 120 closing prices in 2018 and that of 2021, taking into account the amount of dividends per share paid during the period) compared with that of European food retailers, *i.e.*, Ahold-Delhaize, Carrefour, Colruyt Group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco. The corresponding portion of the LTI is calculated on a straight-line basis, according to the positioning of the Company's TSR between a minimum corresponding to the median TSR for the panel and a maximum corresponding to the highest TSR.

- Growth in the Group's average EBITDAR[1]/net sales ratio over the three-year period. A demanding minimum threshold and maximum amount equal to the target have been set, with the corresponding portion of the LTI calculated on a straight-line basis between the two. EBITDAR replaces EBITDA in the ratio following the application of IFRS 16.

- The elements for determining the annual and long-term variable compensation of the Chairman were made the subject of a new analysis in 2019, after the one conducted in 2018, by consulting firms specialising in compensation. The firms 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 annual variable component of the compensation due for 2019, after determining its amount based on the achievement of the above-defined objectives, is subject to the prior approval of shareholders at the Annual General Meeting of the Company to be held in 2020. Payment of the long-term variable compensation is subject to shareholder approval at the Annual General Meeting of the Company to be held in 2022, corresponding to the year in which the allocation will be final and binding.

Other components of compensation and benefits of any kind granted for service as a Director

In addition, in his capacity as Director of the Company in 2018, the Chairman and Chief Executive Officer will receive a Director's fee equal to half the fee paid to external Directors, *i.e.*, a maximum gross amount of €12,500.

The Chairman and Chief Executive Officer has not been and will not be awarded any stock options, bonus shares or performance shares. He is expressly excluded from the list of beneficiaries under the terms of the resolutions voted at the Extraordinary General Meetings of 5 May 2017 and of 15 May 2018.

In addition, the Chairman and Chief Executive Officer does not benefit from any supplementary pension plan set up by the Company, and would not be entitled to any compensation for loss of office or to any compensation in connection with a non-compete clause.

He participates in the government-sponsored compulsory supplementary pension scheme and the employee benefits scheme *(régime de prévoyance)* open to all executive employees.

He will not receive benefits of any kind in 2019.

(1) EBITDAR = EBITDA before rents.

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 2018

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, paid in 2018, 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 2017, 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 2018 in respect of 2017 amounted to €459,196 *versus* €472,693 paid in 2017 in respect of 2016, 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 2017 and 2018

Total compensation and directors' fees paid in 2017 and 2018 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 Director were as follows:

(gross amounts in €)	Directors' fees and compensation paid in 2017		**Directors' fees and compensation paid in 2018**	
Director	Directors' fees (in respect of 2016)	Other compensation[1]	Directors' fees (in respect of 2017)	Other compensation[1]
Nathalie Andrieux	39,500	–	39,350	–
Didier Carlier[2]	12,500	823,963	2,713	695,000
Diane Coliche[3]	8,333	470,704	12,500	563,644
Gilbert Delahaye[4]	–	95,644	15,567	97,500
Jacques Dumas[5]	21,583	1,017,467	28,500	1,031,052
Christiane Féral-Schuhl[6]	–	–	17,217	–
Henri Giscard d'Estaing	21,708	–	15,100	–
Sylvia Jay	38,000	–	37,700	–
Didier Lévêque[7]	12,500	842,430	12,500	897,745
Catherine Lucet	52,000	–	50,000	–
Gilles Pinoncély	41,271	–	25,000	–
Gérald de Roquemaurel	68,000	–	64,350	–
David de Rothschild	32,000	–	37,700	–
Michel Savart[8]	12,500	971,185	12,500	1,006,883
Frédéric Saint-Geours[9]	79,500[9]	–	76,000[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 2018: €695,000, including gross variable compensation of €150,000 in respect of 2017 and gross fixed compensation of €545,000, excluding deferred conditional variable compensation of €249,985.

(3) Other compensation paid in 2018: €563,644, including gross variable compensation of €134,000 in respect of 2017, gross fixed compensation of €426,668 and €2,900 in benefits in kind, excluding exceptional or deferred conditional variable compensation of €55,000. In 2017, excluding a gross bonus of €58,000. In 2017, including a gross exceptional bonus of €1,742.

(4) Appointed Director representing employees on 6 May 2017. Other compensation paid in 2018: €97,500, including gross variable compensation of €13,223 in respect of 2017 and gross fixed compensation of €84,277.

(5) Representative of Euris, parent company of the Group, which in 2018 received total fees of €5.5 million excluding VAT, including €760,000 from Casino, GuichardPerrachon, in respect of the strategic advisory services it provides to the Casino Group's parent companies and their subsidiaries. Other compensation paid in 2018: €1,031,052, including gross variable compensation of €466,000 in respect of 2017, gross fixed compensation of €540,355, €4,700 in benefits in kind and other directors' fees of €20,000, excluding gross exceptional or deferred conditional variable compensation of €1,809,006. In 2017, excluding gross exceptional bonus and deferred conditional variable compensation for a total of €1,017,271.

(6) Elected as a Director on 5 May 2017.

(7) Other compensation paid in 2018: €897,745, including gross variable compensation of €235,000 in respect of 2017, gross fixed compensation of €565,245 and other directors' fees of €97,500, excluding gross exceptional and deferred conditional variable compensation for a total of €59,184. In 2017, excluding gross exceptional bonus and deferred conditional variable compensation for a total of €109,453.

(8) Other compensation paid in 2018: €1,006,883, including gross variable compensation of €374,000 in respect of 2017, gross fixed compensation of €622,883 and other directors' fees of €10,000, excluding gross exceptional or deferred conditional variable compensation of €9,006. In 2017, excluding gross exceptional bonus and deferred conditional variable compensation for a total of €482,350.

(9) Including the additional Director's fee of €10,000 in respect of his duties as Lead Independent Director.

6.2.3. Directors' fees paid in 2019 in respect of 2018

Total directors' fees paid in 2019 in respect of 2018 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 2019 in respect of 2018				
	Directors		Committees		
(gross amounts in €)	Fixed	Variable	Fixed	Variable	**Total**
Nathalie Andrieux	8,500	16,500	16,812(1)	15,833	57,645
Diane Coliche	4,250	8,250	–	–	12,500
Gilbert Delahaye	8,500	16,500	6,500	9,500	41,000
Jacques Dumas	4,250	8,250	2,437	6,333	21,270
Christiane Féral-Schuhl	8,500	12,692	4,063	6,333	31,588
Henri Giscard d'Estaing	8,500	6,346	–	–	14,846
Laure Hauseux(2)	5,312	11,423	4,063	12,976	33,774
Sylvia Jay	8,500	10,154	6,500	6,333	31,487
Didier Lévêque	4,250	8,250	–	–	12,500
Catherine Lucet	8,500	16,500	26,813(1)	24,833	76,646
Gilles Pinoncély	8,500	15,231	–	–	23,731
Gérald de Roquemaurel	8,500	13,962	8,625(1)	11,857	42,944
David de Rothschild	8,500	11,423	6,500	6,333	32,756
Frédéric Saint-Geours	8,500	16,500	26,750(1)	28,000	79,750
Michel Savart	4,250	8,250	–	–	12,500

(1) Including the additional Director's fee awarded in respect of his or her duties as Chair of a Committee, prorated to the period served.
(2) Elected as a Director on 15 May 2018.

Total gross directors' fees paid in January 2019 in respect of 2018 to the members of the Board of Directors and the Board's specialised Committees amounted to €537,439.10. The total gross amount of directors' fees paid in 2018 in respect of 2017 amounted to €459,195.83. 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

Details of the share grants made in 2018 by Casino, Guichard-Perrachon to managers and employees of the Company and of related companies who are also corporate officers of the Company are presented below:

	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:					
Diane Coliche	15 May 2018	15 May 2021	16 May 2023(1)	2,363	€18.35
Jacques Dumas	15 May 2018	15 May 2021	16 May 2023(1)	11,814	€18.35
	13 December 2018	1 December 2020	14 December 2020(2)	1,250	€31.46

(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 (2018, 2019 and 2020), each concerning half of the initial grant: the Company's TSR compared to a sample of nine European food retailers (Ahold-Delhaize, Carrefour, Colruyt Group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco), and the Group's average EBITDA margin (EBITDA/net sales).

(2) Vesting of the share grants is contingent only on a service requirement.

	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	23 May 2018	23 May 2020	23 May 2022	4,837	€9.6066
Didier Lévêque	23 May 2018	23 May 2020	23 May 2022	18,250	€9.6066
Michel Savart	23 May 2018	23 May 2020	23 May 2022	4,837	€9.6066

(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.

Details of the share grants made by Casino, Guichard-Perrachon to managers and employees of the Company and of related companies who are also corporate officers of the Company that vested in 2018 are presented below:

	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 in 2018:					
Diane Coliche	13 May 2016	13 May 2018	13,578	13,578(1)	13 May 2018
	13 May 2016	13 May 2018	1,940	1,104(2)	13 May 2020
	14 June 2016	14 June 2018	6,711	6,711(1)	14 June 2018
Jacques Dumas	13 May 2016	13 May 2018	9,699	5,517(2)	13 May 2020
	14 October 2016	14 October 2018	2,898	2,898(1)	15 October 2018

(1) Vesting of the share grants was contingent only on a service requirement.

(2) Vesting of the share grants was contingent on a service requirement 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 nine European food retailers (Ahold-Delhaize, Carrefour, Colruyt Group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco), and the Group's average EBITDA margin (EBITDA/net sales).

	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, the controlling shareholder, that vested in 2018(1):					
Jacques Dumas	15 December 2015	15 December 2018	2,604	2,604	15 December 2020
	28 July 2016	28 July 2018	3,930	3,930	28 July 2020
Didier Lévêque	15 December 2015	15 December 2018	9,847	9,847	15 December 2020
	28 July 2016	28 July 2018	14,828	14,828	28 July 2020
Michel Savart	15 December 2015	15 December 2018	2,604	2,604	15 December 2020
	28 July 2016	28 July 2018	3,930	3,930	28 July 2020

(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);
- the quantifiable Group CSR objective applicable since 2018, based on two criteria – gender equality (percentage of women managers) and energy efficiency (electricity use in stores);
- individual qualitative objectives related to a general appraisal mainly taking account of managerial attitudes and behaviour, including a CSR objective in 2016 and 2017 that has been replaced by the above Group objective.

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 2018, 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 €21 million, including a variable component of €9.5 million in respect of 2018 and €39,000 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 performance conditions 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.

No stock option plans have been set up since 29 April 2010.

The Company may also make one-off share grants to employees who have made a significant contribution to strategic or highly complex transactions.

In 2018, nine Executive Committee members were granted 190,865 bonus shares either contingent on a service requirement and performance conditions or on a one-off basis. A total of 125,117 bonus shares vested to six Executive Committee members in 2018.

The share award policy and details of the various plans which were still outstanding at 31 December 2018 are provided in Chapter 7, pages 371 and 372.

Chapter 7

Casino and its shareholders

7.1. THE MARKET FOR CASINO SECURITIES

7.1.1. 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 issues (other than deeply-subordinated perpetual notes) have been rated BB with a negative outlook by Standard & Poor's since 3 September 2018 (BB+ with a stable outlook previously) and Ba1 with a negative outlook by Moody's Investors Service since 28 September 2018 (Ba1 with a stable outlook previously). The Company terminated its agreement with Fitch Ratings in 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)*
2017	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	53.48	46.49	11,383	560
	February	47.48	43.83	8,893	404
	March	45.07	37.34	30,302	1,243
	April	43.22	38.70	12,559	519
	May	43.32	36.46	11,603	463
	June	38.03	32.31	22,299	762
	July	36.84	31.73	19,717	678
	August	34.78	25.37	23,579	735
	September	39.08	26.10	28,408	929
	October	42.65	35.62	14,942	579
	November	40.85	37.49	10,885	421
	December	38.93	34.35	10,114	371
2019	January	43.01	34.01	11,313	431
	February	46.49	42.03	9,725	426

Five-year stock market performance

	2014	2015	2016	2017	2018
Share price *(€)*[(1)]					
high	97.53	87.89	55.34	57.19	53.48
low	70.02	38.75	34.38	45.59	25.37
31 December (closing price)	76.46	42.42	45.59	50.56	36.34
Market capitalisation at 31 December *(€ millions)*	8,653	4,801	5,060	5,612	3,988

(1) Source: Euronext Paris.

Speculative attacks on the share price in 2018

Starting in June 2018, the Company was the target of extremely aggressive coordinated disinformation campaigns and speculative attacks orchestrated by short sellers who had borrowed unprecedented quantities of shares and were determined to maintain constant downward pressure on the share price (see Chapter 4, section 4.5, page 282).

7.1.2. Other listed companies

The market capitalisations of the companies listed below are based on Bloomberg data.

ALMACENES ÉXITO (COLOMBIA)

The company's shares are traded on the Colombia Stock Exchange (Bolsa de Valores).

	2014	2015	2016	2017	2018
Share price (COP)[1]					
high	33,280	28,800	16,860	16,640	18,500
low	24,400	10,100	12,300	14,620	11,920
31 December (closing price)	29,200	13,500	14,900	16,560	12,400
Market capitalisation at 31 December *(COP millions)*	13,088,612	6,042,658	6,669,304	7,412,327	5,550,294
Market capitalisation at 31 December *(€ millions)*	4,552	1,744	2,121	2,076	1,490

(1) Source: Bloomberg.

CNOVA N.V. (NETHERLANDS)

The company's shares have been traded on Euronext Paris since 23 January 2015.

Euronext Paris	2015	2016	2017	2018
Closing price *(€)*[1]				
high	6.54	5.27	5.26	4.46
low	2.14	2.00	4.28	3.56
31 December (closing price)	2.28	5.18	4.40	3.60
Market capitalisation at 31 December *(€ millions)*	1,006	2,285	1,516	1,243

(1) Source: Euronext Paris.

The Company's shares were traded on Nasdaq (New York) from 20 November 2014 to 3 March 2017, when they were delisted.

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.

	2014	2015	2016	2017	2018
Closing price *(BRL)*[1]					
high	115.46	102.69	61.86	80.85	87.51
low	91.52	41.19	32.90	54.30	63.92
31 December (closing price)	98.63	41.86	54.75	78.93	80.98
Market capitalisation at 31 December *(BRL millions)*	26,142	11,122	14,567	21,041	21,609
Market capitalisation at 31 December *(€ millions)*	8,163	2,577	4,280	5,324	4,863

(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	2018
Closing price *(BRL)*[1]					
high	26.49	20.15	10.75	25.13	8.65
low	18.71	3.25	2.90	8.85	4.28
31 December (closing price)	20.77	3.27	10.75	24.47	4.39
Market capitalisation at 31 December *(BRL millions)*	8,777	1,407	4,625	10,544	5,682
Market capitalisation at 31 December *(€ millions)*	2,741	326	1,359	2,668	1,279

(1) Source: Bloomberg.

7.2. DIVIDEND AND TAX

Given profit available for distribution of €4,849 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 5 December 2018, the remaining dividend amount comes to €1.56 per share.

The ex-date for the dividend balance will be 9 May 2019 and the payment date 13 May 2019.

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
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**	**-**
2017			
Interim dividend (paid on 11 December 2017)	€1.56	€1.56	-
Remaining dividend (paid on 22 May 2018)	€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 29) over the past five years:

Year	2013	2014	2015	2016	2017
Total payout	352.9	351.9	350.1	343.6	341.4
% of underlying net profit, Group share	57.1	63.3	85.0	100.8	91.8

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

Since 1 January 2018, dividends are subject to a 30% flat tax, corresponding to:

- 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% tax 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 2018 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 2019 if they have applied to their bank or broker before 30 November 2018.

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.

7.3. SHARE BUYBACK PROGRAMME

7.3.1. Current share buyback programme

The Ordinary General Meeting of 15 May 2018 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 241-7 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 make a market in the Company's shares and increase their liquidity through an independent investment services provider acting in the name and on behalf of the Company under a liquidity contract that complies with a Code of Ethics 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 hold shares for subsequent use as a means of payment or exchange as part of or subsequent to an external growth transaction;
- to cancel shares (in whole or in part) in order to optimise earnings per share as part of a capital reduction plan, under the conditions provided for by law;
- to implement any market practice that may be authorised by the AMF in the future, and generally carry out any transaction in compliance 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 Shareholders' Meeting of 15 May 2018, 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 2018 AND UNTIL 28 FEBRUARY 2019

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 2018, a total of 4,694,460 shares were purchased at an average price of €37.31 per share and 4,694,460 shares were sold at an average price of €35.94 per share. At 31 December 2018, the liquidity account held zero shares and €123.67 million.

In January 2019, the Company signed a new liquidity contract with Rothschild Martin Maurel to take account of the changes in regulations governing these contracts (AMF decision No. 2018-01 dated 2 July 2018). The new contract, which came into effect on 1 January 2019, replaces the previous one dated 11 February 2005. As of the contract signature date, the liquidity account held zero shares and €30 million.

From 1 January 2019 to 28 February 2019, a total of 620,758 shares were purchased at an average price of €39.50 per share and 620,758 shares were sold at an average price of €39.83 per share. At 28 February 2019, the liquidity account held zero shares and €30.11 million.

Other stock transactions

In 2018, the Company purchased 2,403,341 shares at an average price of €39.64 per share through an investment service provider acting in the name and on behalf of the Company on an arm's length basis.

No shares were bought back between 1 January 2019 and 28 February 2019.

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. In 2018, a total of 1,267,608 shares were cancelled, including (i) 413,622 shares on 7 March, (ii) 335,909 shares on 15 May and (iii) 518,077 shares on 25 July. No shares were cancelled in 2017.

Over the 24-month period beginning 27 February 2017 and ending 28 February 2019, the Board of Directors cancelled 1,267,608 shares representing 1.16% of the Company's capital, including (i) 413,622 shares on 7 March 2018, (ii) 335,909 shares on 15 May 2018 and (iii) 518,077 shares on 25 July 2018.

SUMMARY OF STOCK TRANSACTIONS

The table below shows details of treasury shares bought and sold between 1 January 2018 and 31 December 2018 and between 1 January 2019 and 28 February 2019, 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 2017	**106,807**	**0.10**
Shares purchased under the liquidity agreement	4,694,460	
Shares sold under the liquidity agreement	(4,694,460)	
Shares purchased	2,403,341	
Shares sold	0	
Shares cancelled	(1,267,608)	
Shares granted	(280,749)	
Number of shares held at 31 December 2018	**961,791**	**0.88**
Shares purchased under the liquidity agreement	620,758	
Shares sold under the liquidity agreement	(620,758)	
Shares purchased	0	
Shares sold	0	
Shares cancelled	0	
Shares granted	(19,172)	
Number of shares held at 28 February 2019	**942,619**	**0.86**

At 31 December 2018, the Company owned 961,791 shares (purchase cost: €33 million) with a par value of €1.53. Based on the closing price at 31 December 2018 (€36.34), their market value totalled €34.9 million.

At 28 February 2019, the Company owned 942,619 shares (purchase cost: €32.2 million) with a par value of €1.53 each. Based on the closing price at 28 February 2018 (€46.49), their market value totalled €43.8 million.

Treasury shares are allocated for the following purposes:

- no shares have been allocated to the liquidity contract;
- 942,619 shares to cover stock option plans, employee share ownership plans or share grant plans for Group employees.

On 31 December 2018, Germinal SNC, an indirectly controlled wholly-owned company, held 928 ordinary shares.

7.3.2. Share buyback programme submitted to the Annual General Meeting for approval

The Annual General Meeting of 7 May 2019 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, Regulation No. 596/2014 of 16 April 2014), primarily for the purposes below:

- to make a market in the Company's shares and increase their liquidity through an independent investment services provider acting in the name and on behalf of the Company under a liquidity contract that complies with a Code of Ethics 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 shares upon exercise of rights attached to securities redeemable, convertible, exchangeable, on presentation of a warrant or a convertible or exchangeable debt security, or otherwise exercisable for Company shares;
- to hold shares for subsequent use as a means of payment or exchange as part of or subsequent to an external growth transaction;
- to cancel shares (in whole or in part) in order to optimise earnings per share as part of a capital reduction plan, under the conditions provided for by law;
- to implement any market practice that may be authorised by the AMF in the future, and generally carry out any transaction in compliance 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 share buyback price may not exceed €100 (excluding transaction costs) for each 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, 10,030,322 based on the share capital as of 28 February 2019, after deducting the 942,619 own shares held by the Company, corresponding to a maximum amount of €1,003 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 thirteenth resolution of the Ordinary Shareholders' Meeting of 15 May 2018.

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.

7.4. SHARE CAPITAL AND SHARE OWNERSHIP

7.4.1. Changes in share capital

At 31 December 2018, the share capital amounted to €167,883,006.48 divided into 109,729,416 shares with a par value of €1.53 each.

This was unchanged at 28 February 2019.

CHANGES IN SHARE CAPITAL OVER THE PAST FIVE YEARS

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		
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	(1,267,608)	(1,939,440)	(52,748,629)	167,885,963.64	109,729,388
	Absorption of subsidiaries	28	42.84	1,272	167,886,006.48	109,729,416

No capital transaction occurred from 1 January 2019 to 28 February 2019.

POTENTIAL NUMBER OF SHARES

There are no securities or stock options (see section 7.5) that may confer entitlement to share capital, as the share grant plans underway (see section 7.5) concern existing shares.

UNISSUED AUTHORISED CAPITAL

To allow the Company to raise funds on the financial markets to finance the Group's continued development and improve its financial position, the Annual General Meeting of 5 May 2017 granted to the Board of Directors a number of delegations of competence and authorisations. At the Annual General Meeting of 15 May 2018, the Board of Directors was also authorised 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
Rights issue to employees of the Company and related entities who are members of a company savings plan	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*	15 May 2018	26 months	14 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 2018, other than those related to free share grants. In 2018, the Board of Directors granted rights to 349,565 shares, including 238,023 shares pursuant to the authorisation granted by the Annual General Meeting of 15 May 2018. All of these shares will be allocated out of treasury stock. The rights will vest if the grantee is still employed by the Company at the end of the vesting period and/or the performance conditions are met.

As all the authorisations are expiring, the Annual General Meeting of 7 May 2019 will be asked to renew them.

The Annual General Meeting of 5 May 2017 authorised the Board of Directors to reduce the capital by up to 10% per 24-month period by cancelling shares held in treasury stock. This authorisation was given for a period of 26 months expiring on 4 July 2019.

No shares were cancelled in 2017. In 2018, the Board of Directors used the authorisation to cancel 1,267,608 shares acquired under the buyback programme.

As this authorisation is expiring, the Annual General Meeting of 7 May 2019 will be asked to renew it.

7.4.2. 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.

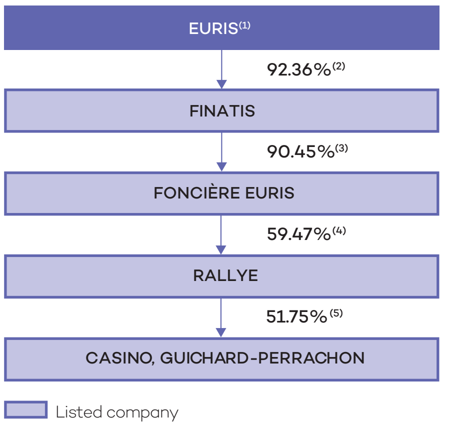
At 31 December 2018, a total of 153,413,553 voting rights were attached to 108,766,697 shares with voting rights in issue. The number of voting rights is different from the number of shares comprising the share capital due to the double voting right attached to registered shares, as well as the direct 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 2019 and the number of treasury shares held directly or indirectly, a total of 143,807,310 voting rights were attached to 108,785,869 shares carrying voting rights as of 28 February 2019.

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 28 February 2019:



(1) Euris is controlled by Jean-Charles Naouri.

(2) 92.36% of theoretical voting rights.

(3) 90.45% of theoretical voting rights.

(4) 71.67% of theoretical voting rights.

(5) The shares are held directl y or indirectly, excluding treasury shares, by Rallye and its subsidiaries and represent 60.64% of the theoretical voting rights.

CHANGES IN SHARE CAPITAL AND VOTING RIGHTS

The ownership of share capital and voting rights as of 31 December 2016, 2017 and 2018 and as of 28 February 2019 is as follows:

	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	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[2]	102,256	0.1	0	0.0	102,256	(0.1)[3]
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	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[2]	107,735	0.1	0	0.0	107,735	(0.1)[3]
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]	
31 December 2018	Number	%	Number	%	Number	%
Public	50,871,867	46.4	53,902,958	35.1	53,902,958	34.9
of which shares in registered form	3,720,063	3.4	6,751,154	4.4	6,751,154	4.4
of which shares in bearer form	47,151,804	43.0	47,151,804	30.7	47,151,804	30.5
Rallye group[4]	56,783,700	51.7	97,355,785	63.5	97,355,785	63.1
Casino Group Employee Mutual Funds	1,111,130	1.0	2,154,810	1.4	2,154,810	1.4
Treasury shares[2]	962,719	0.9	0	0	962,719	(0.6)[3]
TOTAL	**109,729,416**	**100.0**	**153,413,553**	**100.0**	**154,376,272**	**100.0**

	Shares		Voting rights exercisable at Annual General Meeting[1]		Theoretical voting rights[1]	
28 February 2019	Number	%	Number	%	Number	%
Public	50,885,627	46.4	53,879,496	37.5	53,879,496	37.2
of which shares in registered form	3,734,804	3.4	6,728,673	4.7	6,728,673	4.6
of which shares in bearer form	47,150,823	43.0	47,150,823	32.8	47,150,823	32.6
Rallye group[4]	56,785,192	51.7	87,769,264	61.0	87,769,264	60.6
Casino Group Employee Mutual Funds	1,115,050	1.0	2,158,550	1.5	2,158,550	1.5
Treasury shares[2]	943,547	0.9	0	0	943,547	(0.7)[3]
TOTAL	**109,729,416**	**100.0**	**143,807,310**	**100.0**	**144,750,857**	**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) Casino holds 928 shares through Germinal, an indirectly wholly-owned company.

(3) Voting rights that will become exercisable again if the underlying shares cease to be held in treasury stock.

(4) At 31 December 2018, Rallye SA held 39.11% of the share capital (45.39% of the voting rights) directly and 51.75% of the share capital (63.46% of the voting rights) indirectly through two subsidiaries which held more than 5% of the share capital and/or voting rights. These subsidiaries are Cobivia, which holds 8.29% of the share capital and 11.86% of the voting rights, and Habitation Moderne de Boulogne, which holds 4.28% of the share capital and 6.12% 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 could be settled through physical delivery of underlying shares. The agreement was settled on 9 March 2018 when the title transfer option was exercised on 840,495 shares (AMF 2018DD541587).

On 3 October 2018, Alpétrol (the lender), a wholly-owned subsidiary of Rallye, and Rallye (the borrower) entered into a securities lending agreement on 6,681,492 Casino, Guichard-Perrachon shares (AMF 2018DD578901 – AMF 2018DD578908). The lent shares were stripped of double voting rights (AMF 218C1648).

On 28 February 2019, Cobivia (the lender) and L'Habitation Moderne de Boulogne (the lender), subsidiaries of Rallye, and Rallye (the borrower) entered into securities lending agreements on 6,866,554 Casino, Guichard-Perrachon shares and 2,721,459 Casino, Guichard-Perrachon shares respectively (AMF 2019DD597522 – AMF 2019DD597523 – AMF 2019DD597521). The lent shares were stripped of double voting rights (AMF 219C0420).

At 28 February 2019, Rallye SA held 47.85% of the share capital (55.09% of the voting rights) directly and 51.75% of the share capital (61.03% of the voting rights) indirectly through three subsidiaries which held less than 5% of the share capital and/or voting rights.

To the best of the Company's knowledge, no shareholder other than (i) Rallye and (ii) Morgan Stanley Plc and Morgan Stanley & Co International plc (a subsidiary of Morgan Stanley Plc), which both disclosed notifiable interests to the AMF (see below), holds more than 5% of the share capital or voting rights of the Company at 28 February 2019.

On 31 December 2018, the Company conducted a survey of holders of bearer shares. Out of the Company's 47,151,804 bearer shares, the survey identified 45,907 direct holders or nominees, together holding 46,812,802 shares representing 42.66% of the share capital.

The number of the Company's shareholders is estimated at more than 51,000 and the percentage of share capital held by private shareholders is estimated at 15% (sources: survey of identifiable holders of bearer shares carried out on 31 December 2018 and shareholders' register).

STATUTORY DISCLOSURE THRESHOLDS

Between 1 January 2018 and 28 February 2019, 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	% of voting rights[1]	AMF notice reference no.
BlackRock Inc[2]	23 February 2018	Increase	8,227,311	8,227,311	7.41	5.04	218C0481
BlackRock Inc[2]	26 February 2018	Decrease	8,003,609	8,003,609	7.21	4.90	218C0489
BlackRock Inc[2]	28 February 2018	Increase	8,167,951	8,167,951	7.36	5.002	218C0512
BlackRock Inc[2]	1 March 2018	Decrease	8,096,382	8,096,382	7.29	4.96	218C0527
BlackRock Inc[2]	2 March 2018	Increase	8,178,326	8,178,326	7.37	5.01	218C0536
BlackRock Inc[2]	6 March 2018	Decrease	8,095,172	8,095,172	7.29	4.96	218C0551
BlackRock Inc[2]	12 March 2018	Increase	8,340,048	8,340,048	7.51	5.11	218C0591
BlackRock Inc[2]	15 March 2018	Decrease	7,992,805	7,992,805	7.20	4.89	218C0605
BlackRock Inc[2]	16 March 2018	Decrease	5,479,608	5,479,608	4.94	3.36	218C0612
BlackRock Inc[2]	20 March 2018	Increase	5,770,761	5,770,761	5.20	3.53	218C0625
BlackRock Inc[2]	22 March 2018	Decrease	5,501,956	5,501,956	4.96	3.37	218C0639
BlackRock Inc[2]	23 March 2018	Increase	5,728,841	5,728,841	5.16	3.51	218C0645
BlackRock Inc[2]	18 April 2018	Decrease	5,447,825	5,447,825	4.93	3.35	218C0759
BlackRock Inc[2]	25 April 2018	Increase	5,588,411	5,588,411	5.05	3.43	218C0801
BlackRock Inc[2]	26 April 2018	Decrease	5,474,113	5,474,113	4.95	3.36	218C0803
BlackRock Inc[2]	27 April 2018	Increase	5,691,429	5,691,429	5.15	3.49	218C0806
BlackRock Inc[2]	11 May 2018	Decrease	5,505,774	5,505,774	4.98	3.38	218C0876
BlackRock Inc[2]	23 May 2018	Increase	5,628,500	5,628,500	5.09	3.46	218C0923
BlackRock Inc[2]	24 May 2018	Decrease	5,433,434	5,433,434	4.91	3.34	218C0939
BlackRock Inc[2]	28 May 2018	Increase	5,738,268	5,738,268	5.19	3.52	218C0956
BlackRock Inc[2]	8 June 2018	Decrease	5,465,410	5,465,410	4.94	3.36	218C1039
BlackRock Inc[2]	13 June 2018	Increase	5,756,822	5,756,822	5.21	3.53	218C1064
BlackRock Inc[2]	21 June 2018	Decrease	5,323,693	5,323,693	4.81	3.27	218C1112
BlackRock Inc[2]	26 June 2018	Increase	5,585,699	5,585,699	5.05	3.43	218C1135
BlackRock Inc[2]	27 June 2018	Decrease	5,468,859	5,468,859	4.96	3.37	218C1147
Goldman Sachs Group Inc.	27 June 2018	Increase	5,712,562	5,712,562	5.18	3.52	218C1184
BlackRock Inc[2]	28 June 2018	Increase	5,529,530	5,529,530	5.02	3.40	218C1159
Goldman Sachs Group Inc.	28 June 2018	Decrease	71,011	71,011	0.06	0.04	218C1197
Goldman Sachs Group Inc.	2 July 2018	Increase	6,367,329	6,367,329	5.78	3.92	218C1231
BlackRock Inc[2]	5 July 2018	Decrease	5,428,038	5,428,038	4.92	3.34	218C1227
BlackRock Inc[2]	6 July 2018	Increase	5,737,077	5,737,077	5.20	3.53	218C1246
BlackRock Inc[2]	9 July 2018	Decrease	5,435,835	5,435,835	4.93	3.35	218C1257
BlackRock Inc[2]	10 July 2018	Increase	5,527,825	5,527,825	5.01	3.40	218C1273
Goldman Sachs Group Inc.	17 July 2018	Decrease	334,647	334,647	0.30	0.21	218C1345
BlackRock Inc[2]	25 July 2018	Decrease	5,259,629	5,259,629	4.77	3.25	218C1363
Goldman Sachs Group Inc.	31 July 2018	Increase	5,654,310	5,654,310	5.15	3.51	218C1413
Goldman Sachs Group Inc.	1 August 2018	Decrease	112,511	112,511	0.10	0.07	218C1413
Goldman Sachs Group Inc.	2 August 2018	Increase	7,166,036	7,166,036	6.53	4.45	218C1417
Goldman Sachs Group Inc.	8 August 2018	Decrease	1,088,128	1,088,128	0.99	0.68	218C1457
BlackRock Inc[2]	9 August 2018	Increase	5,582,811	5,582,811	5.09	3.47	218C1436
UBS Group AG	10 August 2018	Increase	5,932,785	5,932,785	5.41	3.68	218C1463

Shareholder	Date of threshold crossing	Type of threshold crossing	Number of shares and voting rights disclosed		% of the share capital	% of voting rights(1)	AMF notice reference no.
Goldman Sachs Group Inc.	13 August 2018	Increase	7,031,140	7,031,140	6.41	4.37	218C1462
Morgan Stanley Plc	16 August 2018	Increase	7,638,582	7,638,582	6.96	4.74	218C1493
Morgan Stanley Plc	17 August 2018	Increase	8,304,377	8,304,377	7.57	5.16	218C1493
Morgan Stanley Plc	21 August 2018	Decrease	7,952,438	7,952,438	7.25	4.94	218C1493
Morgan Stanley Plc	24 August 2018	Increase	8,114,978	8,114,978	7.40	5.04	218C1507
BlackRock Inc(2)	30 August 2018	Decrease	5,258,517	5,258,517	4.79	3.26	218C1509
Goldman Sachs Group Inc.	30 August 2018	Increase	8,343,746	8,343,746	7.60	5.18	218C1520
Morgan Stanley Plc	31 August 2018	Decrease	7,362,183	7,362,183	6.71	4.57	218C1523
UBS Group AG	6 September 2018	Decrease	120,336	120,336	0.11	0.07	218C1538
BlackRock Inc(2)	7 September 2018	Increase	5,575,891	5,575,891	5.08	3.46	218C1532
BlackRock Inc(2)	10 September 2018	Decrease	5,397,917	5,397,917	4.92	3.35	218C1535
Morgan Stanley Plc	12 September 2018	Increase	8,915,610	8,915,610	8.13	5.54	218C1563
Goldman Sachs Group Inc.	18 September 2018	Decrease	7,943,481	7,943,481	7.24	4.93	218C1582
UBS Group AG	21 September 2018	Increase	5,616,611	5,616,611	5.12	3.49	218C1592
Goldman Sachs Group Inc.	25 September 2018	Increase	8,077,334	8,077,334	7.36	5.01	218C1608
Goldman Sachs Group Inc.	27 September 2018	Decrease	7,984,387	7,984,387	7.28	4.96	218C1620
Goldman Sachs Group Inc.	1 October 2018	Increase	8,227,626	8,227,626	7.50	5.11	218C1639
Alpétrol(3)	3 October 2018	Decrease	6,681,592	6,581,692	6.09	4.33	218C1648
Morgan Stanley Plc	19 October 2018	Decrease	7,634,182	7,634,182	6.96	4.95	218C1731
Société Générale	19 October 2018	Increase	6,241,710	6,241,710	5.69	4.04	218C1725
Morgan Stanley Plc	31 October 2018	Increase	7,800,455	7,800,455	7.11	5.05	218C1785
Morgan Stanley&Co International plc(4)	14 November 2018	Increase	8,965,806	8,965,806	8.17	5.81	218C1863
UBS Group AG	28 November 2018	Decrease	51,106	51,106	0.05	0.03	218C1916
Morgan Stanley&Co International plc(4)	30 November 2018	Decrease	7,696,159	7,696,159	7.01	4.98	218C1947
Morgan Stanley&Co International plc(4)	7 December 2018	Increase	7,775,740	7,775,740	7.09	5.04	218C1977
Morgan Stanley&Co International plc(4)	10 December 2018	Decrease	7,711,332	7,711,332	7.03	4.99	218C1988
Goldman Sachs Group Inc.	18 December 2018	Decrease	3,075,721	3,075,721	2.80	1.99	218C2052
Goldman Sachs Group Inc.	19 December 2018	Increase	9,123,415	9,123,415	8.31	5.91	218C2060
Goldman Sachs Group Inc.	20 December 2018	Decrease	3,157,589	3,157,589	2.88	2.05	218C2069
Société Générale	21 December 2018	Decrease	0	0	-	-	218C2056
Morgan Stanley Plc	24 December 2018	Decrease	7,566,455	7,566,455	6.90	4.90	219C0003
Morgan Stanley Plc	28 December 2018	Increase	7,830,483	7,830,483	7.14	5.07	219C0023
Goldman Sachs Group Inc.	31 December 2018	Increase	8,170,634	8,170,634	7.45	5.29	219C0044
Goldman Sachs Group Inc.	2 January 2019	Decrease	2,989,769	2,989,769	2.72	1.94	219C0054
Goldman Sachs Group Inc.	4 January 2019	Increase	8,085,431	8,085,431	7.37	5.24	219C0076
Morgan Stanley Plc	10 January 2019	Decrease	7,703,819	7,703,819	7.02	4.99	219C0119
Morgan Stanley Plc	11 January 2019	Increase	7,992,166	7,992,166	7.28	5.18	219C0125
Goldman Sachs Group Inc.	14 January 2019	Decrease	2,412,685	2,412,685	2.20	1.56	219C0130
Goldman Sachs Group Inc.	23 January 2019	Increase	8,237,342	8,237,342	7.51	5.34	219C0187
Morgan Stanley Plc	28 January 2019	Decrease	7,339,728	7,339,728	6.69	4.75	219C0204
Goldman Sachs Group Inc.	14 February 2019	Decrease	2,787,160	2,787,160	2.54	1.81	219C0311

Shareholder	Date of threshold crossing	Type of threshold crossing	Number of shares and voting rights disclosed		% of the share capital	% of voting rights[(1)]	AMF notice reference no.
Goldman Sachs Group Inc.	26 February 2019	Increase	8,155,712	8,155,712	7.43	5.28	219C0387
Morgan Stanley&Co International plc[(4)]	27 February 2019	Decrease	5,462,566	5,462,566	4.98	3.54	219C0390
Morgan Stanley&Co International plc[(4)]	28 February 2019	Increase	5,641,601	5,641,601	5.96	3.90	219C0407
Goldman Sachs Group Inc.	28 February 2019	Decrease	2,780,445	2,780,445	2.53	1.92	219C0413
Rallye[(5)]	28 February 2019	Increase	52,505,709	79,229,279	47.85	54.73	219C0420
Cobivia[(3)]	28 February 2019	Decrease	9,100,999	11,335,444	8.29	7.83	219C0420
Habitation Moderne de Boulogne[(3)]	28 February 2019	Decrease	4,695,468	6,669,477	4.28	4.61	219C0420

(1) 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.

(2) BlackRock Inc. disclosed that it had acted on behalf of the clients and funds that it manages. Under the terms of its portfolio management agreements, it has discretionary powers to exercise the voting rights attached to the shares, except where clients have specifically stated that they wish to exercise the voting rights themselves.

(3) Controlled by Rallye.

(4) Controlled by Morgan Stanley Plc.

(5) Controlled by Foncière Euris, which in turn is controlled by Jean-Charles Naouri.

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 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."

At the Annual General Meeting of 7 May 2019, shareholders will be asked to approve an amendment to paragraph II of Article 11 of the Articles of Association (see above) to replicate in full all the legal obligations concerning thresholds being crossed and thus include the shares that are assimilated with the shares already owned and the associated voting rights.

EMPLOYEE SHARE OWNERSHIP

On 31 December 2018, Group employees held 1,542,812 shares representing 1.41% of the share capital and 1.69% of the voting rights, of which:

- 1,111,130 shares through employee savings plans and different mutual funds;
- 431,682 registered shares resulting from free share grants authorised by shareholders at an Extraordinary General Meeting held after 6 August 2015 (information disclosed in application of the Macron Act).

SHARES HELD BY DIRECTORS AND OFFICERS

On 31 December 2018, shares held directly by members of the Board of Directors represented 0.12% of the share capital and 0.14% of the voting rights exercisable in General Meetings. On the same date, 51.81% of the share capital and 63.52% of the voting rights were controlled directly or indirectly by these members.

On 28 February 2019, Casino shares held directly by members of the Board of Directors represented 0.12% of the share capital and 0.15% of the voting rights. On the same date, 51.81% of the share capital and 61.09% 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 in 2018 and up until 28 February 2019 by officers and persons who were related parties on the transaction date, were as follows:

Date	Shareholder	Financial instrument	Purchase/sale	Number	Amount (€)
13 January 2018	Antoine Giscard d'Estaing, Chief Financial Officer and member of the Casino Group's Executive Committee	Shares	Purchase[1]	12,483	-
13 January 2018	Hervé Daudin, Executive Director, Merchandise, and member of the Casino Group's Executive Committee	Shares	Purchase[1]	16,003	-
9 March 2018	Rallye SA, legal entity related to Foncière Euris, Director	Shares	Purchase[2]	840,495	58.2548
4 May 2018	Foncière Euris, Director	Other types of financial instruments	Financial contract extension consisting of 250,000 put options	250,000	-
13 May 2018	Tina Schuler, Chief Executive Officer of Leader Price, Casino Supermarchés and Géant Casino, member of the Casino Group's Executive Committee	Shares	Purchase[1]	1,656	-
13 May 2018	Guillaume Humbert, Director, Corporate Finance	Shares	Purchase[1]	3,044	-
13 May 2018	Julien Lagubeau, Chief Operating Officer and member of the Casino Group's Executive Committee	Shares	Purchase[1]	3,531	-
13 May 2018	Jean-Paul Mochet, Chief Executive Officer of Franprix and Casino Proximités, member of the Casino Group's Executive Committee	Shares	Purchase[1]	2,759	-
13 May 2018	Gérard Walter, Chief Executive Officer, Distribution Casino France and Franprix-Leader Price Logistics, member of the Casino Group's Executive Committee	Shares	Purchase[1]	3,311	-
13 May 2018	Diane Coliche, Permanent representative of Matignon Diderot, Director	Shares	Purchase[1]	14,682	-
13 May 2018	Jacques Dumas, Permanent representative of Euris, Director	Shares	Purchase[1]	5,517	-
4 June 2018	Foncière Euris, Director	Other types of financial instruments	Financial contract extension consisting of 250,000 put options	250,000	-
6 June 2018	Foncière Euris, Director	Other types of financial instruments	Financial contract extension consisting of 250,000 put options	250,000	-
13 June 2018	Laure Hauseux, Director	Shares	Purchase	700	33.4400
14 June 2018	Diane Coliche, Permanent representative of Matignon Diderot, Director	Shares	Purchase[1]	6,711	-
3 October 2018	Alpétrol, legal entity related to Foncière Euris, Director	Shares	Loan	6,681,492	
3 October 2018	Rallye SA, legal entity related to Foncière Euris, Director	Shares	Loan	6,681,492	
14 October 2018	Julien Lagubeau, Chief Operating Officer and member of the Casino Group's Executive Committee	Shares	Purchase[1]	2,179	-
14 October 2018	Jacques Dumas, Permanent representative of Euris, Director	Shares	Purchase[1]	2,898	-
28 February 2019	Cobivia, legal entity related to Foncière Euris, Director	Shares	Loan	6,866,554	-
28 February 2019	Habitation Moderne de Boulogne, legal entity related to Foncière Euris, Director	Shares	Loan	2,721,459	-
28 February 2019	Rallye SA, legal entity related to Foncière Euris, Director	Shares	Loan	9,588,013	-

(1)Vested free shares.
(2)Settled through the physical delivery of the shares underlying the equity swap set up on 31 July 2015.

PLEDGED SHARES

As of 31 December 2018, 38,313,579 registered shares had been pledged by their holders.

These included shares pledged by the Rallye group to secure credit facilities. As of 31 December 2018, Rallye had pledged 38,227,536 Casino shares representing 34.84% 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.

7.5. 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 senior 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) 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 2018, based on the recommendation of the Appointments and Compensation Committee, the Board of Directors made a total of 349,565 free share grants, as follows:

- 111,542 shares were granted by the Board of Directors on 25 April 2018 (representing 0.1% of the share capital on the grant date), pursuant to the authorisation given by the Extraordinary General Meeting of 5 May 2017;
- 185,943 shares were granted by the Board of Directors on 15 May 2018 (representing 0.17% of the share capital on the grant date) and 52,080 shares were granted on 13 December 2018 (representing 0.05% of the share capital on the grant date), pursuant to the authorisation given by the Extraordinary General Meeting of 15 May 2018.

No shares were granted to any senior 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 2018 and there were no share purchase plans outstanding at 31 December 2018.

Share subscription options

No share subscription options were granted in 2018 and there were no share subscription plans outstanding at 31 December 2018.

Share grants

Details of the various plans outstanding at 31 December 2018 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	6 May 2014	6 May 2019	6 May 2019	3,750	2,790	960(1)
13 May 2016	13 May 2016	13 January 2019	13 January 2019	17,610	6,297	11,313(2)
13 May 2016	13 May 2016	13 May 2020	13 May 2020	7,178	3,093	4,085(3)
13 May 2016	14 June 2016	14 January 2019	14 January 2019	9,780	0	9,780(2)
13 May 2016	14 October 2016	31 March 2019	1 April 2019	870	0	870(2)
13 May 2016	14 October 2016	1 July 2019	2 July 2019	3,477	0	3,477(4)
13 May 2016	14 October 2016	14 October 2019	15 October 2019	20,859	0	20,859(2)
5 May 2017	20 April 2017	20 April 2019	21 April 2019	9,555	0	9,555(2)
5 May 2017	20 April 2017	31 January 2020	1 February 2020	245	0	245(2)
5 May 2017	20 April 2017	20 April 2020	21 April 2022	156,307	44,348	111,959(5)
5 May 2017	20 April 2017	20 April 2022	21 April 2022	5,666	0	5,666(5)
5 May 2017	25 April 2018	1 February 2020	26 April 2020	11,955	0	11,955(2)
5 May 2017	25 April 2018	26 April 2019	26 April 2020	99,587	0	99,587(2)
15 May 2018	15 May 2018	15 May 2021	16 May 2023	177,117	24,103	153,014(6)
15 May 2018	15 May 2018	15 May 2023	16 May 2023	7,326	0	7,326(6)
15 May 2018	15 May 2018	15 May 2021	16 May 2021	1,500	0	1,500(2)
15 May 2018	13 December 2018	1 July 2020	14 December 2020	2,630	0	2,630(2)
15 May 2018	13 December 2018	1 August 2020	14 December 2020	4,144	0	4,144(2)
15 May 2018	13 December 2018	1 December 2020	14 December 2020	13,088	0	13,088(2)
15 May 2018	13 December 2018	14 December 2021	14 December 2021	32,218	0	32,218(2)
TOTAL				**584,862**	**80,631**	**504,231**

(1) 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.

(2) The share grants are contingent only on the beneficiaries remaining with the Company until the vesting date.

(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 revenue at E-Trend (company that operates the "MonShowroom" website), as measured at 31 December 2018.

(5) 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 bottom, which will represent the lower limit.

(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 over a three-year period (2018, 2019 and 2020), each concerning 50% of the initial grant: TSR compared to a sample of nine European companies in the Food Retail index (Ahold-Delhaize, Carrefour, Colruyt Group, Dia, Jeronimo Martins, Metro, Morrissons, Sainsbury's and Tesco), and the Group's average EBITDA margin (EBITDA/net sales). 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 bottom, which will represent the lower limit.

Under share grant plans set up since 2011 and vesting by 31 December 2018, a total of 21% of shares did not vest because performance conditions were not met and 18% because the beneficiaries left the Group.

Under share grant plans introduced on 18 October 2013, 6 May 2014, 13 May 2016, 14 June 2016, 14 October 2016, 15 December 2016 and 20 April 2017, shares vested in 2018 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 2018
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)
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 May 2018	13 May 2020	100,685	51,334	49,351(2)
13 May 2016	14 June 2016	14 June 2018	14 June 2018	15,007	1,822	13,185(1)
13 May 2016	14 October 2016	14 October 2018	15 October 2018	33,157	11,879	21,278(1)
13 May 2016	14 October 2016	31 March 2018	15 October 2018	939	0	939(1)
13 May 2016	14 October 2016	1 July 2018	15 October 2018	3,477	1,159	2,318(3)
13 May 2016	15 December 2016	15 December 2018	16 December 2018	11,418	0	11,418(1)
5 May 2017	20 April 2017	20 April 2018	21 April 2019	97,885	0	97,885(1)
TOTAL						**280,749**

(1) The share grants were contingent only on the beneficiaries remaining with the Company until the vesting date.

(2) The share grants were 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).

(3) The share grants were 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 revenue at E-Trend (company that operates the "MonShowroom" website), as measured at 31 December 2017.

7.6. 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 Financial Control departments prior to release.

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. 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:

- financial notices and media releases;
- conference calls for quarterly releases of sales figures;
- annual and interim results presentations;
- meetings with financial analysts and investors, notably during roadshows, conferences and physical or call meetings organized in France and abroad;
- Annual General Meetings;
- Registration Documents, 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.

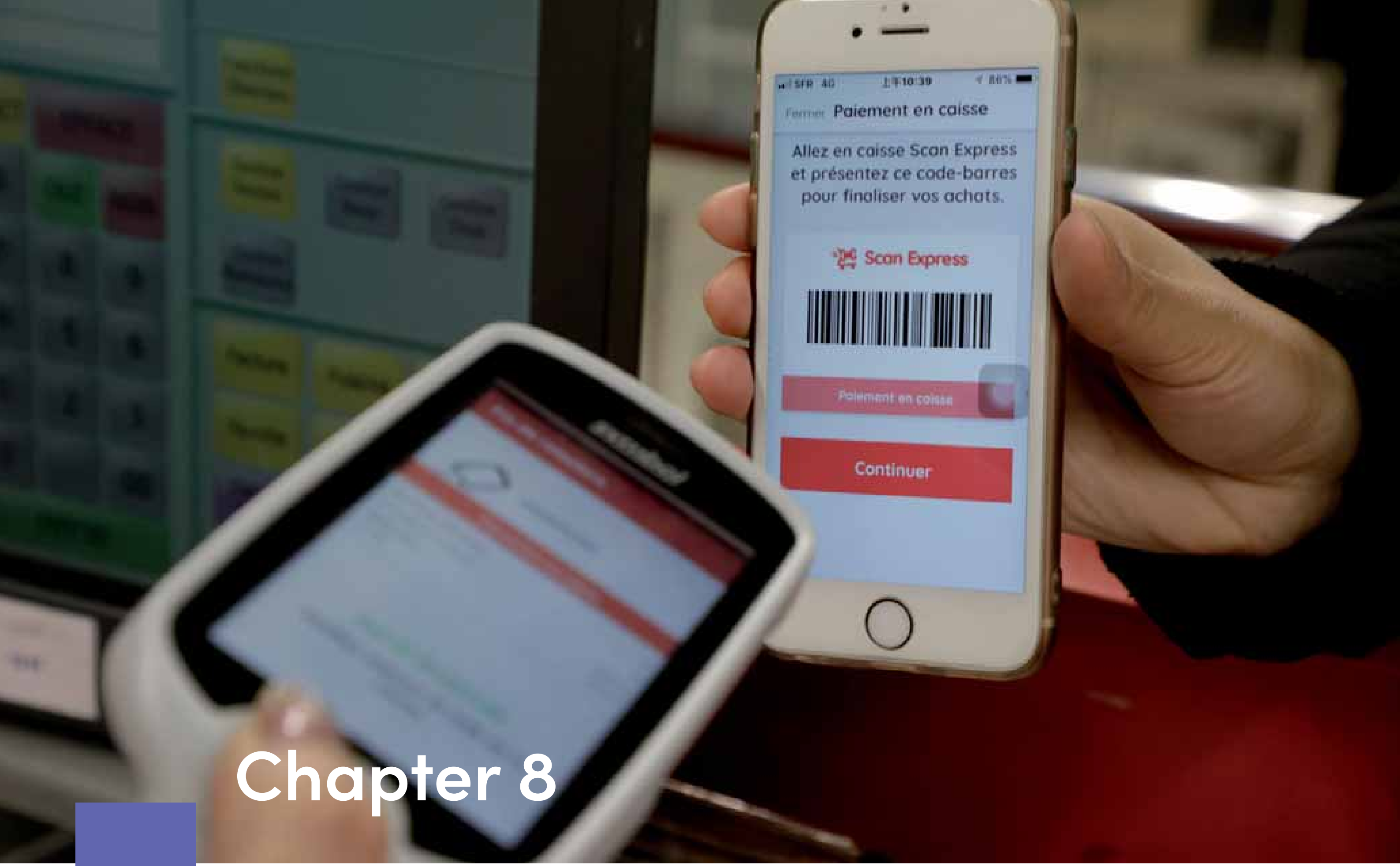
7.7. SHAREHOLDERS' CONSULTATIVE COMMITTEE

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 the representatives of 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 private shareholders, a former employee shareholder and two representatives of an association of individual shareholders), designated for a two-year term;
- five Company representatives (Board Secretary, Finance department, Investor Relations department and Legal department – listed companies).

The Committee is expected to meet at least twice a year. The last meeting took place on 26 March 2019.



Chapter 8

Ordinary and Extraordinary Annual General Meeting

Tuesday, 7 May 2019

8.1. Agenda of the Meeting

8.1.1. Resolutions of the Ordinary General Meeting

- Approval of the annual financial statements for the year ended 31 December 2018 **(1st resolution)**
- Approval of the consolidated financial statements for the year ended 31 December 2018 **(2nd resolution)**
- Allocation of profit for the financial year and dividend determination **(3rd resolution)**
- Related party agreement: approval of the agreement with Mercialys concerning reimbursement by the Company of the expenses borne by Mercialys in connection with the sale by Casino of Mercialys shares **(4th resolution)**
- 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 2018 financial year **(5th resolution)**
- Approval of the principles and criteria for determining, allocating and granting the components of the compensation of the Chairman and Chief Executive Officer in respect of the 2019 financial year **(6th resolution)**
- Re-election as Directors of Jean-Charles Naouri, Finatis and Matignon Diderot **(7th to 9th resolutions)**
- Re-election as Non-Voting Director of Gilles Pinoncély **(10th resolution)**
- Authorisation for the Company to buy back its own shares **(11th resolution)**

8.1.2. Resolutions of the Extraordinary General Meeting

- Delegation of competence granted to the Board of Directors for the purpose of issuing Company shares or securities granting access to the shares of the Company or one of its subsidiaries, with preferential subscription rights for existing shareholders **(12th resolution)**
- Delegation of competence granted to the Board of Directors for the purpose of issuing Company shares or securities granting access to the shares of the Company or one of its subsidiaries, without preferential subscription rights for existing shareholders, *via* a public offering **(13th resolution)**
- Delegation of competence granted to the Board of Directors for the purpose of increasing the share capital by issuing Company shares or securities granting access to the shares of the Company or one of its subsidiaries, without preferential subscription rights for existing shareholders, *via* a private placement described in Article L. 411-2-II of the French Monetary and Financial Code *(Code monétaire et financier)* **(14th resolution)**
- Authorisation granted to the Board of Directors, in the event of issues without preferential subscription rights carried out *via* public offerings or private placements, for the purpose of setting the issue price in accordance with the terms and conditions determined by the Annual General Meeting **(15th resolution)**
- Delegation of competence granted to the Board of Directors for the purpose of increasing the number of securities to be issued in the event of a capital increase carried out with or without preferential subscription rights **(16th resolution)**
- Delegation of competence granted to the Board of Directors for the purpose of increasing the share capital by capitalising reserves, profits, premiums or any other sums for which capitalisation is authorised **(17th resolution)**
- Delegation of competence granted to the Board of Directors for the purpose of issuing shares or securities granting access to the share capital, without preferential subscription rights, in the event of a public exchange offer launched by the Company **(18th resolution)**
- Delegation of powers granted to the Board of Directors, within the limit of 10% of the Company's share capital, to issue shares or securities granting access to the share capital as consideration for contributions in kind granted to the Company and comprising shares or securities granting access to shares **(19th resolution)**
- Aggregate ceiling applicable to the financial authorisations granted to the Board of Directors **(20th resolution)**
- Delegation of competence granted to the Board of Directors for the purpose of increasing the share capital without preferential subscription rights for existing shareholders, or selling the Company's own shares, for the benefit of members of a company savings plan **(21st resolution)**
- Authorisation granted to the Board of Directors for the purpose of reducing the share capital *via* the cancellation of own shares **(22nd resolution)**
- Amendment of the Articles of Association concerning disclosure thresholds **(23rd resolution)**
- Powers for formalities **(24th resolution)**

8.2. PRESENTATION AND TEXT OF THE PROPOSED RESOLUTIONS

8.2.1. Resolutions of the Ordinary General Meeting

Resolutions 1 and 2: Approval of the 2018 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 at 31 December 2018 as well as the transactions recorded in these statements, which show, respectively, net profit of €1,538,032,201.51 and consolidated net profit of €161 million.

The financial statements for the financial year take into account expenses that are non-deductible for tax purposes as set forth in sub-paragraph 4 of Article 39 of the French General Tax Code *(Code général des impôts)* amounting to €97,913.

The Statutory Auditors have issued an unqualified opinion on these financial statements.

FIRST RESOLUTION

Approval of the annual financial statements for the financial year ended 31 December 2018

The Ordinary General Meeting, after reviewing the reports of the Board of Directors and of the Statutory Auditors, approves the Company's Annual Financial Statements for the financial year ended 31 December 2018 as presented, together with any and all transactions reported therein or that are mentioned in such reports, and which show a net profit of € 1,538,032,201.51.

The General Meeting notes that the financial statements for the past financial year take into account expenses not deductible for tax purposes as set forth in Sub-paragraph 4 of Article 39 of the French General Tax Code *(Code général des impôts)* amounting to €97,913 with the corresponding tax amounting to €33,711.

The Ordinary General Meeting also duly notes the transfer to retained earnings of €3,645,298.80, in respect of shares not carrying rights to the dividend on the dividend payment date.

SECOND RESOLUTION

Approval of the consolidated financial statements for the financial year ended 31 December 2018

The Ordinary General Meeting, after reviewing the reports of the Board of Directors and of the Statutory Auditors, approves the Consolidated Financial Statements for the financial year ended 31 December 2018 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 €161 million.

Resolution 3: Allocation of profit and 2018 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 interim dividend paid on 5 December 2018, the final dividend amounts to €1.56 per share.

The ex-dividend date for the final dividend will be 9 May 2019. The dividend will be paid on 13 May 2019.

THIRD RESOLUTION

Allocation of profit for the financial year and dividend determination

The Ordinary General Meeting, after reviewing the reports of the Board of Directors and of the Statutory Auditors, decides to allocate profit for the financial year ended 31 December 2018 as follows, with no allocation to the legal reserve needing to be made:

Financial year 2018 Profit		€1,538,032,201.51
Financial year 2017 Retained Earnings	(+)	€3,311,423,087.17
DISTRIBUTABLE PROFIT	**(=)**	**€4,849,455,288.68**
Dividend	(-)	€342,355,777.92
Allocation to "Retained Earnings"	(=)	€4,507,099,510.76

Each share will receive a dividend of €3.12 per share.

The Ordinary General Meeting notes that:

- the amount of the dividend of €3.12 per share approved hereby includes the amount of the €1.56 per share interim dividend paid on 5 December 2018;
- the final dividend therefore amounts to €1.56, to be paid on 13 May 2019.

The amount of the dividend paid to shareholders will constitute income eligible for the 40% deduction (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 at the graduated rate applicable to income tax on all of their income earned on securities and capital gains from sales of securities.

No dividends are payable on Casino shares held by the Company on the payment date of the final dividend and the corresponding amounts will be credited to "Retained Earnings".

The General Meeting notes that the dividends paid in respect of the last three financial years amounted to:

Financial year	Dividend per share	Paid dividend eligible for 40% deduction	Paid dividend not eligible for 40% deduction
2015	€3.12	€3.12	-
TOTAL	**€3.12**	**€3.12**	-
2016			
Interim dividend (paid in 2016)	*€1.56*	*€1.56*	-
Final dividend (paid in 2017)	*€1.56*	*€1.56*	-
TOTAL	**€3.12**	**€3.12**	**-**
2017			
Interim dividend (paid in 2017)	*€1.56*	*€1.56*	-
Final dividend (paid in 2018)	*€1.56*	*€1.56*	-
TOTAL	**€3.12**	**€3.12**	**-**

Resolution 4: Related party agreement with Mercialys

Presentation

In the 4th resolution, the Board of Directors is asking you to approve pursuant to Articles L. 225-38 *et seq.* of the French Commercial Code, the agreement signed on 14 December 2018 with Mercialys which provides for the reimbursement by the Company of the specific expenses borne by Mercialys in connection with the process for the sale of all or part of Casino's interest in Mercialys' capital, as follows:

- external expenses, corresponding mainly to legal advisors' fees, to be reimbursed upon presentation of vouchers and up to a maximum aggregate amount of €200,000 excluding VAT for the period to 31 December 2019;
- exceptional compensation, including related payroll taxes, which would be paid by Mercialys to its top management (the two senior corporate officers and the Chief Financial Officer, whose roles are critical in organising the sale process and ensuring that it goes smoothly), representing a lump sum amount of three months' fixed compensation for 2018, *i.e.*, €236,250 in total, plus payroll taxes for an estimated aggregate amount of €303,200. This exceptional compensation was determined by Mercialys after considering the time spent by top management in supporting the implementation of the transaction and Mercialys' objective of motivating and retaining the executives concerned. It is within the range of 10% to 15% of these beneficiaries' total target compensation for 2018 and, as such, is considered appropriate and reasonable.

The agreement was approved by the Board of Directors of Mercialys. In the case of the two senior corporate officers, reimbursement by the Company of this exceptional compensation is conditional upon (i) the compensation being approved by Mercialys' shareholders at Mercialys' 2019 Annual General Meeting, and (ii) Mercialys' confirmation that the executives have fulfilled the conditions set by Mercialys, including the requirement for them to remain in office at least until the close of Mercialys's 2019 Annual General Meeting.

It is in Casino's interest that Mercialys' top management be strongly mobilised to support the organisation and implementation of the project for the sale by Casino of all or part of its stake in Mercialys. It is therefore justified that Casino bears all of these costs incurred by Mercialys in direct connection with the sale project.

The Board of Directors authorised the signature of this agreement at its meeting on 13 December 2018, by a unanimous vote (excluding Jacques Dumas and Michel Savart, who are both Directors of Mercialys and did not take part in either the discussion or the vote), based on the unanimous recommendation of the Audit Committee which examined the agreement as part of its procedure for the review of all related party agreements prior to their submission to the Board. The Audit Committee issued its recommendation after considering (i) the opinion of legal advisors that it was in the Company's corporate interests to reimburse the expenses described in the agreement as they related directly to a sale transaction that was structurally important for Casino, and (ii) the conclusions of a consulting firm specialising in compensation that the amount of the exceptional compensation awarded to Mercialys' top management was reasonable.

It is reminded that as of today, the sale process led to the sale by Casino of 15% of the capital of Mercialys in the form of an equity swap completed on 26 July 2018.

This agreement is also discussed in the Statutory Auditors' Special Report on Regulated Agreements and Commitments, set forth in Chapter 2 of the 2018 Registration Document.

FOURTH RESOLUTION

Related party agreement: approval of the agreement with Mercialys concerning reimbursement by the Company of the expenses borne by Mercialys in connection with the sale by Casino of Mercialys shares

The Ordinary General Meeting, after reviewing the Statutory Auditors' special report on agreements defined in Article L. 225-38 of the French Commercial Code, (i) approves the agreement presented in this report concerning the reimbursement by the Company of the specific expenses borne by Mercialys in connection with the process for the sale of all or part of Casino's interest in Mercialys' capital, which was authorised by the Company's Board of Directors in 2018, and (ii) notes the information about related party agreements and commitments entered into in prior years and approved by the General Meeting.

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 2018 financial year

Presentation

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 of the total compensation and benefits of any kind paid or granted in respect of the 2018 financial year to Jean-Charles Naouri in his capacity as Chairman and Chief Executive Officer, as set forth and described in the table annexed hereto (see pages 400 to 402) and also in the section of the Board of Directors' report on corporate governance set forth in Chapter 6 of the 2018 Registration Document.

Under Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, payment of the variable component of the Chairman and Chief Executive Officer's compensation for the 2018 financial year is contingent on approval of this resolution at the Annual General Meeting.

As required by Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, allocating and granting the components of Jean-Charles Naouri's compensation for 2018 in his capacity as Chairman and Chief Executive Officer were submitted to a vote at the Annual General Meeting held on 15 May 2018 and were approved by a 99.08% majority. The components of the variable compensation, the payment of which is contingent on approval at your Annual General 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 2018 fiscal year to the Chairman and Chief Executive Officer

The Ordinary General 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 compensation and benefits of any kind paid or granted to the Chairman and Chief Executive Officer in respect of this position for the 2018 financial year, as detailed in such Report.

Resolution 6: Approval of the principles and criteria for determining, allocating and granting the components of the compensation of the Chairman and Chief Executive Officer in respect of the 2019 financial year

Presentation

Pursuant to Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, allocating and granting the fixed, variable and exceptional components of the compensation and benefits of any kind to be paid or granted to the Chairman and Chief Executive Officer in respect of this position must be submitted each year for approval at the Annual General 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 13 March 2019 on the recommendation of the Appointments and Compensation Committee, as presented in the Appendix hereto (see pages 403 to 405) and in the section of the Board of Directors' report on corporate governance set forth in Chapter 6 of the 2018 Registration Document.

SIXTH RESOLUTION

Approval of the principles and criteria for determining, allocating and granting the components of the compensation of the Chairman and Chief Executive Officer in respect of the 2019 financial year

The Ordinary General 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, allocating and granting the fixed, variable, and exceptional components of the compensation and benefits of any kind to be paid or granted to the Chairman and Chief Executive Officer in respect of this position, as detailed in such Report.

Resolutions 7 to 10: Re-election of three Directors – re-election of a Non-Voting Director

Presentation

The Board of Directors currently comprises twelve Directors elected by shareholders at the General Meeting, one Director representing employees and chosen by the most representative trade union following amendments to the Articles of Association approved at the Annual General Meeting of 5 May 2017, and three non-voting Directors.

The 7th to 9th resolutions ask you, on the recommendation of the Appointments and Compensation Committee, to re-elect for three years the three Directors whose terms expire at the Annual General Meeting of 7 May 2019:

- Jean-Charles Naouri, Director since 2003 and controlling shareholder of the Group;
- Finatis, Director representing the controlling shareholder, currently represented by Didier Lévêque;
- Matignon Diderot, Director representing the controlling shareholder, currently represented by Diane Coliche.

Biographical details and the list of directorships and positions held by the Directors set forth in Chapter 5, §5.4.

The functions of Chairman of the Board of Directors and Chief Executive Officer, which were combined 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 senior corporate officer of the Company. The Board reiterated the decision to combine these functions most recently at its meeting on 13 May 2016. This governance structure is considered appropriate for a company that has a controlling shareholder, and the Board also considers that in the current highly-competitive, fast-changing environment, it makes decision-making processes more efficient by strengthening the link between strategic planning and implementation.

Immediately after the Annual General Meeting, provided that Jean-Charles Naouri is re-elected as Director, the Board of Directors will meet to vote on the proposal to keep the positions of Chairman and Chief Executive Officer combined and to re-appoint Jean-Charles Naouri to this dual role, in line with the unanimous recommendations of the Governance and Social Responsibility Committee and the Appointments and Compensation Committee and unanimous opinion of the independent Directors.

It is reminded that, in accordance with the Chairman and Chief Executive Officer's wishes, Senior Management's powers were restricted and an Independent Lead 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. The Independent Lead Director's annual report is included in the Report of the Board of Directors on corporate governance. In addition, sound practices favour balanced governance and protection of minority shareholders' interests and are listed in the Board's internal rules. They are also presented in Board of Directors' report on corporate governance.

You are also asked, in the 10th resolution, to re-elect Gilles Pinoncély, a member of the Guichard family, 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. Given the bylaws' age limit applying to non-voting Directors, Gilles Pinoncély's term of office will expire prematurely at the close of the Annual General Meeting called to approve the 2020 financial statements. Henri Giscard d'Estaing is not being proposed for re-election as a Non-Voting Director.

Accordingly, if you approve the resolutions submitted to you, at the close of the Ordinary General Meeting, the Board will continue to have twelve members elected by shareholders, one Director representing employees, and two non-voting Directors *versus* three previously.

It will include five independent women Directors, one of whom is not a French national and one of whom has dual nationality – Nathalie Andrieux, Christiane Féral-Schuhl, Laure Hauseux, Sylvia Jay and Catherine Lucet – (42% without counting the Director representing employees, as provided for 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.

The Directors' independence is reviewed annually by the Appointments and Compensation Committee based on all the criteria in the Afep-Medef Code.

Representation of women will be 50% (without counting the Director representing employees as provided by law).

The diversity of skills on the Board, the membership of the Board Committees and Directors' attendance rates at meetings of the Board and the Committees and all of the foregoing items and the analysis of Directors' independence reviewed annually by the Board are also presented in Board of Directors' report on corporate governance set forth in Chapter 5 of the 2018 Registration Document.

SEVENTH RESOLUTION

Re-election of Jean-Charles Naouri as Director

The Ordinary General Meeting, having reviewed the Board of Directors' report and noting that Jean-Charles Naouri's term as Director will expire at the close of this meeting, resolves to re-elect Jean-Charles Naouri for a further three-year term expiring at the close of the Ordinary General Meeting called in 2022 to approve the financial statements for the financial year ending 31 December 2021.

EIGHTH RESOLUTION

Re-election of Finatis as Director

The Ordinary General Meeting, having reviewed the Board of Directors' report and noting that Finatis's term as Director will expire at the close of this meeting, resolves to re-elect Finatis for a further three-year term expiring at the close of the Ordinary General Meeting called in 2022 to approve the financial statements for the financial year ending 31 December 2021.

NINTH RESOLUTION

Re-election of Matignon Diderot as Director

The Ordinary General Meeting, having reviewed the Board of Directors' report and noting that Matignon Diderot's term as Director will expire at the close of this meeting, resolves to re-elect Matignon Diderot for a further three-year term expiring at the close of the Ordinary General Meeting called in 2022 to approve the financial statements for the financial year ending 31 December 2021.

TENTH RESOLUTION

Re-election of Gilles Pinoncély as Non-Voting Director

The Ordinary General Meeting, having reviewed the Board of Directors' report and noting that Gilles Pinoncély's term as Non-Voting Director will expire at the close of this meeting, resolves to re-elect Gilles Pinoncély as Non-Voting Director for a further three-year term expiring at the close of the Ordinary General Meeting called in 2022 to approve the financial statements for the financial year ending 31 December 2021.

Resolution 11: Authorisation for the Company to buy back its own shares

Presentation

The 11th resolution renews for 18 months the authorisation granted to the Board of Directors at the Annual General Meeting of 15 May 2018 to buy back Company shares. The maximum purchase price remains set at €100 per share and the maximum number of shares that may be bought back will be capped at 10% of the number of shares comprising the share capital of the Company as of the date of the Annual General Meeting. For example, based on the share capital as of 28 February 2019, the maximum theoretical amount that the Company could invest in buying back its own shares, after deducting the 942,619 own shares already held, would total €1,003 million, corresponding to 10,030,322 shares.

Based on the data as of 28 February2019, the Company bought back 4,511,459 shares pursuant to the authorisation granted at the Annual General Meeting of 15 May 2018, representing 4.11% of the share capital. In addition, 3,608,118 shares were purchased and 5,265,618 shares were sold under the liquidity contract.

The goals of the share buyback plan are described below in the 11th resolution as well as in the description of the buyback plan set forth in Chapter 7 of the 2018 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 the context of free share plans or strategic transactions initiated and announced prior to the launch of said public tender offer.

ELEVENTH RESOLUTION

Authorisation for the Company to buy back its own shares

The Ordinary General Meeting, after reviewing the Board of Directors' report, authorises the Board of Directors to buy back, or to order the buyback 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 Regulations of the *Autorité des Marchés Financiers* (AMF) and European Union regulations on market abuse (particularly Regulation (EU) No. 596/2014 of 16 April 2014), notably in order:

- to ensure the liquidity of and make a market for the Company's shares through an investment services provider acting independently in the name and on behalf of the Company, under the terms of a liquidity contract that complies 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 French Labour Code *(Code du travail)*, or any grant of bonus shares made under Articles L. 225-197-1 *et seq.* of the French Commercial Code, or any other share-based compensation mechanism;
- to deliver shares in connection with the exercise of rights attached to securities redeemable, convertible or exchangeable for shares or exercisable for shares upon presentation of a warrant or a debt security convertible or exchangeable for shares, or otherwise;
- to hold shares for later use as payment or consideration in the context of or following any external growth transactions;
- to cancel all or some of these shares in order to optimise earnings per share through 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 that complies with the applicable regulations.

These shares may be acquired, sold, transferred, or exchanged by any method and, in particular, on regulated or OTC (over-the-counter) markets, including *via* block trades. These methods 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 financial markets regulator, provided said methods do not cause a significant increase in the price volatility of the shares. The shares may also be loaned, pursuant to Articles L. 211-22 *et seq.* of the French Monetary and Financial Code.

The share buyback price may not exceed €100 (excluding transaction costs) for each share with a par value of €1.53.

This authorisation may 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. Based on the share capital as of 28 February 2019, after deducting the 942,619 own shares held by the Company, this would correspond to 10,030,322 shares and a maximum amount of €1,003 million, provided that, whenever the Company's shares are purchased in connection with a liquidity contract, the number of shares used to calculate the aforementioned 10% limit will correspond to the number of shares purchased less the number of shares sold during the authorisation period under the terms of the liquidity contract. However, the number of shares purchased by the Company and intended to be held and subsequently used as payment or consideration in the context of an external growth transaction, may not exceed 5% of the share capital. The acquisitions made by the Company shall not at any time or under any circumstance result in the Company holding more than 10% of the shares constituting its share capital.

This authorisation is granted to the Board of Directors for 18 months. It cancels and replaces the authorisation previously granted by the thirteenth resolution of the Ordinary General Meeting of 15 May 2018.

In the event of a public tender offer for the shares or other securities issued by the Company, the Company may only use this authorisation for the purpose of meeting securities delivery commitments, notably 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 account 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.

8.2.2. Resolutions of the Extraordinary General Meeting

Presentation

You are firstly asked to renew the financial delegations and authorisations given to the Board of Directors at previous Annual General Meetings that will expire at this Meeting.

A summary table is presented in the Appendix (pages 406 and 407) comparing the financial delegations of competence and authorisations granted to the Board of Directors by the Annual General Meetings of 5 May 2017 and 15 May 2018, which are still valid, and the delegations of competence and authorisations expiring in 2019, which you are being asked to renew.

Regarding the delegations of competence and authorisations you are being asked to renew, the cumulative amount of share capital increases that may be carried out by virtue of the resolutions 12 to 19 would be capped at a par value of €59 million (aggregate ceiling unchanged from 2017), corresponding to 35.14% of the share capital as of 31 December 2018, of which a maximum of €16.7 million (2017: €16.9 million), or 9.94% of the share capital as of 31 December 2018, for delegations of competence to issue shares without preferential subscription rights pursuant to resolutions 13, 14, 15, 16, 18 and 19. This aggregate ceiling is set in resolution 20.

These delegations of competence would be granted for 26 months. They could not be used at the time of public tender offers, unless previously authorised by the shareholders in General Meeting.

You are also being asked, in the 21st resolution, to renew, for a 26-month period, the delegation of competence to increase the share capital for the benefit of employees. The amount by which the capital could be increased would be capped by a specific ceiling and the share issues would not be deducted, as was previously the case, from the €59 million aggregate ceiling on share capital increases set under the terms of resolution 20.

In the 22nd resolution, you are asked to renew on identical terms the authorisation given to the Board of Directors to reduce the share capital by cancelling shares bought back by the Company.

Lastly, in the 23rd resolution, you are asked to amend Article 11 of the Articles of Association to replicate in full all the disclosure legal obligations concerning thresholds being crossed.

Resolutions 12 to 14: Share capital increase with and without preferential subscription rights for existing shareholders

Presentation

The Annual General Meeting of 5 May 2017 delegated its competence to your Board of Directors for 26 months for the purpose of issuing shares or securities granting access to shares of the Company or of any company in which it holds a direct or indirect equity stake, with preferential subscription rights (resolution 17) and without preferential subscription rights *via* a public offering (resolution 18) and *via* a private placement (resolution 19).

Your Board of Directors has not used these delegations of competence and you are being asked to renew them.

Under the 12th resolution, you are being asked to grant a delegation of competence to the Board of Directors for a new 26-month period for the purpose of deciding on the issue, **with shareholders' preferential subscription rights,** of shares or securities granting immediate or deferred access to the share capital of the Company or of any company in which it directly or indirectly holds an equity stake, with the aggregate par value of the securities that may be issued by virtue of this delegation capped at:

- €59 million (35.14% of the share capital as of 31 December 2018) for shares (unchanged from the previous delegation); and
- €2 billion for debt securities (unchanged from the previous delegation).

Each of these amounts would constitute an aggregate ceiling by virtue of resolution 20, which limits the aggregate par value of issues of shares, with and without preferential subscription rights, or debt securities that may be carried out by virtue of resolutions 12 to 19, to €59 million and €2 billion, respectively.

Under the terms of the 13th and 14th resolutions, you are being asked to grant a delegation of competence to the Board of Directors for a new 26-month period for the purpose of issuing shares or securities, **without shareholders' preferential subscription rights,** either *via* a public offering with the option of granting a priority subscription period to shareholders (resolution 13) or *via* a private placement as described in Article L. 411-2-II of the French Monetary and Financial Code (resolution 14), with the aggregate par value of the securities that may be issued by virtue of these delegations capped at:

- €16.7 million (9.95% of the share capital as of 31 December 2018) for shares (*versus* €16.9 million under the previous delegation), representing, by virtue of resolution 20, the aggregate sub-ceiling for all share capital increases without preferential subscription rights (excluding issues for the benefit of members of a company savings plan); and
- €2 billion for debt securities (aggregate ceiling set in resolution 20).

We propose that these delegations be suspended in the event of a public tender offer, unless otherwise authorised in advance by the shareholders in General Meeting.

The ability to issue financial instruments without preferential subscription rights would enable the Board to benefit more quickly from market opportunities based on changes in the financial markets and on the Group's strategy. The French Monetary and Financial Code offers companies the possibility of issuing shares through private placements with qualified investors or a restricted group of investors, provided said investors are acting on their own behalf.

For issues carried out without preferential subscription rights, the issue price of the securities will be set such that the Company receives, for each share issued by the Company, an amount at least equal to the minimum authorised under applicable regulations as of the issue date, *i.e.*, as of the date hereof, an amount equal to the weighted average of the prices of the share on the Euronext Paris regulated stock exchange during the last three trading days preceding the pricing date less a discount of no more than 5%, if applicable.

For issues carried out with preferential subscription rights in the context of resolution 12, the sum paid or to be paid to the Company for each of the Company shares that may be issued must be at least equal to the par value of the share.

The issue price of all securities granting access to shares would be determined based on market practices and conditions.

The rights to shares attached to the securities that may be issued pursuant to this resolution could be exercised on set dates, at any time, or during one or several set periods determined by your Board, beginning no earlier than on the issue date of the primary security and ending in the event of redemption, conversion, or exchange of a debt security no later than three months after the loan has reached maturity or, in other cases, no later than seven years after the issue of the security granting access thereto.

TWELFTH RESOLUTION

Delegation of competence granted to the Board of Directors for the purpose of issuing Company shares or securities granting access to the shares of the Company or one of its subsidiaries, with preferential subscription rights for existing shareholders

The Extraordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report and noting that the share capital is fully paid-up, in the context of Articles L. 225-127, L. 225-129, L. 225-129-2, L. 228-91, L. 228-92, L. 228-93, L. 228-94 *et seq.* of the French Commercial Code:

- delegates its competence to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, for the purpose of deciding to issue, in one or several transactions, in the amounts and at the times it shall determine, both in France and abroad, Company shares or any other securities granting, by any means, immediate or deferred access to shares of the Company, including, at the discretion of the Company, rights to new or existing Company shares, or a combination of both, or of existing shares of any other company in which it directly or indirectly holds an equity interest, with preferential subscription rights for existing shareholders. The subscription may be paid up in cash or by capitalising debt;
- resolves that the securities thus issued granting the right to new or existing shares of the Company or existing shares of another company in which it directly or indirectly holds an equity interest may consist of debt securities or be associated with the issuance of debt securities or allow their issuance as intermediate securities. They may, in particular, take the form of subordinated or unsubordinated fixed term or perpetual debt securities, and be issued in euros or an equivalent value in foreign currency or composite monetary units.

Warrants to subscribe for new shares of the Company may be offered for subscription or allocated without consideration to holders of existing shares, in which case the Board of Directors may decide that rights to fractional securities will not be negotiable and that the corresponding securities will be sold and the sums generated from the sale allocated to the rights-holders no later than within thirty days following the day the whole number of securities to which they are entitled is registered on their account.

The aggregate par value of Company shares that may be issued, immediately and/or in the future, by virtue of this delegation, shall not exceed fifty-nine million euros (€59 million), plus, as the case may be, the par value of any additional shares to be issued in order to protect, in accordance with legal and regulatory provisions and any contractual stipulations providing for other cases of adjustment, the rights of holders of securities granting future access to shares of the Company.

The aggregate par value of debt securities that may be issued by virtue of this delegation shall not exceed two billion euros (€2 billion) or its equivalent value in foreign currency or composite monetary units.

In the event of a subscription offering, the Board of Directors may, in accordance with the law, introduce, if it deems it appropriate, a subscription right for additional securities by virtue of which the shares or securities with rights to shares that have not been subscribed by shareholders exercising their preferential rights shall be offered to shareholders who applied for a larger number of securities than the number to which they were entitled, proportionally to the subscription rights that they hold and, in all cases, no higher than the amount of their requests.

If the total issue is not taken up by shareholders exercising their preferential rights and, as the case may be, their rights to additional securities, the Board may take any of the following actions, under the conditions set forth by law and in the order it shall determine:

- limit the issue to the amount of subscriptions received, provided that at least three-quarters of the decided issue has been taken up;
- freely distribute all or some of the unsubscribed securities;
- offer all or some of the unsubscribed securities to the public, on the French or international market.

This delegation implies *ipso jure*, for issues of securities with rights to shares of the Company, the waiver by shareholders of their preferential right to subscribe for the shares to be issued on exercise of the rights attached to the securities, in favour of the holders of such issued securities.

Within the limits set by the General Meeting and pursuant to the law, the Board of Directors has full powers, with the ability to sub-delegate, (i) to decide to use this delegation, (ii) to set the conditions, type and characteristics of the planned issue(s), such as the issue price, with or without a premium, the date, even retroactive, from which the new shares will have dividend rights and, as the case may be, the conditions applicable to the repurchase or the exchange of the securities to be issued and whether to cancel them or not, (iii) to determine the payment method for the shares or securities with immediate or deferred rights to shares, (iv) to acknowledge the completion of the subsequent share capital increases, (v) to deduct the issue costs from the premium, (vi) to amend the Articles of Association, and (vii) to request, as the case may be, that the shares and other securities thus issued be admitted to trading on a regulated market.

The Board of Directors may in particular:

- set, in the event of the immediate issue of debt securities, the amount, duration, issuance currency, any subordination clause, the fixed, variable, zero coupon, indexed or other interest rate terms and payment date, the conditions for capitalising the interest, the repayment terms and fixed or variable redemption price, with or without a premium, the method of repaying the debt depending on market conditions, as well as the conditions under which they will give rights to the shares of the Company and the other issuance terms (including any guarantees or collateral);
- amend, during the life of the securities concerned, the terms of the securities issued or to be issued in compliance with the applicable formalities;
- take any and all measures to protect the holders of rights and securities carrying future rights to new shares of the Company in accordance with the legal and regulatory provisions and, where applicable, the contractual stipulations providing for other cases of adjustment;
- suspend, if necessary, the exercise of the rights attached to these securities during a fixed period in accordance with the legal and regulatory provisions;
- enter into any and all agreements, with any and all credit institutions, take any and all measures and carry out any and all formalities to ensure the completion and successful conclusion of any issue carried out using the powers conferred in this delegation;
- deduct, as applicable, the capital increase costs from the amount the related premiums and if it considers it appropriate, deduct from the premiums the sums required to raise the legal reserve to one-tenth of the new capital after each issuance.

This delegation of competence is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous delegation of its type granted under the terms of the 17th resolution of the Annual General Meeting of 5 May 2017.

The Board of Directors may not, unless previously authorised by the shareholders in General Meeting, use this delegation as from the date a third party files a tender offer for the Company's shares and until the end of the tender offer period.

THIRTEENTH RESOLUTION

Delegation of competence granted to the Board of Directors for the purpose of issuing Company shares or securities granting access to the shares of the Company or one of its subsidiaries, without preferential subscription rights for existing shareholders, *via* a public offering

The Extraordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report, and in accordance with the provisions of the French Commercial Code, particularly Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 225-148, and L. 228-91 *et seq.* of said Code:

- delegates its competence to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, for the purpose of deciding to issue, in one or several transactions, in the amounts and at the times it shall determine, both in France and abroad *via* a public offering, shares or any other securities granting, by any means; immediate or deferred access to shares of the Company, including, at the discretion of the Company, rights to new or existing Company shares, or a combination of both, or of existing shares of any other company in which it directly or indirectly holds an equity interest. The subscription may be paid up in cash or by capitalising debt;
- resolves that the securities thus issued granting the right to new or existing shares of the Company or existing shares of another company in which it directly or indirectly holds an equity interest may consist of debt securities or be associated with the issuance of debt securities or allow their issuance as intermediate securities They may, in particular, take the form of subordinated or unsubordinated, fixed term or perpetual debt securities, and be issued in euros or an equivalent value in foreign currency or composite monetary units.

The aggregate par value of Company shares that may be issued, immediately and/or in the future, by virtue of this delegation, shall not exceed sixteen million seven hundred thousand euros (€16,700,000), plus, as the case may be, the par value of any additional shares to be issued in order to protect, in accordance with legal and regulatory provisions and any contractual stipulations providing for other cases of adjustment, the rights of holders of securities granting future access to shares of the Company.

The aggregate par value of debt securities that may be issued by virtue of this delegation shall not exceed two billion euros (€2 billion) or its equivalent value in foreign currency or composite monetary units.

The Extraordinary General Meeting resolves to cancel shareholders' preferential rights to subscribe to the shares issued pursuant to this delegation. However, the Extraordinary General Meeting delegates the necessary powers to the Board of Directors to introduce, if considered useful with respect to all or part of an issue, a priority subscription period for shareholders to subscribe to the issue proportionally to their interest in the Company's capital and/or to any securities not taken up by other shareholders, and to determine the terms and conditions of exercise of this priority in accordance with applicable legal and regulatory provisions.

The Extraordinary General Meeting resolves that if the total issue is not taken up by shareholders and the public, the Board may take any of the following actions in the order of its choice:

- limit the issue to the amount of subscriptions received, provided that at least three-quarters of the decided issue has been taken up;
- freely distribute all or some of the unsubscribed securities;
- offer all or some of the unsubscribed securities to the public on the French or international market.

This delegation implies *ipso jure*, for the benefit of holders of securities issued pursuant to this resolution and giving access to the share capital of the Company, the waiver by shareholders of their preferential subscription rights to the capital securities of the Company to which said securities may give right.

The issue price of the shares to be set by the Board of Directors shall be at least equal to the minimum provided by regulations in force on the issue date, currently equal to the weighted average of the market prices of the share on the Euronext Paris regulated stock exchange during the last three trading days preceding the pricing date less a discount of no more than 5%, as adjusted where applicable for any difference in cum dividend dates.

The issue price of securities giving access to the share capital of the Company and the number of shares to which these securities will give entitlement shall be fixed by the Board of Directors in such a way that the sum of the amounts received by the Company immediately and if applicable, in the future for each share issued as a result of the issuance of these securities is at least equal to the issue price defined in the previous paragraph.

Within the limits set by the General Meeting and pursuant to the law, the Board of Directors shall have full powers, with the ability to sub-delegate, (i) to decide to use this delegation, (ii) to set the conditions, type and characteristics of the planned issue(s), such as the issue price of the shares or other securities, with or without a premium, (iii) to determine the payment method for the shares or securities with immediate or deferred rights to shares and the conditions applicable to the repurchase or the exchange of the securities to be issued and whether to cancel them or not, (iv) to acknowledge the completion of the subsequent share capital increases, (v) to deduct the issue costs from the premium, (vi) to amend the Articles of Association, and (vii) to request, as the case may be, that the shares and other securities thus issued be admitted to trading on a regulated market.

The Board of Directors may in particular:

- set, in the event of the immediate issue of debt securities, the amount, duration, issuance currency, any subordination clause, the fixed, variable, zero coupon, indexed or other interest rate terms and payment date, the conditions for capitalising the interest, the repayment terms and fixed or variable redemption price, with or without a premium, the method of repaying the debt depending on market conditions, as well as the conditions under which they will give rights to the shares of the Company and the other issuance terms (including any guarantees or collateral);
- amend, during the life of the securities concerned, the terms of the securities issued or to be issued in compliance with the applicable formalities;
- take any and all measures to protect the holders of rights and securities carrying future rights to new shares of the Company in accordance with the legal and regulatory provisions and where applicable, the contractual stipulations providing for other cases of adjustment;
- suspend, if necessary, the exercise of the rights attached to these securities during a fixed period in accordance the legal and regulatory provisions;
- enter into any and all agreements, with any and all credit institutions, take any and all measures and carry out any and all formalities to ensure the completion and successful conclusion of any issue carried out using the powers conferred in this delegation;
- deduct, as applicable, the capital increase costs from the amount of the related premiums and if it considers it appropriate, deduct from the premiums the sums required to raise the legal reserve to one-tenth of the new capital after each issuance.

This delegation of competence is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous delegation of its type granted under the terms of the 18th resolution of the Annual General Meeting of 5 May 2017.

The Board of Directors may not, unless previously authorised by the shareholders in General Meeting, use this delegation as from the date a third party files a tender offer for the Company's shares and until the end of the tender offer period.

FOURTEENTH RESOLUTION

Delegation of competence granted to the Board of Directors for the purpose of increasing the share capital by issuing Company shares or securities granting access to the shares of the Company or one of its subsidiaries, without preferential subscription rights for existing shareholders, *via* a private placement described in Article L. 411-2-II of the French Monetary and Financial Code

The Extraordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report, in the context of Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 *et seq.* of the French Commercial Code:

- delegates its competence to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, for the purpose of deciding to issue, in one or several transactions, in the amounts and at the times it shall determine, both in France and abroad, *via* any of the offerings described in Article L. 411-2 of the French Monetary and Financial Code, Company shares or any other securities granting access by any means immediately or in the future to shares of the Company, including, at the discretion of the Company, rights to new or existing Company shares, or a combination of both, or existing shares of any other company in which it directly or indirectly holds an equity interest. The subscription may be paid up in cash or by capitalising debt.
- resolves that the securities thus issued with rights to new or existing shares of the Company or existing shares of another company in which it directly or indirectly holds an equity interest may consist of debt securities or be associated with the issuance of debt securities or allow their issuance as intermediate securities. They may, in particular, take the form of subordinated or unsubordinated, fixed term or perpetual debt securities, and be issued in euros or an equivalent value in foreign currency or composite monetary units.

The aggregate par value of Company shares that may be issued, immediately and/or in the future, by virtue of this delegation, shall not exceed sixteen million seven hundred thousand euros (€16,700,000), plus as the case may be the par value of any additional shares to be issued in order to protect, in accordance with legal and regulatory provisions and any contractual stipulations providing for other cases of adjustment, the rights of holders of securities granting future access to the shares of the Company.

The aggregate par value of debt securities that may be issued by virtue of this delegation shall not exceed two billion euros (€2 billion) or its equivalent value in foreign currency or composite monetary units.

The Extraordinary General Meeting resolves to cancel the shareholders' preferential subscription rights to the shares and securities granting access to the shares of the Company, in favour of the persons referred to in Paragraph II of Article L. 411-2 of the French Monetary and Financial Code.

This delegation implies *ipso jure*, to the benefit of holders of securities issued pursuant to this resolution and giving access to the share capital of the Company, the waiver by shareholders of their preferential subscription right to the capital securities of the Company to which the said securities may give right.

The Extraordinary General Meeting decides that if the issue is not fully subscribed, the Board may limit the issue to the subscriptions received, provided that at least three-quarters of the decided issue has been taken up.

The issue price of the shares to be set by the Board of Directors shall be at least equal to the minimum provided by regulations in force on the issue date, currently equal to the weighted average of the market prices of the share on the Euronext Paris regulated stock exchange during the last three trading days preceding the pricing date less a discount of no more than 5%, as adjusted where applicable for any difference in cum dividend dates.

The issue price of securities giving access to the share capital of the Company and the number of shares to which these securities will give entitlement, shall be fixed by the Board of Directors in such a way that the sum of the amounts received by the Company immediately and, if applicable in the future, for each share issued as a result of the issuance of these securities is at least equal to the issue price defined in the previous paragraph.

Within the limits set by the General Meeting and pursuant to the law, the Board of Directors shall have full powers, with the ability to sub-delegate, (i) to use this delegation, (ii) to set the conditions, type and characteristics of the planned issue(s), such as the issue price of the shares or other securities, with or without a premium, (iii) to determine the payment method for the shares or securities with immediate or deferred rights to shares and the conditions applicable to the repurchase or the exchange of the securities to be issued and whether to cancel them or not, (iv) to acknowledge the completion of the subsequent share capital increases, (v) to deduct the issue costs from the premium, (vi) to amend the Articles of Association, and (vii) to request, as the case may be, that the shares and other securities thus issued be admitted to trading on a regulated market.

The Board of Directors may in particular:

- set, in the event of the immediate issue of debt securities, the amount, duration, issuance currency, any subordination clause, the fixed, variable, zero coupon, indexed or other interest rate terms and payment date, the conditions for capitalising the interest, the repayment terms and fixed or variable redemption price, with or without a premium, the method of repaying the debt depending on market conditions, as well as the conditions under which they will give rights to the shares of the Company and the other issuance terms (including any guarantees or collateral);
- amend, during the life of the securities concerned, the terms of the securities issued or to be issued in compliance with the applicable formalities;
- take any and all measures to protect the holders of rights and securities carrying future rights to new shares of the Company in accordance with the legal and regulatory provisions and where applicable, the contractual stipulations providing for other cases of adjustment;
- suspend, if necessary, the exercise of the rights attached to these securities during a fixed period in accordance with the legal and regulatory provisions;
- enter into any and all agreements, with any and all credit institutions, take any and all measures and carry out any and all formalities to ensure the completion and successful conclusion of any issue carried out using the powers conferred in this delegation;
- deduct, as applicable, the capital increase costs from the amount of the related premiums and if it considers it appropriate, deduct from the premiums the sums required to raise the legal reserve to one-tenth of the new capital after each issuance.

This delegation of competence is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous delegation of its type granted under the terms of the 19th resolution of the Annual General Meeting of 5 May 2017.

The Board of Directors may not, unless previously authorised by the shareholders in General Meeting, use this delegation as from the date a third party files a tender offer for the Company's shares and until the end of the tender offer period.

Resolution 15: Exceptional setting of the issue price of issues without preferential subscription rights for existing shareholders

Presentation

Under the terms of the 15th resolution, you are being asked to renew the authorisation granted to your Board of Directors, for issues without preferential subscription rights, *via* public offerings (resolution 13) or private placements (resolution 14), for the purpose of deciding, if appropriate, to set the issue price based on the weighted average market price of the share during the last 10 trading days preceding the pricing date less a discount of no more than 5% in accordance with the conditions set forth by law.

We propose that this delegation be suspended in the event of a public tender offer unless previously authorised by the shareholders in General Meeting.

Resolution 20 limits the aggregate amount of issues of shares, with and without preferential subscription rights, or debt securities carried out pursuant to resolutions 12 to 19.

FIFTEENTH RESOLUTION

Authorisation granted to the Board of Directors in the event of issues without preferential subscription rights carried out *via* public offerings or private placements for the purpose of setting the issue price in accordance with the terms and conditions determined by the Annual General Meeting

The Extraordinary General Meeting, having reviewed the reports of the Board of Directors and of the Statutory Auditors, authorises the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, in the context of Article L. 225-136 of the French Commercial Code, for issues carried out pursuant to the 13th and 14th resolutions of this General Meeting, to set the issue price in accordance with the following conditions as an exception to the provisions of Sub-paragraph 2 of Article L. 225-136-1 of the French Commercial Code:

- the issue price shall be equal to the weighted average market price of the share during t the last ten trading days preceding the pricing date less a discount of no more than 5%;
- the issue price of securities granting access to the share capital of the Company and the number of shares to which these securities will give entitlement shall be fixed in such a way that the sum of the amounts received by the Company immediately and if applicable in the future for each share issued as a result of the issuance of these securities is at least equal to the issue price defined in the previous paragraph.

The aggregate par value of share capital increases carried out pursuant to this resolution may not exceed 10% of the share capital per year. This ceiling shall be assessed on the date on which the Board of Directors sets the issue price.

This delegation of competence is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous delegation of its type granted under the terms of the 20th resolution of the Annual General Meeting of 5 May 2017.

The Board of Directors may not, unless previously authorised by the shareholders in General Meeting, use this authorisation as from the date a third party files a tender offer for the Company's shares and until the end of the tender offer period.

Resolution 16: Power to increase the amount of issues with or without shareholders' preferential subscription rights that are oversubscribed

Presentation

The purpose of resolution 16 is to renew the authorisation granted to your Board of Directors on 5 May 2017 in the context of share capital increases carried out with or without preferential subscription rights (resolutions 12, 13, 14, and 15), in order to increase the initial amount of any issues in the event of excess subscription requests, in accordance with the applicable regulatory conditions.

We propose that this delegation be suspended in the event of a public tender offer, unless previously authorised by the shareholders in General Meeting.

During the 30 days preceding the closing of the subscription period, your Board of Directors would thus have the ability to increase the number of securities issued at the same price as that retained in the initial issue, by up to 15% of the initial issue, subject to the ceiling set in resolutions 12, 13, 14 and 15 depending on the case, and subject to the aggregate ceiling set in resolution 20.

SIXTEENTH RESOLUTION

Delegation of competence granted to the Board of Directors for the purpose of increasing the number of securities to be issued in the event of a share capital increase with or without shareholders' preferential subscription rights

The Extraordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report, delegates its competence to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code, for any issue carried out pursuant to resolutions 12 to 15 of this General Meeting, for the purpose of issuing a greater number of shares or securities than initially set, within the time frame and limits provided for in the regulations applicable as of the issue date (*i.e.*, currently, within thirty days of the close of the subscription period, and up to the equivalent of 15% of the initial issue at the same price as for the initial issue), subject to compliance with the ceiling set in the resolution pursuant to which the issue was decided and the aggregate ceiling set in the 20th resolution.

This delegation of competence is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous delegation of its type granted under the terms of the 21st resolution of the Annual General Meeting of 5 May 2017.

The Board of Directors may not, unless previously authorised by the shareholders in General Meeting, use this delegation as from the date a third party files a tender offer for the Company's shares and until the end of the tender offer period.

Resolution 17: Share capital increase paid up by capitalising reserves, profits, premiums, or other funds

Presentation

The Annual General Meeting of 5 May 2017 delegated its competence to your Board of Directors for 26 months, for the purpose of increasing the share capital by capitalising reserves, profits, premiums, or other capitalisable items.

Your Board of Directors did not use this delegation.

Under the terms of the 17th resolution, you are being asked to renew this delegation of competence for 26 months, within a limit not to exceed an aggregate par value of €59 million (35.14% of the share capital as of 31 December 2018) (unchanged from the previous delegation), which constitutes the aggregate share capital increase ceiling applicable to all issues carried out in the context of the 12th to 19th resolutions as set in the 20th resolution. We propose that this delegation be suspended in the event of a public tender offer, unless previously authorised by the shareholders in General Meeting.

SEVENTEENTH RESOLUTION

Delegation of competence granted to the Board of Directors for the purpose of increasing the share capital by capitalising reserves, profits, premiums, or any other capitalisable items

The General Meeting, voting in accordance with the quorum and majority rules governing ordinary shareholders' meetings, after reviewing the Board of Directors' report, in accordance with Articles L. 225-129 to L. 225-130 of the French Commercial Code, delegates its competence to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, for the purpose of deciding to increase the share capital, in one or several transactions, at the times and according to the terms and conditions it shall determine, by capitalising reserves, profits, premiums, or any other capitalisable items and issuing and allocating new free shares credited as fully paid or raising the par value of existing shares, or using a combination of these two methods.

The aggregate par value of the share capital increase resulting from the use of this resolution shall not exceed fifty-nine million euros (€59 million), not including the amount necessary to protect the rights of holders of securities with rights to capital securities in accordance with the law.

The Annual General Meeting grants all powers to the Board of Directors, with the ability to sub-delegate, for the purpose of implementing this resolution and, in particular, to:

- define all the terms and conditions of the authorised transactions and, in particular, to set the amount and type of reserves and share premiums to be capitalised, to set the number of new shares to be issued or the amount of the increase in the par value of existing shares comprising the share capital, and to set the date, retroactive or not, from which the new shares will have dividend rights or the date on which the par value increase takes effect;
- take all the necessary steps to protect the rights of holders of securities carrying rights to shares of the Company on the day of the capital increase;
- define the conditions for using fractional shares and, in particular, decide that rights to fractional shares will not be negotiable or transferable and that the corresponding shares shall be sold and the sums generated from the sale allocated to the rights-holders within the period specified in the applicable regulations, *i.e.*, currently no later than thirty days after the date on which the whole number of shares to which they are entitled is recorded in their account;

- acknowledge the completion of the share capital increase resulting from the issue of shares, amend the Articles of Association accordingly, request the admission of the securities on a regulated market, and carry out any and all required publication formalities;
- generally, take any and all measures and complete any and all formalities required to ensure the successful completion of each share capital increase.

This delegation of competence is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous delegation of its type granted under the terms of the 22nd resolution of the Annual General Meeting of 5 May 2017.

The Board of Directors may not, unless previously authorised by the shareholders in General Meeting, use this delegation as from the date a third party files a tender offer for the Company's shares and until the end of the tender offer period.

Resolution 18: Share capital increase in the context of a public tender offer launched by the Company

Presentation

The Annual General Meeting of 5 May 2017 delegated its competence to your Board of Directors for 26 months for the purpose of issuing shares and securities granting access to the share capital of the Company in connection with a public tender offer launched by the Company and targeting the securities of another publicly traded company.

Your Board of Directors has not used this delegation.

Under the terms of the 18th resolution, you are being asked to renew this delegation of competence for 26 months so that the Company can have this option, which could prove necessary for continuing to implement its development strategy.

The aggregate par value of all securities that may be issued pursuant to this delegation will not exceed:

- €16.7 million (9.95% of the share capital as of 31 December 2018), for shares (*versus* €16.9 million previously); and
- €2 billion, for debt securities.

We propose that this delegation be suspended in the event of a public tender offer unless previously authorised by the shareholders in General Meeting.

The 20th resolution limits the aggregate amount of issues of shares, with and without preferential subscription rights, or debt securities, that can be carried out under the 12th to 19th resolutions.

EIGHTEENTH RESOLUTION

Delegation of competence granted to the Board of Directors for the purpose of issuing shares or securities granting access to the share capital without shareholders' preferential subscription rights, in the event of a public exchange offer launched by the Company

The Extraordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report, and voting in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-148, and L. 228-91 *et seq.* of the French Commercial Code, delegates its competence to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, for the purpose of deciding on the issue of Company shares and/or any securities granting immediate or future access to the share capital of the Company, as consideration for securities tendered in the context of a mixed or alternative public exchange offer launched by the Company in France or abroad and targeting the securities of a company whose shares are admitted to trading on one of the regulated markets described in Article L. 225-148 of the French Commercial Code.

Insofar as necessary, the General Meeting decides to waive shareholders' preferential subscription rights to these shares or securities.

The aggregate par value of Company shares that may be issued, immediately and/or in the future, by virtue of this delegation, shall not exceed sixteen million seven hundred thousand euros (€16,700,000), plus where applicable the par value of any additional shares to be issued in order to protect, in accordance with legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, the rights of holders of securities granting future access to the capital securities of the Company.

The aggregate par value of debt securities that may be issued by virtue of this delegation shall not exceed two billion euros (€2 billion) or its equivalent value in foreign currency or composite monetary units.

This delegation implies *ipso jure*, to the benefit of holders of securities issued pursuant to this resolution and giving access to the share capital of the Company, the waiver by shareholders of their preferential subscription right to the capital securities of the Company to which the said securities may give right.

The Board of Directors shall have full powers, with the ability to sub-delegate, to implement this delegation of competence and, in particular, (i) to set the exchange ratio and any cash payment, (ii) to acknowledge the number of securities tendered to the offer, (iii) to determine the dates, the issue terms, including the price, the cum rights date and payment method, and the type and characteristics of the securities to be issued, (iv) to suspend or cancel the rights attached to the securities to be issued, in the cases and within the limits set forth in regulatory and contractual provisions, (v) to record on the liabilities side of the balance sheet the contribution premium against which any and all costs and taxes incurred in connection with the transaction will be charged, (vi) to acknowledge the completion of the share capital increases, amend the Articles of Association accordingly, complete any formalities and declarations, request any authorisations necessary to ensure the success of the transactions authorised under this delegation and, generally, do all that is necessary.

This delegation of competence is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous delegation of its type granted under the terms of the 23rd resolution of the Annual General Meeting of 5 May 2017.

The Board of Directors may not, unless previously authorised by the shareholders in General Meeting, use this authorisation as from the date a third party files a tender offer for the Company's shares and until the end of the tender offer period.

Resolution 19: Share capital increase as consideration for securities contributed to the Company

Presentation

The Annual General Meeting of 5 May 2017 authorised your Board of Directors, for 26 months, and within a limit not to exceed 10% of the Company's share capital, to issue shares or securities granting rights to the share capital as consideration for shares or securities granting access to shares contributed to the Company.

Your Board of Directors has not used this delegation.

Under the terms of the 19th resolution, you are being asked to renew this delegation for 26 months on the same terms, so that the Company can have this option, which could prove necessary for continuing to implement its development strategy.

We propose that this delegation be suspended in the event of a public tender offer, unless previously authorised by the shareholders in General Meeting.

The 20th resolution limits the aggregate amount of issues of shares or debt securities that may be carried out pursuant to the 12th to 19th resolutions.

NINETEENTH RESOLUTION

Delegation of powers granted to the Board of Directors, within the limit of 10% of the Company's share capital, to issue shares or securities granting access to the share capital as consideration for contributions in kind granted to the Company and comprising shares or securities granting access to shares

The Extraordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report, and voting in accordance with the provisions of Articles L. 225-129 *et seq.* and L. 225-147 of the French Commercial Code, delegates all necessary powers to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, in order to decide to issue, in an amount not to exceed 10% of the Company's share capital as determined on the day the Board of Directors approves the issue and on the basis of the report of the Capital Contributions Auditor *(Commissaire aux apports)* referred to in the first and second paragraphs of the above-mentioned Article L. 225-147, shares or securities granting access by any means immediately or in the future to shares of the Company, as consideration for contributions in kind granted to the Company and comprised of shares or securities granting access to shares, where the provisions of Article L. 225-148 of the French Commercial Code are not applicable, and decides, as necessary, to waive the preferential rights of shareholders to subscribe to the shares or securities to be issued in the context of this delegation in favour of the holders of the contributed securities.

This delegation implies *ipso jure*, to the benefit of holders of securities issued and giving access to the share capital of the Company, the waiver by shareholders of their preferential subscription right to the capital securities of the Company to which the said securities may give right.

The Board of Directors shall have full powers, with the ability to sub-delegate, to implement this resolution, to set all of the terms and conditions of the authorised transactions, and particularly (i) to decide, based on the report of the Capital Contributions Auditor referred to in the first and second paragraphs of the above-mentioned Article L. 225-147, the value to be attributed to the contributions and the grant of special benefits and their value (including to reduce, with the contributors' agreement, the valuation of the contributions or the consideration to be paid for the special benefits), (ii) to set the terms and conditions, the type and characteristics of the shares and other securities to be issued, (iii) to deduct any necessary amounts from the share premiums and, in particular, all the expenses incurred in connection with the share capital increase, (iv) to acknowledge the completion of the share capital increases carried out pursuant to this delegation, amend the Articles of Association accordingly, complete any formalities and declarations, request any authorisations necessary to ensure the success of these contributions and, generally, do all that is necessary.

This delegation of competence is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous delegation of its type granted under the terms of the 24th resolution of the Annual General Meeting of 5 May 2017.

The Board of Directors may not, unless previously authorised by the shareholders in General Meeting, use this delegation as from the date a third party files a tender offer for the Company's shares and until the end of the tender offer period.

Resolution 20: Aggregate ceiling applicable to financial authorisations

Presentation

The purpose of the 20th resolution is to limit the aggregate amount of issues of shares or debt securities that may be carried out pursuant to the 12th to 19th resolutions.

The aggregate par value of the share capital increases that may be carried out, either immediately and/or in the future, will not exceed **€59 million** (unchanged from the previous delegation), which corresponds to 35.14% of the share capital as of 31 December 2018, with the aggregate amount of share capital increases that may be carried out either immediately and/or in the future without preferential subscription rights pursuant to the 13th, 14th, 15th, 16th, 18th, and 19th resolutions capped at **€16.7 million** (*versus* €16.9 million under the previous delegation), corresponding to 9.95% of the share capital as of 31 December 2018.

The total par value of debt security issues will not exceed €2 billion (unchanged from the previous delegation).

TWENTIETH RESOLUTION

Aggregate ceiling applicable to the financial authorisations granted to the Board of Directors

The Extraordinary General Meeting, after reviewing the Board of Directors' report, and subject to adoption of the 12th to 19th resolutions, decides that:

- the total nominal amount of debt security issues that may be carried out using these delegations shall not exceed two billion euros (€2 billion) or its equivalent value in foreign currency or in composite monetary units;
- the aggregate par value of share capital increases that may be carried out, immediately and/or in the future, by virtue of these resolutions, shall not exceed fifty-nine million euros (€59 million), it being specified that the aggregate amount of share capital increases that may be carried out immediately and/or in the future without preferential subscription rights pursuant to the 13th, 14th, 15th, 16th, 18th and 19th resolutions shall not exceed sixteen million seven hundred thousand euros (€16,700,000), not including, for each of these amounts, the par value of any additional shares to be issued in order to protect the rights of holders of securities granting access to the share capital of the Company.

The General Meeting duly notes that the aggregate par value of fifty-nine million euros (€59 million) does not include the par value of the shares that may be issued to employees who are members of a company savings plan pursuant to the 21st resolution.

Resolution 21: Share capital increase reserved for members of a company savings plan (*plan d'épargne d'entreprise*)

Presentation

The Annual General Meeting of 5 May 2017 gave your Board of Directors a 26-month authorisation to issue new shares or sell own shares for the benefit of members of a company savings plan of the Company and companies related thereto.

Your Board of Directors has not used this authorisation.

You are being asked, under the terms of the 21st resolution, to renew this authorisation for 26 months.

The total number of shares that may be issued under the terms of this resolution remains unchanged at 2% of the share capital as of the date of the General Meeting (excluding any adjustments), and will not be deducted from the aggregate ceiling on share capital increases set in the 20th resolution.

You are being asked to waive shareholders' preferential subscription rights to the shares and securities granting access to the share capital of the Company that may be issued pursuant to this authorisation. In accordance with the terms of Article L. 3332-19 of the French Labour Code, the subscription price of the shares may not be lower than the average of the prices quoted for the share during the last 20 trading days preceding the date of the decision setting the opening day of the subscription period, less a maximum discount of 20%, or 30% if the plan's lock-up period is at least ten years. However, if appropriate, the Board of Directors may decide to reduce or eliminate the discount in order to take into account any applicable foreign legal, regulatory or tax provisions.

The Board of Directors may also decide to make free allocation of shares or other securities granting access to shares of the Company, in which case the total benefit resulting from this award, any employer matching contribution by the Company and the discount on the share price, may not exceed the legal or regulatory limits.

The purpose of this authorisation is to increase employee share ownership. As of 31 December 2018, employees held 1.01% of the share capital (shares held through the company savings plan and various corporate mutual funds).

TWENTY-FIRST RESOLUTION

Delegation of competence granted to the Board of Directors for the purpose of increasing the share capital, without preferential subscription rights for existing shareholders, or selling the Company's own shares for the benefit of members of a company savings plan (*plan d'épargne d'entreprise*)

The Extraordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report, and voting in the context of Articles L. 3332-1 *et seq.* of the French Labour Code and Article L. 225-138-1 of the French Commercial Code, delegates its competence to the Board of Directors, under the conditions set forth by law, with the ability to sub-delegate, pursuant to the terms of Articles L. 225-129-2 and L. 225-129-6 of the French Commercial Code, for the purpose of increasing the share capital of the Company at its own discretion, in one or several transactions, by issuing shares or securities granting access to the share capital of the Company reserved for members of a company savings plan offered by Casino, Guichard-Perrachon and its related companies, within the meaning of Article L. 233-16 of the French Commercial Code and under the conditions set forth in Articles L. 3332-18 *et seq.* of the French Labour Code.

The total number of shares that may be issued under this authorisation shall not exceed 2% of the aggregate number of shares comprising the share capital of the Company as of the date of this Annual General Meeting plus where applicable any additional shares to be issued in order to protect the rights of beneficiaries in accordance with applicable legal and regulatory provisions. This ceiling is separate from the ceiling described in the fifteenth resolution and shall not be deducted from the aggregate ceiling set in the twentieth resolution.

The subscription price of the shares, set in accordance with the provisions of Article L. 3332-19 of the French Labour Code, shall not include a discount of more than 20%, or 30% if the plan's lock-up period is ten years or more, on the average of the market prices of the Company's share during the last 20 trading days preceding the date of the decision setting the opening day for subscriptions, and shall not exceed this average price. The General Meeting expressly authorises the Board of Directors to decide, if appropriate, to reduce or cancel the aforementioned discount in order to take into account, in particular, any legal, regulatory and tax provisions that may apply under foreign law.

The Extraordinary General Meeting further resolves that the Board of Directors may decide to make free allocation of shares or other securities granting access to shares of the Company. The total benefit resulting from the award, any employer matching contribution and the discount on the subscription price, shall not exceed the legal or regulatory limits.

The Extraordinary General Meeting expressly decides to waive, in favour of the beneficiaries of any issues decided pursuant to this authorisation, the preferential subscription right of shareholders to subscribe to the shares or other securities giving access to the share capital to be issued directly, as well as to any Company shares to be issued in the future on exercise of the securities issued pursuant to this authorisation. In the event of a free allocation of shares or securities with rights to shares, said shareholders also waive any rights to said shares or securities and to the portion of reserves, profits or share premiums that is capitalised.

The Extraordinary General Meeting authorises the Board of Directors to sell shares bought back by the Company pursuant to the provisions of Articles L. 225-206 *et seq.* of the French Commercial Code, in one or several transactions and at its sole discretion, within the limit of 2% of the Company's share capital, to members of a company savings plan of the Company and the companies related to it, within the meaning of Article L. 233-16 of the French Commercial Code, under the conditions stipulated in Articles L. 3332-18 *et seq.* of the French Labour Code.

The Extraordinary General Meeting authorises the Board of Directors, in accordance with and under the conditions set forth in Article L. 225-135-1 of the French Commercial Code, to issue, within the aforementioned limit, a number of shares that is greater than the number initially set, at the same price as that set for the initial issue.

The Extraordinary General Meeting grants full powers to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, to implement this authorisation and to carry out this or these issue(s) within the limits set above, on the dates, within the time frames and according to the terms and conditions it will set in accordance with the statutory and legal stipulations and, in particular, to:

- determine whether the issues may be carried out for the direct benefit of beneficiaries or through collective investment vehicles, and set the scope of the share capital increase reserved for members of a savings plan;
- set the amounts of the share capital increases, the issue terms and conditions, the characteristics of the shares and, if applicable, of the other equity securities, the dates and the duration of the subscription period, the terms and conditions and amount of time granted to subscribers to pay for their securities, the seniority conditions to be met by subscribers of new shares;
- at its sole discretion, after each capital increase, deduct the capital increase costs from the amount of the related premiums and deduct from the premiums the sums required to raise the legal reserve to one-tenth of the new share capital;
- acknowledge the amount of the share capital increases based on the number of shares effectively subscribed and amend the Articles of Association to reflect the direct or deferred share capital increases; and
- generally, enter into any agreements, take any and all measures, and complete any and all formalities useful to the issue, the listing, and the servicing of securities issued under this authorisation.

The authorisation is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous delegation of its type granted under the terms of the 29th resolution of the Annual General Meeting of 5 May 2017.

Resolution 22: Cancellation of shares bought back by the Company and share capital reduction

Presentation

The Annual General Meeting of 5 May 2017 gave your Board of Directors a 26-month authorisation to reduce the share capital by cancelling shares, provided that the number of shares cancelled in any 24-month period would not represent more than 10% of the capital outstanding at the cancellation date (*i.e.*, after adjustments for any corporate actions that may have taken place up to that date). The cancelled shares would consist of shares bought back by the Company pursuant to an authorisation given by shareholders in General Meeting.

Your Board of Directors used this authorisation to cancel 1,267,608 shares in 2018, representing 1.14% of the share capital on the day the authorisation was granted (no shares were cancelled in 2017).

You are being asked in the 22nd resolution to renew this authorisation for 26 months, on the same terms.

TWENTY-SECOND RESOLUTION

Authorisation granted to the Board of Directors for the purpose of reducing the share capital *via* the cancellation of own shares

The Extraordinary General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' report, authorises the Board of Directors, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, to reduce the share capital, in one or several transactions, by cancelling shares bought back by the Company under an authorisation granted by the Ordinary General Meeting, within a limit per 24-month period of 10% of the share capital, as determined as of the cancellation date (*i.e.*, as adjusted to take account of corporate actions carried out since this resolution took effect).

The Extraordinary General Meeting grants all powers to the Board of Directors, with the ability to sub-delegate under the conditions set forth by law, for the purpose of completing this or these share capital reductions within the limits set above and, in particular, to acknowledge the completion of each reduction and deduct the difference between the purchase price of the shares and their par value from the reserve or the premium account of its choice, amend the Articles of Association accordingly, and complete any and all formalities.

The authorisation is granted for 26 months as from the date of this Annual General Meeting and cancels any unused portion of the previous authorisation of its type granted under the terms of the 30th resolution of the Annual General Meeting of 5 May 2017.

Resolution 23: Amendment of the Articles of Association

Presentation

We propose amending paragraph II of Article 11 of the Articles of Association to replicate in full all the legal disclosure obligations concerning thresholds being crossed and thus include the shares that are assimilated with the shares already owned and the associated voting rights. Consequently, in the 23rd resolution, you are asked to amend the wording of paragraph II of Article 11 of the Articles of Association as follows:

Previous version	*New version*
Article 11: Identification of shareholders (...) ▪ II. In addition to the legal disclosure thresholds, any person or legal entity (including any accredited intermediary representing non-resident shareholders), acting either alone or in concert with other persons or legal entities, that comes to hold or ceases to hold, by whatever means, a number of shares representing 1% of the voting rights or issued capital, or any multiple of 1%, must inform the Company, by registered letter with acknowledgement of receipt, of the number of shares and voting rights held, within five trading days of the relevant disclosure threshold being crossed. <u>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.</u> 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 makes the request at said meeting. Under the same conditions, voting rights that have not been properly declared cannot be exercised. Disqualification will apply to all shareholders' meetings held during a period of two years commencing on the date on which the omission is remedied.	*Article 11: Identification of shareholders* (...) ▪ II. In addition to the legal disclosure thresholds, any person or legal entity (including any accredited intermediary representing non-resident shareholders), acting either alone or in concert with other persons or legal entities, that comes to hold or ceases to hold, by whatever means, a number of shares representing 1% of the voting rights or issued capital, or any multiple of 1%, must inform the Company, by registered letter with acknowledgement of receipt, of the number of shares and voting rights held, within five trading days of the relevant disclosure threshold being crossed. <u>For the determination of these thresholds, account is taken of shares that are assimilated with the shares already owned and the associated voting rights, in accordance with the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code.</u> <u>In each disclosure made as provided for above, the disclosing shareholder must certify that the disclosure includes all the securities held or owned within the meaning of the above paragraph. The disclosing shareholder must also indicate his or her identity and that of the persons or legal entities acting in concert with the disclosing shareholder, the total number of shares or voting rights held directly or indirectly, alone or in concert, the date and reason for the disclosure threshold being crossed and, if applicable, the information referred to in the third paragraph of Article L. 223-7 I of the French Commercial Code.</u> 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. Disqualification will apply to all shareholders' meetings held during a period of two years commencing on the date on which the omission is remedied.

TWENTY-THIRD RESOLUTION

Amendment of the Articles of Association concerning disclosure thresholds

The Extraordinary General Meeting, after reviewing the Board of Directors' report, resolves to amend the wording of paragraph II of Article 11 of the Articles of Association which will now be as follows:

"Article 11 Identification of shareholders

(...)

II. In addition to the legal disclosure thresholds, any person or legal entity (including any accredited intermediary representing non-resident shareholders), acting either alone or in concert with other persons or legal entities, that comes to hold or ceases to hold, by whatever means, a number of shares representing 1% of the voting rights or issued capital, or any multiple of 1%, must inform the Company, by registered letter with acknowledgement of receipt, of the number of shares and voting rights held, within five trading days of the relevant disclosure threshold being crossed.

For the determination of these thresholds, account is taken of shares that are assimilated with the shares already owned and the associated voting rights, in accordance with the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code.

In each disclosure made as provided for above, the disclosing shareholder must certify that the disclosure includes all the securities held or owned within the meaning of the above paragraph. The disclosing shareholder must also indicate his or her identity and that of the persons or legal entities acting in concert with the disclosing shareholder, the total number of shares or voting rights held directly or indirectly, alone or in concert, the date and reason for the disclosure threshold being crossed and, if applicable, the information referred to in the third paragraph of Article L. 223-7 I of the French Commercial Code.

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. Disqualification will apply to all shareholders' meetings held during a period of two years commencing on the date on which the omission is remedied."

Resolution 24: Powers for formalities

Presentation
The 24th resolution is a standard authorisation to carry out publication and legal formalities.

TWENTY-FOURTH RESOLUTION

Powers for formalities

The Annual General Meeting grants full powers to the bearers of an original, excerpt or copy of the minutes of this General Meeting to complete all filings, publications and formalities prescribed by law.

8.2.3. Appendices

INFORMATION ON COMPONENTS OF COMPENSATION DUE OR GRANTED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN RESPECT OF FISCAL YEAR 2018

(5th resolution at the Ordinary General Shareholders' Meeting of 7 May 2019)

Pursuant to Article L. 225-100, II of the French Commercial Code, the shareholders are asked to approve the fixed, variable and exceptional components of the compensation and benefits of any kind paid or granted in respect of 2018 to Jean-Charles Naouri in his capacity as Chairman and Chief Executive Officer, as set forth and described in the table below. All such components are also detailed in subsection 6.1.1 of the Board of Directors' report on corporate governance contained in Chapter 6 of the 2018 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	€357,740	In line with market practices, the target level of the 2018 annual variable compensation would represent 130% of the fixed component *(corresponding to a gross amount of €624,000)* if all of the objectives are met (unchanged compared to 2017). The variable compensation is based on the following four exclusively quantitative objectives, set by the Board of Directors at its meeting on 7 March 2018 on the recommendation of the Appointments and Compensation Committee: ▪ three financial quantitative objectives aligned with the Group's key operating and financial objectives for 2018, representing 90% of the target level *(€561,600)* and up to 118.8% *(€741,600)* in the event the objective is exceeded, with each objective accounting for one-third *(30%, and up to 39.6%)*. These objectives concern: - organic growth in consolidated net sales *(excl. petrol and calendar effects)*, - organic growth in consolidated trading profit, - growth in consolidated cash flow from continuing operations. For each criterion, a minimum threshold (at least 50% of the target), a target level (performance in line with Group objectives) and a maximum amount (outperformance compared to Group objectives) were set, with the corresponding component of annual variable compensation calculated on a straight-line basis between the minimum and maximum points. ▪ one CSR quantitative objective accounting for 10% of the target level (without any increase for outperformance), based on the average of the 2018 scores awarded to Casino Guichard-Perrachon by FTSE Group, Vigeo Eiris and DJSI, which publish indices of the best-performing companies in terms of corporate social responsibility and environmental performance; the target CSR level was set at 72.67/100 (the average of Casino's 2017 scores), and the minimum level at 64.53/100, (average of the scores for the past four years), with the corresponding component of annual variable compensation calculated on a straight-line basis between the minimum and maximum points. On the above basis, in the case of outperformance, the gross annual variable compensation would amount to a maximum of €804,000, or 167.5% of the fixed component, unchanged compared to 2017.

Components of the compensation	Gross amount or book value submitted to vote	Presentation
		On 13 March 2019, the Board of Directors reviewed the results obtained with respect to these objectives and set the level of the 2018 variable compensation. However, at the Chairman and Chief Executive Officer's request, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, agreed to adjust the target amount of his 2018 variable compensation downwards, in the same way as for the Group's other key senior executives, thus reducing it from €624,000 to €612,000. The maximum amount has been reduced accordingly from €804,000 to €788,100. The other factors used to determine the variable compensation were unchanged (criteria, weighting of each criterion, minimum and target performance with straight-line calculation between the two and, for the three financial objectives, increase to a maximum of 132% of the target level for outperformance compared with the target). The adjusted total variable compensation therefore amounted to €357,740. The percentages of the adjusted target variable compensation of €612,000 awarded in respect of each criterion were as follows: 25.5% for organic growth in consolidated net sales, 24.6% for growth in trading profit, 0% for growth in consolidated cash flow as the objective was not met, and 8.35% for CSR performance (Casino's average score in 2018 was 71.33/100). The total annual variable compensation due for 2018 therefore came to a gross amount of €357,740, representing 58.45% of the adjusted target level and 74.53% of fixed compensation. In 2017, the total gross annual variable component was €454,020, representing approximately 72.8% of the target level and 94.6% of fixed compensation. In 2016, the total gross annual variable component was €625,120, representing approximately 100.2% of the target level and 130.2% of fixed compensation. Pursuant to Article L. 225-37-2 of the French Commercial Code, payment of the annual variable compensation for the 2018 financial year, determined as shown above, is contingent on approval of the 5th resolution at the Annual General Meeting of 7 May 2019.

Components of the compensation	Gross amount or book value submitted to vote	Presentation
Multi-annual variable compensation	Not applicable	No multi-annual variable compensation was paid or granted to the Chairman and Chief Executive Officer in 2018.
Exceptional compensation	Not applicable	No exceptional compensation was paid or granted to the Chairman and Chief Executive Officer in 2018.
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 take into account the Group's longer-term performance, the Board of Directors decided to grant the Chairman and Chief Executive Officer a cash-based long-term incentive (LTI) bonus in 2018, calculated over three years with the same structure as the first LTI awarded to him in 2017. If the performance conditions are satisfied, the target level will be equal to 100% of the fixed compensation component, representing a gross amount of €480,000. This is the maximum amount that may be received. The LTI will be paid only if the Chairman and Chief Executive Officer is still in office at the end of the three-year period and is subject to two performance conditions to be met over three financial years *(2018-2020)*, with each counting for 50% of the total: ▪ growth in total shareholder return (TSR) *(comparison between the average of the last 120 closing prices in 2020 and that of 2017 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 corresponding portion of the LTI is calculated on a straight-line basis, according to the positioning of the Company's TSR between the highest TSR for the group and the median TSR. Setting the minimum performance threshold at the level of the median TSR is more challenging than if the lowest TSR was used; ▪ growth in the Group's average EBITDA/net sales ratio over the three-year period. A minimum achievement rate has been set and the portion of the LTI for this criterion is calculated on a straight-line basis between the minimum point and the target. The target objectives are challenging and consistent with those set in the LTI plans for key managers decided in 2018. Pursuant to the terms of Article L. 225-37-2 of the French Commercial Code, payment of this long-term variable compensation, after determining its amount in 2021 according to the achievement of the aforementioned objectives, is subject to shareholders' approval at the Annual General Meeting of the Company to be held in 2021.
Stock options, bonus shares or performance shares	Not applicable	The Chairman and Chief Executive Officer has not and has never been awarded any stock options, bonus shares or performance shares. He is expressly excluded from the list of beneficiaries of these types of compensation under the terms of the resolutions voted at the Extraordinary General Meetings of 5 May 2017 and 15 May 2018.
Directors' fees	€12,500	As a Director, the Chairman and Chief Executive Officer received half of the basic Director's fee, for an amount of €12,500. The basic fee payable to each external Director is set at €25,000, comprising a fixed fee of €8,500 and a variable attendance-based fee of €16,500. The portion of the fee not paid to a Director who misses a meeting is not reallocated among the other Directors.
Benefits of any kind	Not applicable	The Chairman and Chief Executive Officer was not eligible for any benefits of any kind in respect of 2018.
Compensation for loss of office	Not applicable	The Chairman and Chief Executive Officer would not be entitled to any compensation for loss of office.
Compensation in connection with a non-compete obligation	Not applicable	The Chairman and Chief Executive Officer would not be entitled to any compensation in connection with a non-compete clause.
Supplementary pension plan	Not applicable	The Chairman and Chief Executive Officer does not benefit from any supplementary pension plan set up by the Company. He participates in the government-sponsored compulsory supplementary pension scheme and the employee benefits scheme *(régime de prévoyance)* open to all executive employees.

PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND GRANTING THE COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S 2019 COMPENSATION

(6th resolution of the AGM of 7 May 2019)

Pursuant to the terms of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, allocating and granting the fixed, variable, and exceptional components of the compensation and benefits of any kind paid or granted to the Chairman and Chief Executive Officer in respect of this position for the 2019 financial year must be submitted for approval at the Annual General Meeting of 7 May 2019.

At its meeting on 13 March 2019, based on the Appointments and Compensation Committee's recommendation, the Board of Directors set the principles and structure of the Chairman and Chief Executive Officer's compensation for 2019.

PRINCIPLES

The Board of Directors uses the Afep-Medef Code (June 2018 version) as its reference to determine the principles for setting the compensation of executive corporate officers. It decides the principles for determining and structuring the Chairman and Chief Executive Officer's compensation based on the recommendations of the Appointments and Compensation Committee.

The Board of Directors ensures that the compensation policy is consistent with the Company's corporate interests and the interests of shareholders and stakeholders. It is also consistent with the compensation policies applied to the members of the Executive Committee and to the Group's employees. The performance indicators selected for setting the variable compensation must be in line with the Group's strategy. They reflect the Group's financial and operating priorities, and include both financial and CSR criteria, with performance assessed annually and/or over several years.

The Board of Directors bases its consideration of this issue on the analyses and findings of a consulting firm specialising in compensation which advises the Appointments and Compensation Committee on market practices in this area. These routine compensation analyses make it possible to draw a comparison between, on the one hand, the structure of the executive corporate officer's compensation, its level and how it has evolved, the weight assigned to each of the components and the performance criteria, 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.

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 2019 in the following way:

COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION

For 2019, as an extension of the 2017 and 2018 analyses of the practices of SBF 120 companies, especially the 17 comparable French companies in terms of size and challenges whose Chairman and Chief Executive Officer is also the controlling shareholder – including six CAC 40 companies, 10 SBF 120 companies and one Next 20 company –, external experts were once again asked to review the Chairman and Chief Executive Officer's total compensation. Following this review, the Board of Directors decided to apply the general principles described in the introduction and the recommendation of the Appointments and Compensation Committee, by renewing for 2019 the Chairman and Chief Executive Officer's compensation structure as applied for the first time in 2017, based on the following terms and conditions:

Fixed compensation

Gross fixed compensation will be €480,000, unchanged since 2013.

Conditional annual variable compensation

In line with market practices, the target level of the annual variable compensation will continue to be fixed at 130% of fixed compensation *(corresponding to a gross amount of €624,000)* for a 100% achievement rate; if the achievement rate exceeds 100% of the objective, the variable compensation will represent up to 167.5% of fixed compensation *(corresponding to €804,000)*.

The annual variable compensation is entirely subject to the achievement of challenging objectives reflecting the Group's strategic priorities:

- Exclusively quantitative objectives:
  - Three quantitative financial objectives, aligned with Casino's priority operating and financial objectives for 2019.
    The proposed objectives, which are consistent with the Group-level quantifiable criteria and objectives used to determine the 2019 bonuses of members of the Executive Committee, concern:
    - comparable growth in consolidated net sales;
    - organic growth in France Retail trading profit;
    - free cash flow France.

To assess achievement, each criterion also has a pre-defined minimum threshold, a target level for a performance in line with objectives and an outperformance level. The variable compensation is calculated on a straight-line basis between the minimum and maximum levels. These indicators are central to the Group's profitable growth model and reflect the more challenging performance standards set for France.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to adjust two of the three financial criteria to better reflect the objectives set for France Retail performance, free cash flow generation and working capital improvement, without adjusting their respective weightings.

- One quantitative CSR objective which is the same but with a more challenging target in 2018. The objective is based on the average of the scores awarded to Casino by the following three rating agencies: FTSE Group, Vigeo Eiris and DJSI, with a target corresponding to Casino's average score for 2017, *i.e.*, 72.67/100 (because Casino's average score was lower in 2018) and a minimum corresponding to Casino's average score for the last four years, *i.e.*, 68.06/100. The corresponding component of annual variable compensation is calculated on a straight-line basis between the minimum point and the target.

This quantitative CSR criterion underscores the strategic value the Group places on the development of its CSR policy as the driver of sustainable long-term growth.

- There is no guaranteed minimum.
- The 2019 annual variable compensation (unchanged) is once again based for the most part on financial objectives:

  The weighting of the four criteria is as follows:

  - the three financial objectives account for 90% of the target level *(corresponding to a gross amount of €561,000)* and up to 118.8% *(corresponding to a gross amount of €741,600)* if the target is exceeded, on the basis of one-third each, or 30% of the target level and up to 39.6% if the target is exceeded;
  - the CSR objective accounts for a maximum of 10% of the target variable compensation.
- Performance in excess of the target would be rewarded only for the three financial criteria, thus continuing to represent 132% of their target level.

The breakdown of these quantifiable criteria and their relative weight in determining the Chairman and Chief Executive Officer's 2019 variable compensation are as follows:

Target amount: €624k (130% of fixed compensation)	Variable component target	Variable component maximum
Quantitative financial objectives (90%): *Each representing 30% if performance targets are achieved, i.e., a target amount of €187.2k, and up to €247.2k if performance targets are exceeded*		
1/ Comparable growth in consolidated net sales (excluding fuel and calendar effects)	30.0%	39.6%
Corresponding variable component	€187.2k	€247.2k
2/ Organic growth in France Retail trading profit	30.0%	39.6%
Corresponding variable component	€187.2k	€247.2k
3/ Free cash flow France(1)	30.0%	39.6%
Corresponding variable component	€187.2k	€247.2k
Quantitative non-financial objective (10%):		
1/ Average of the scores obtained by Casino from the following three rating agencies: FTSE Group, Vigeo Eiris and DJSI	10.0%(2)	10.0%(3)
Corresponding variable component	€62.4k	€62.4k
TOTAL	**€624K**	**€804K**

(1) Before dividends and interest, including property development and excluding Cdiscount.
(2) Average of the scores obtained over the last four years, or 68.06/100.
(3) Average of the scores obtained in 2017, or 72.67/100 (as the average for 2018 was lower).

Long-Term Variable Compensation (LTI)

In accordance with market practices and the recommendations of external firms consulted about the preponderance of variable compensation in the make-up of aggregate compensation, but also to take into account the Group's longer-term performance, the Board of Directors decided to grant the Chairman and Chief Executive Officer a cash-based long-term incentive (LTI) bonus in 2019, with the same structure as the LTIs granted in 2017 and 2018.

The long-term incentive bonus is determined as follows:

- The target level, assuming the performance conditions are met, remains at a maximum of 100% of fixed compensation, representing maximum gross variable compensation of €480,000.
- The performance conditions continue to be assessed at the end of a period of three financial years (2019-2021).
- There is no guaranteed minimum.
- For each of the two performance criteria, a minimum threshold has been set, as well as a maximum amount corresponding to the objectives. The performance conditions are demanding and consistent with those set for the LTI plans covering the Group's key managers that will be decided in 2019.
- The LTI will be paid only if the Chairman and Chief Executive Officer is still in office and is subject to two performance conditions (unchanged from 2018), with each counting for 50% of the total target:
  - growth in relative total shareholder return (TSR) (comparison between the average of the last 120 closing prices in 2018 and that of 2021, taking into account the amount of dividends per share paid during the period) compared with that of European food retailers, *i.e.*, Ahold-Delhaize, Carrefour, Colruyt Group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco. The corresponding portion of the LTI is calculated on a straight-line basis, according to the positioning of the Company's TSR between a minimum corresponding to the median TSR for the group and a maximum corresponding to the highest TSR;
  - growth in the Group's average EBITDAR/net sales ratio over the three-year period. A demanding minimum threshold and maximum amount equal to the target have been set, with the corresponding portion of the LTI calculated on a straight-line basis between the two. EBITDAR replaces EBITDA in the ratio following the application of IFRS 16.

The elements for determining the annual and long-term variable compensation of the Chairman were made the subject of a new analysis in 2019, after the one conducted in 2018, by a consulting firm specialising in compensation. The firm 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 quantifiable financial criteria, and the presence of a non-financial quantifiable 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 annual variable component of the compensation due for 2019, after determining its level based on the achievement of the above-defined objectives, is subject to the prior approval of shareholders at the Annual General Meeting of the Company to be held in 2020. Payment of the long-term variable compensation (LTI), after determining its level according to the achievement of the aforementioned objectives, is subject to shareholder approval at the Annual General Meeting of the Company to be held in the year of its payment, *i.e.*, 2022.

Other components of compensation and benefits of any kind granted for service as a Director

In addition, in his capacity as a Director of the Company in 2019, the Chairman and Chief Executive Officer will receive a Director's fee equal to half the fee paid to external Directors, *i.e.*, a maximum gross amount of €12,500.

The Chairman and Chief Executive Officer has not and has never been awarded any stock options, bonus shares or performance shares. He is expressly excluded from the list of beneficiaries under the terms of the resolutions voted at the Extraordinary General Meetings of 5 May 2017 and 15 May 2018.

In addition, the Chairman and Chief Executive Officer does not benefit from any supplementary pension plan set up by the Company, and would not be entitled to any compensation for loss of office or to any compensation in connection with a non-compete clause.

He participates in the government-sponsored compulsory supplementary pension scheme and the employee benefits scheme *(régime de prévoyance)* open to all executive employees.

He will not receive benefits of any kind in 2019.

(1) "EBITDAR = EBITDA before rents".

FINANCIAL AUTHORISATIONS

(12th to 22nd resolutions of the AGM of 7 May 2019)

You will find below a comparative table of the financial authorisations and delegations of competence granted to your Board of Directors by the Annual General Meetings of 5 May 2017 and 15 May 2018 that are still valid, and the authorisations and delegations of competence expiring in 2019 that shareholders will be asked to renew at the Annual General Meeting of 7 May 2019 :

	Existing authorisations				Submitted to shareholders for approval at the Annual General Meeting on 7 May 2019		
	AGM date Resolution	Maximum level	Duration Expiry	Use	Resolution	Maximum amount	Duration Expiry
Capital increase with preferential subscription rights	05/05/2017 17	€59m(1)	26 months 04/07/2019	None	12	€59m(1)	26 months 06/07/2021
Capital increase through a public offering without preferential subscription rights	05/05/2017 18	€16.9m(1)	26 months 04/07/2019	None	13	€16.7m(1)	26 months 06/07/2021
Capital increase through a private placement governed by Article L. 411-2 II of the French Monetary and Financial Code, without preferential subscription rights	05/05/2017 19	€16.9m(1)	26 months 04/07/2019	None	14	€16.7m(1)	26 months 06/07/2021
Fixing of the issue price of shares issued without preferential subscription rights	05/05/2017 20	Weighted average price during the last ten trading days less a possible discount of up to 5%	26 months 04/07/2019	None	15	Weighted average price during the last ten trading days less a possible discount of up to 5%	26 months 06/07/2021
Increase in the amount of an issue with or without preferential subscription rights	05/05/2017 21	15% of the initial issue	26 months 04/07/2019	None	16	15% of the initial issue	26 months 06/07/2021
Capital increase by capitalising reserves	05/05/2017 22	€59m	26 months 04/07/2019	None	17	€59m	26 months 06/07/2021
Capital increase in connection with a public tender offer by the Company for the shares of another listed company	05/05/2017 23	€16.9m(1)	26 months 04/07/2019	None	18	€16.7m(1)	26 months 06/07/2021
Issue of shares and securities with rights to shares as consideration for securities contributed to the Company	05/05/2017 24	10% of the capital on the date the issue is decided	26 months 04/07/2019	None	19	10% of the capital on the date the issue is decided	26 months 06/07/2021
Overall limit on the above financial authorisations	05/05/2017 25	€59m with PSR(1) €16.9m without PSR(1)	-	-	20	€59m with PSR(1) €16.7m without PSR(1)	-
Rights issue to employees of the Company and related entities who are members of a company savings plan	05/05/2017 29	2% of total shares outstanding at 05/05/2017 *(i.e., 2,219,939 shares)*	26 months 04/07/2019	None	21	2% of the total number of shares outstanding at 07/05/2019 *(at 13/03/2019 the number of shares was 2,194,588)*	26 months 06/07/2021
Company share buybacks	15/05/2018 13	10% of the total number of shares outstanding at 15/05/2018 *(i.e., 11,058,340 shares)*	18 months 14/11/2019	4,511,459 shares bought back	11	10% of the total number of shares outstanding at 07/05/2019 *(at 13/03/2019 the number of shares was 10,972,941)*	18 months 06/11/2020

	Existing authorisations				Submitted to shareholders for approval at the Annual General Meeting on 7 May 2019		
	AGM date Resolution	Maximum level	Duration Expiry	Use	Resolution	Maximum amount	Duration Expiry
Authorisation to reduce the capital by cancelling treasury shares	05/05/2017 30	10% of the capital at the cancellation date	26 months 04/07/2019	1,267,608 shares cancelled in 2018 *(no shares cancelled in 2017)*	22	10% of the capital at the cancellation date	26 months 06/07/2021
Stock options granted to employees of the Company and employees and corporate officers of related companies	05/05/2017 26 and 27	2% of the total number of shares at 05/05/2017 *(i.e., 2,219,939 shares)*	38 months 04/07/2020	None	-	-	-
Free allocation of shares to employees of the Company and related companies	15/05/2018 14		26 months 14/07/2020	Allocation of 238,023 shares(2)	-	-	-

(1) The aggregate par value of debt securities that could be issued under this delegation would not exceed €2 billion or its equivalent value in foreign currency or composite monetary units.

(2) The shares will vest if the grantee is still employed by the Company at the end of the vesting period and/or the performance conditions are met.

8.3. Statutory Auditors' reports on Extraordinary Annual General Meeting

8.3.1. Statutory Auditors' report on the issue of shares and various marketable securities with or without cancellation of preferential subscription rights

SHAREHOLDERS' MEETING OF MAY 7, 2019

12TH, 13TH, 14TH, 15TH, 16TH, 18TH AND 19TH RESOLUTIONS

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction 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 (the "Company") and in accordance with the procedures set forth in Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code *(Code de commerce)*, we hereby report on the proposed delegations of authority to the Board of Directors to carry out various issues of shares and/or marketable securities, transactions on which you are asked to vote.

Your Board of Directors proposes, based on its report:

- that you delegate to it, for a period of 26 months as from the date of this shareholders' meeting, with the option to subdelegate under the conditions provided for by law, the authority to decide on the following transactions and set the final conditions of these issues, and proposes, where necessary, to cancel your preferential subscription rights:
  - the issue, without cancellation of preferential subscription rights (12th resolution), of shares of the Company or any other marketable securities granting access to the Company's share capital, *via* the allocation, at the Company's discretion, of new or existing shares of the Company, or a combination of both, or existing shares of another company in which the Company has, directly or indirectly, an interest, bearing in mind that the marketable securities thus issued and conferring entitlement to the allocation of new or existing shares of the Company or existing shares of another company in which the Company has, directly or indirectly, an interest, may consist of debt securities or be linked to the issue of such securities, or permit the issue of such securities as intermediate instruments,
  - the issue, with cancellation of preferential subscription rights, through a public offering, with the option of establishing a priority subscription period (13th resolution), of shares of the Company or any other marketable securities granting access to the Company's share capital, *via* the allocation, at the Company's discretion, of new or existing shares of the Company, or a combination of both, or existing shares of another company in which the Company has, directly or indirectly, an interest, bearing in mind that the marketable securities thus issued and conferring entitlement to the allocation of new or existing shares of the Company or existing shares of another company in which the Company has, directly or indirectly, an interest, may consist of debt securities or be linked to the issue of such securities, or permit the issue of such securities as intermediate instruments,
  - the issue, with cancellation of preferential subscription rights through offerings referred to in paragraph II of Article L. 411-2 of the French Monetary and Financial Code (14th resolution), of shares of the Company or any other marketable securities granting access to the Company's share capital, *via* the allocation, at the Company's discretion, of new or existing shares of the Company, or a combination of both, or existing shares of another company in which the Company has, directly or indirectly, an interest, bearing in mind that the marketable securities thus issued and conferring entitlement to the allocation of new or existing shares of the Company or existing shares of another company in which the Company has, directly or indirectly, an interest, may consist of debt securities or be linked to the issue of such securities, or permit the issue of such securities as intermediate instruments,

- the issue of shares of the Company and/or any other marketable securities granting access to the Company's share capital, in exchange for shares or marketable securities contributed to a mixed or alternative public exchange offering, initiated by the Company on the shares of another company registered on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code (18th resolution);

- that you authorize it, pursuant to the 15th resolution and within the scope of the delegations of authority referred to in the 13th and 14th resolutions, to set the issue price up to the annual legal maximum of 10% of the share capital;
- that you delegate to it, for a period of 26 months as from the date of this shareholders' meeting, with the option to subdelegate under the conditions provided for by law, the authority to proceed with an issue of shares or marketable securities granting access to the Company's share capital, in exchange for in-kind contributions made to the Company that are comprised of equity securities or marketable securities granting access to the share capital (19th resolution), for up to a maximum of 10% of the share capital as assessed by the Board of Directors on the date of its issue decision.

The total par value amount of share capital increases that may be carried out, immediately or in the future, pursuant to the 12th to 19th resolutions, may not, under the 20th resolution, exceed €59 million, it being specified that:

- this amount is also the individual limit for the 12th resolution;
- the total par value amount of share capital increases that may be carried out, immediately or in the future, pursuant to the 13th, 14th, 15th, 16th, 18th and 19th resolutions, may not, under the 20th resolution, exceed €16.7 million, this amount also being an individual limit for the 13th, 14th, and 18th resolutions.

The total nominal amount of debt securities that may be issued pursuant to the 12th to 19th resolutions, may not, under the 20th resolution, exceed €2 billion, this amount also being an individual limit for the 12th, 13th, 14th and 18th resolutions.

These limits take into account the additional number of marketable securities to be created within the scope of the delegations of authority resulting from the 12th, 13th, 14th and 15th resolutions, under the conditions stipulated in Article L. 225-135-1 of the French Commercial Code, should you adopt the 16th resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information concerning these transactions, contained in this report.

We performed 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)* applicable to this engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of these transactions and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent review of the conditions of the proposed issues, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued presented in the Board of Directors' report in respect of the 13th, 14th and 15th resolutions.

Furthermore, as the report does not specify the methods used to determine the issue price of the equity securities to be issued pursuant to the 12th, 18th and 19th resolutions, we cannot express an opinion on the issue price calculation inputs.

As the final conditions under which the issues would be carried out have not been determined, we do not express an opinion thereon and, consequently, on the proposed cancellation of preferential subscription rights submitted for your approval in the 13th and 14th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report, if required, when these delegations have been used by your Board of Directors, in the event of issues of marketable securities representing equity securities granting access to other equity securities, in the event of issues of marketable securities granting access to equity securities to be issued and in the event of issues of shares with cancellation of preferential subscription rights.

Paris La Défense, March 27, 2019

The Statutory Auditors

French original signed by:

Ernst & Young et Autres	Deloitte & Associés	
Yvon SALAÜN	Frédéric MOULIN	Patrice CHOQUET

8.3.2. Statutory Auditors' report on the issue of equity instruments or marketable securities granting access to share capital, reserved for members of a company savings plan

SHAREHOLDERS' MEETING OF MAY 7, 2019

21ST RESOLUTION

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction 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 Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code *(Code de commerce)*, we hereby report on the proposed delegation of authority to the Board of Directors, to decide the issue of equity securities or marketable securities granting access to the Company's share capital, with cancellation of preferential subscription rights, reserved for members of a company savings plan of Casino, Guichard-Perrachon and its affiliated companies under the conditions set forth in Article L. 233-16 of the French Commercial Code, a transaction on which you are being asked to vote.

The total number of shares that may be issued may not exceed 2% of the total number of shares comprising your Company's share capital on the date of this shareholders' meeting. This limit takes into account the additional number of marketable securities to be created under the conditions set forth in Article L. 225-135-1 of the French Commercial Code.

Shareholders are asked to approve this issue pursuant to Article L. 225-129-6 of the French Commercial Code and Article L. 333-18 *et seq.* of the French Labor Code *(Code du travail)*.

Based on its report, your Board of Directors proposes that you delegate to it, for a period of 26 months as from the date of this shareholders' meeting, with the option to subdelegate, the authority to decide an issue and cancel your preferential subscription rights to the equity securities and marketable securities to be issued. Where necessary, the Board will set the final issue conditions for this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information concerning the issue, contained in this report.

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 the content of the Board of Directors' report relating to this transaction and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent review of the conditions of the proposed issue, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued presented in the Board of Directors' report.

As the final conditions of the issue have not been determined, we do not express an opinion thereon and, consequently, on the proposed cancellation of preferential subscription rights submitted for your approval.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, if required, when this delegation has been used by your Board of Directors, in the event of issues of shares, in the event of issues of marketable securities representing equity securities granting access to other equity securities and in the event of issues of marketable securities granting access to equity securities to be issued.

Paris-La Défense, March 27, 2019

The Statutory Auditors

French original signed by:

Ernst & Young et Autres	Deloitte & Associés	
Yvon SALAÜN	Frédéric MOULIN	Patrice CHOQUET

8.3.3. Statutory Auditors' report on the share capital decrease

SHAREHOLDERS' MEETING OF MAY 7, 2019

22ND RESOLUTION

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction 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. 225-209 of the French Commercial Code *(Code de commerce)* on the decrease in share capital by cancellation of shares purchased, we hereby report on our assessment of the reasons for and the conditions of the proposed decrease in share capital.

Shareholders are requested to delegate all necessary powers to the Board of Directors, for a period of 26 months as from the date of this shareholders' meeting, in order to cancel, up to a maximum of 10% of its share capital, by 24-month periods, the shares purchased by the Company pursuant to the authorization to purchase its own shares within the scope of the provisions of the aforementioned article.

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 the fairness of the reasons for and the conditions of the proposed decrease in share capital, which does not undermine shareholder equality.

We have no matters to report as to the reasons for and the conditions of the proposed decrease in share capital.

Paris-La Défense, March 27, 2019

The Statutory Auditors

French original signed by:

Ernst & Young et Autres
Yvon SALAÜN

Deloitte & Associés
Frédéric MOULIN Patrice CHOQUET

Chapter 9

Additional information

9.1. 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.

FISCAL YEAR

The Company's fiscal 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 of 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.

9.1.1. 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) may be elected as Director or serve as permanent representative of a Director that is a legal entity, if such election 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 or 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 unavailable, 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 or 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 a 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 or 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. There cannot be more than five Deputy Chief Executive Officers.

The term of office cannot exceed three (3) years. The Deputy Chief Executive Officers are eligible for reappointment. They have the same powers as the Chief Executive Officer in dealings with third parties.

The Deputy Chief Executive Officer's age cannot exceed seventy (70) years. However, in the event that the Deputy Chief Executive Officer reaches this age while in office, he or 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 or 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.

9.1.2. 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 Shareholders' 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.

9.1.3. 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 provided for 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 or 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 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.

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.

9.1.4. 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.

9.2. 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 364 *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 415 *et seq.*

The powers of the Board of Directors are described on pages 292, 293 and 416. The Board's powers to issue and buy back shares are described on page 362 and page 358, respectively.

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 278 (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.

9.3. 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* 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 Charle 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 N.V. 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 northwestern 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 N.V. 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, in place 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.
2017	Following this operation involving 31.7 million shares, the Group now holds 98.87% of Cnova N.V.'s capital and 99.46% of the voting rights. In February 2017, Cnova N.V. announced that it would be withdrawing its shares from Nasdaq, with effect from 3 March 2017. On 30 May 2017 the Casino Group launched a bond exchange offer in two stages, placing a €550 million five-year bond carrying a coupon of 1.865%. On the same day, Casino issued a tender offer to buy back bonds maturing in November 2018, August 2019 and March 2020. The proceeds of the new bond issue were used to finance the bond tender offer and strengthen the Group's liquidity. On 7 June 2017, the Group announced the results of its bond tender 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 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. This highly effective technology platform covers the construction of a state-of-the-art automated warehouse in the Greater Paris area. On 30 November 2017, the Group mandated Moody's Investors Service as a new rating agency. Moody's assigned a Ba1 rating with a stable outlook to Casino, Guichard-Perrachon S.A. and its bond debt. On 4 December 2017, Casino and Dia announced that they were extending their cooperation on private labels by creating a hub of expertise on logistics and private label innovation. A new joint subsidiary named CD Supply Innovation began its operations on 15 December 2017.

9.4. 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 can also include of all the principles and recommendations set forth in the Afep-Medef Corporate Governance Code (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 of a Director, 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 or 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 as having 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 or 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.

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 made by majority vote of the members present in person 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 recognise, 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 or 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 or 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

The Board of Directors performs the duties entrusted to it pursuant to the provisions of Article L. 225-35 of the French Commercial Code.

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. Its role is to create value for the Company over the long term.

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 prepares the corporate governance report pursuant to Article L. 255-37 of the French Commercial Code.

It summons general shareholders' meetings and can, upon delegation, carry out securities issues.

B – Matters requiring the Board of Directors' prior authorisation

In addition to the prior authorisations 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 authorisation 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 authorisation 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 regularly reviews trends in the Group's business and results, its key risks, such financial, operational, social and environmental risks, its risk management policies, 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 or 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.

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 or she remains in office until the end of his/her current term.

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 he or she is temporarily unavailable, the acting Chairman is appointed for a set period, which may be renewed. In the event that the Chairman dies, said delegation is valid until the election of the new Chairman.

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 or 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:

- Securities, collateral, and guarantees

  The Chief Executive Officer may issue securities, 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 or 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 programme 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 or 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 guarantee the commitments made by Casino Finance in the name of Casino, Guichard-Perrachon and third parties, by any means (securities, collateral, and guarantees, including first demand guarantees):

  - 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 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 or 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 or 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 are granted the same powers as the Chief Executive Officer vis-à-vis third parties.

The Chairman, provided he or 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.

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 committees' 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 Board of Directors' report on corporate governance.

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 Afep-Medef 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 or 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. It examines the Company's exposure to financial and non-financial risks. With respect to non-financial risks, it may draw on the work of the Governance and Social Responsibility Committee.

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 of a guarantee or a payment for 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.

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 or 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.

(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.

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/or quantitative criteria for determining any variable component to said compensation, including one or several criteria associated with corporate social and environmental responsibility;
- 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 non-voting 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 specialised 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 specialised 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 ensures the implementation of a Directors' Code of Conduct and updates 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 or 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 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. 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.

Each Director, if he or she deems it necessary, may receive additional training on the Group's specificities, its business activities and sectors, its social responsibility and environmental challenges, as well as on accounting or financial concepts to round out their knowledge. 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 or 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 or 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 or 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 or she holds in other French or foreign companies. He or she informs the Company as soon as possible regarding any new office or professional function he or she accepts. Additionally, whenever he or she exercises executive duties for the Company, he or 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 his or her 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 or 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 or her unemancipated minor children, or his or 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 or 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 French financial markets authority (*Autorité des marchés financiers* – AMF) and the Company of any transactions he or 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 dated 9 December 2003. Its most recent update was approved on 13 March 2019.

9.5. 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 20 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."

1 April 2019
Jean-Charles Naouri
Chairman and Chief Executive Officer

9.6. Documents incorporated by reference

Pursuant to Article 28 of European Commission Regulation No. 809/2004, the following information is incorporated by reference in this Registration Document:

- For the year ended 31 December 2017:

  the management report, the consolidated financial statements, the parent company financial statements and the accompanying Statutory Auditors' reports are presented in the 2017 Registration Document, which was filed with the *Autorité des marchés financiers* on 5 April 2018 under No. D.18-0282, on pages 2 to 32, 33 to 134, 135 to 163, 34, 136, and 164 to 168.

- For the year ended 31 December 2016:

  the management report, the consolidated financial statements, the parent company financial statements and the accompanying Statutory Auditors' reports are presented in the 2016 Registration Document, which was filed with the *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.

Other information contained in the Registration Documents for 2017 and 2016 has, where applicable, been replaced by or updated with the information contained in this Registration Document. The Registration Documents for 2017 and 2016 are available at the Company's registered office and online at www.groupe-casino.fr.

9.7. 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 of 29 April 2004.

9.8. 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 Article 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*.

9.9. 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.

Review of the Company's and the Group's operations and performance	
Review of the Company's and the Group's operations and performance during the year and analysis of developments in the business operations, results and financial position of the Company and the Group (debt situation)	2 to 36
Operations and results of the Company, its subsidiaries and the companies that it controls	2 to 36
Key financial performance indicators	2, 76 and 77
Key non-financial performance indicators	242 and 243
Subsequent events	30, 138 and 139, 171
Description of key risks and uncertainties	270 to 280
Financial risks related to the effects of climate change and implementation of a low-carbon strategy	274, 187, 215 and 216
Internal control and risk management procedures implemented by the Company and relating to the preparation and processing of accounting and financial information	267 to 269
Group's financial risk management policy, Group's exposure to price, credit, liquidity and treasury risk and information on the use of financial instruments	119 to 127, 227 to 280
Acquisitions of significant shareholdings in companies registered in France	34 and 35
Company and Group performance forecasts and outlook	31
Company's research and development activities	32
Company's supplier and customer payment terms	33
Company's store network	32
Environmental, human resources and social information	
Non-Financial Information Statement	243 to 246
Duty of care plan and report on its implementation	216 to 229
Information about the policy on technological risk prevention	NA

9.10. Board of Directors' corporate governance 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' corporate governance report as required by Article L. 225-37 of the French Commercial Code.

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