

Annual Report 2020



STEF 

CONTENTS

CHAIRMAN'S MESSAGE	02
GROUP'S GOVERNANCE	05
MISSION	06
THE GROUP'S BUSINESS MODEL	08
THE GROUP'S SOCIAL VALUE	09
THE GROUP'S PERFORMANCE	12
OUTLOOK FOR 2021	27
CENTRES OF EXPERTISE	28
DECLARATION OF EXTRA-FINANCIAL PERFORMANCE	32
CORPORATE GOVERNANCE REPORT	73
GENERAL INFORMATION	82
RISK FACTORS	86
CONSOLIDATED FINANCIAL STATEMENTS	90
RESULTS OF THE PARENT COMPANY – STEF SA	156

INTERVIEW

WITH STANISLAS LEMOR

Chairman & Chief Executive Officer of STEF

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“STEF has many assets with which to face the challenges ahead”

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2020 was an unusual year in many respects. What did you take away from it?

Firstly, the exceptional way in which all our employees came together to carry out the Group's primary mission during the health crisis. Thanks to their unfailing commitment, supplies were maintained to populations throughout Europe, without any disruption in the logistics chain. This is a source of great pride for us all. I would like to pay a heartfelt tribute to the Group's employees for their ability to adapt, their professionalism and their commitment which has enabled us to deal with an unprecedented crisis.

In addition to that, some of our jobs that were unfamiliar to and often overlooked by the general public have become more visible due to the crisis, revealing how essential they are. Our drivers were applauded when they delivered during the first periods of lockdown in March 2020.

The Group's mission, to guarantee that all European consumers can access a range of safe and enjoyable food, has become clearer than ever.

And economically?

2020 was a mixed year with the first six months severely affected by the strict lockdown periods across Europe and their consequences on the deregulation of the flow of goods. The Group quickly adapted by setting up a cost adjustment programme and altering transport schemes, leading to a clear recovery in results in the 2nd half-year.



Throughout the year, STEF's results were negatively affected by the health crisis; turnover fell by 8.6% and operating profit was down 28.2%. However, the Group has been resilient due to its solid foundations and its ability to adapt. In order to deal with the crisis, as a socially responsible corporate citizen, we have had to make bold choices; we paid a solidarity bonus to our field staff and have not applied for any State-guaranteed loans or deferral of charges.

We also continued to invest to prepare for the future, despite the difficult times that we were experiencing.

At the end of 2020, you finalised a major project that consolidates STEF's presence in Europe. Can you tell us more about it?

We have strengthened our European network through a comprehensive agreement with the German group Nagel which opens up new opportunities for our customers to Germany and eastern and northern Europe. This partnership was built in two phases: we became shareholders in their joint venture in France in January then, at the end of the year, signed an agreement to take over their operations in Italy, Belgium and the Netherlands. We also signed reciprocal distribution agreements which now enable us to offer optimal European coverage while consolidating our international consignments

business. This is an important step in our development strategy in Europe.

Brexit seems to have disrupted many businesses. Is this the case for STEF?

It is still a little too early to say because flows remained low at the start of 2021. We had anticipated and set up a dedicated organisation to support our customers with the many administrative formalities. A number of our customers, recognising our technical expertise in this area, turned to us as soon as the flow management began to become more complex. However, we remain alert because only the coming months will show whether the arrangements made have been proportionate.

This year, STEF increased its "geographic footprint", but decided to reduce its "carbon footprint"...

Indeed. This is a subject that is very close to my heart, and on which our employees and external stakeholders expect strong commitments. This awareness is not new within the Group, it has existed since its inception. As a consolidation specialist, the Group has long provided "public transport" for food products. For over 15 years, we have been committed to reducing CO₂ and greenhouse gas emissions.

Today, we have to go even further. With the support of the Board of Directors, we have decided to act, drastically and collectively, to reduce STEF's environmental footprint by making two major commitments: to reduce the CO₂ emissions of our vehicles by 30% by 2030 and to use 100% low-carbon energy for our buildings by 2025. Few transport groups can currently boast such ambitions in the structuring of their climate policy. This new dynamic, launched for the next 10 years, is based on an action plan which is currently being deployed across pilot entities in France, Portugal and Italy. We will use those innovations and experiments to validate our actions so we can extend them to all our countries in 2022.

Last year we spoke of digital transformation and innovation. What progress have you made in these areas?

Our digital transformation strategy, like our innovation policy in general, aims to enhance the service we offer to our customers while enabling us to improve our processes through a better use of data.

Some projects may have slowed because of the crisis, but overall we have remained on course. In our operations transporting chilled products, we have accelerated the digitalisation of the customer relationship by deploying a new digital portal in Europe. For our customers, this means real-time tracking of their shipments, advanced performance indicators and additional services. In the field of innovation, we have set up an employee platform designed to share local initiatives and unleash energies. We also want to integrate start-ups into the STEF Group's ecosystem. Consequently, the Group is involved in a very exciting project to optimise its transport network and improve its environmental footprint using artificial intelligence.

Consumption habits have been changing for several years and the health crisis has accelerated certain trends. What is the impact of this on STEF's organisation and its operations?

The health crisis has acted as a catalyst and accelerated the adoption of trends already observed. The most notable change is undoubtedly the strong growth in food e-commerce; before the pandemic it represented 5% of the food consumption market, rising to 10% at the peak of the crisis. It has now

stabilised at around 8% to 9%. Omnichannel has become the norm for consumers who make multiple purchases, sometimes involving home delivery. Once things have returned to normal, the question will be where the indicator will settle and under what conditions. We must not forget that the equation is currently distorted because consumers are not paying the actual price of the home delivery of products and are not fully considering its environmental effects.

Today, the online food shopping market mostly takes the form of drive-in services (almost 90% of the total) while home delivery represents a minimal share of food e-commerce. Although we believe that current models are not yet mature and that the last mile issue presents a real dilemma since it means reconciling frequency, geographic coverage and temperature, the growth prospects of this segment are significant. We have therefore decided to make this market segment a priority target and we are currently working on a suitable offer, combining all the components of temperature-controlled food e-commerce logistics.

The situation at the start of 2021 is still marked by the Covid-19 crisis. What do you think are the prospects?

The uncertainties related to the health situation and its economic repercussions should prompt caution in terms of forecasts. Nevertheless, I am convinced that the crisis is an opportunity to speed up our organisation's transformation. During this exceptional year, we have constantly prepared for the future by consolidating our positions in Europe and developing our expertise on growth segments. We have also increased our ambitions for a more ethical environmental footprint. Finally, we have done our utmost to preserve our culture of transparency and dialogue with our teams. These different elements lead us to believe that, as soon as conditions allow, our Group will have the resources to recover quickly. STEF has many assets with which to face the challenges ahead!

GROUP'S GOVERNANCE

CHAIRMAN AND EXECUTIVE MANAGEMENT

Stanislas LEMOR
Chairman and Chief Executive Officer

Marc VETTARD
Deputy Chief Executive Officer

EXECUTIVE COMMITTEE (MARCH 2021)

Bertrand BOMPAS
Deputy Chief Executive Officer France

Marco CANDIANI
Managing Director of STEF Italie

Jean-Yves CHAMEYRAT
Human Resources Director

Damien CHAPOTOT
Deputy Chief Executive Officer
of STEF Transport

Christophe GORIN
Managing Director Northern Europe

Vincent KIRKLAR
Real Estate Director

Managing Director of Immostef

Olivier LANGENFELD
Sales and Marketing Director

Ludovic LAPORTE
Financial Director

Ángel LECANDA
Business Director

Stanislas LEMOR
Chairman and Chief Executive Officer

Marie-Line PESQUIDOUX
Company Secretary

Marc REVERCHON
Chairman and Managing Director
of La Méridionale

Léon de SAHB
IT Systems Director

Managing Director of
STEF Information et Technologies

Marc VETTARD
Deputy Chief Executive Officer

BOARD OF DIRECTORS (11 MARCH 2021)

Stanislas Lemor, Chairman
Ahkim BEHNAMOUDA
Sophie BREUIL
Jean-Charles FROMAGE
Estelle HENSGEN-STOLLER
Bernard JOLIVET

Jean-François LAURAIN
Murielle LEMOINE
Lucie MAUREL-AUBERT
Dorothee PINEAU
Dominique RAMBAUD

ALLIANZ Vie,
represented by
Rémi SAUCIÉ
ATLANTIQUE MANAGEMENT,
represented by
François de COSNAC

STEF'S PURPOSE

“We guarantee safe and sustainable access to a diverse range of products so everyone can enjoy food”





Since the Group was created in 1920, it has been clear on its mission: “to serve humans”. Driven by a shared culture and values, its teams use their expertise to bring food supplies to populations. With enthusiasm, respect, reliability and performance, they work to guarantee the confidence and pleasure that Europeans enjoy in the everyday food products that they consume. As a service company, STEF’s teams are also committed to building trusting and reciprocal human relationships with all stakeholders. This is reflected in the care they take with the products of the Group’s customers and the way in which the results of their collective success are shared through employee shareholding.

STEF describes itself as “connecting values”. The Group plays a key role at the centre of the food logistics chain by generating added value for all food market players. By connecting producers, retailers and restaurant managers, it provides effective solutions that:

- guarantee the integrity and safety of food products;
- respond to changes in the market and consumption habits;
- support the development of its customers in Europe.

The Group’s convictions are conveyed in its “Sustainable commitments”. Its daily mission to supply people with food products gives STEF a strong social responsibility. Every day it encourages the Group’s employees to focus all their energies for a more ethical food industry, one with greater respect for the environment and people. STEF’s ambition is clear: to be a responsible leader within its sector by becoming a model for improving our carbon footprint.

THE GROUP'S BUSINESS MODEL

At the centre of the food logistics chain, the Group connects food market players.

As a European leader in temperature-controlled transport and logistics services (-25°C to +15°C), every day the Group carries fresh, frozen and thermosensitive products from their production sites to their consumption sites under the best conditions in terms of food safety, lead time and quality.

Its business model as a pure player in temperature-controlled transport, logistics and packaging is based on its unique expertise, acquired over a century, which gives it an in-depth understanding of the market and its developments in Europe. This guarantees its customers that their products are treated in strict accordance with health and safety and available throughout Europe, every time a consumer requests them.

In 2020, the STEF Group celebrated its 100th anniversary. Since its creation, it has remained loyal to its mission and played a pioneering role in its business sector. It is constantly evolving to offer its customers the best services and guarantee that, regardless of their circumstances, everyone has sustainable access to a variety of safe, enjoyable food.

A woman with short brown hair, wearing a white long-sleeved top and light blue jeans, is standing in a supermarket aisle. She is holding a white container with blue and green stripes and is looking at it intently. In the background, other shoppers and shopping carts are visible, creating a busy retail environment. A large blue circle is overlaid on the lower half of the image, containing the text 'THE GROUP'S SOCIAL VALUE'.

THE GROUP'S
SOCIAL
VALUE

THE GROUP'S FOOD ECOSYSTEM

2020 will always be characterised by the outbreak of the Covid-19 pandemic which resulted in the lockdown of large swathes of the global population and paralysed economies worldwide. In Europe, the intentional shutdown of economies was accompanied by massive support policies that cushioned the severity of the economic and social shock.

Change in GDP in 2020 vs 2019

(% - Sources: Winter Economic Forecast 2021, European Commission/Swiss State Secretariat for Economic Affairs).

Eurozone	FR	BE	IT
-6.8%	-8.3%	-6.2%	-8.8%
ES	PT	NL	CH
-11.0%	-7.6%	-4.1%	-2.9%

The agrifood system adapted to the situation and had to incorporate two new variables:

- the impact of government health and economic measures on the different distribution and consumption channels;
- the acceleration in the emergence of new consumption trends, triggered by the sudden changes in lifestyle, against a backdrop of increased awareness of environmental issues.

Links in the food chain that are more crucial than ever, temperature-controlled supply chain professionals have demonstrated their responsiveness and unwavering commitment to ensuring the continuity of supplies in a difficult climate, equally volatile and unpredictable.

DISRUPTED DISTRIBUTION CHANNELS

Successive lockdowns led to food volumes normally consumed out-of-home being transferred to retail, causing abrupt and irregular variations in activity across the distribution channels.

Restaurants: reinventing themselves to survive

After a shutdown in spring, restaurant managers adapted and digitalised their offers. Online ordering became essential, using either the "click and collect" format or home deliveries, facilitated by the growth in delivery platforms. In France, the value of deliveries doubled in a year, representing 85% of turnover for fast food outlets between March and October 2020.⁽¹⁾

Retail at the centre of transformations

In contrast, during lockdown periods, retail absorbed a large part of the deferred out-of-home consumption. Local and e-commerce formats were particularly sought after.

For retailers, 2020 was a year of experiments, partnerships and innovation. They have had to speed up their changes and find solutions to offer greater convenience and efficiency to consumers who are thrifty, less confident and more demanding. Examples include the proliferation of platforms for connecting with the end consumer (marketplaces, e-commerce sites and meal delivery platforms) and the promotion of local products.

⁽¹⁾NPD – Néorestauration congress 2020.

A SHAKE UP FOR AGRIFOOD MANUFACTURERS

Regardless of the sector in question, manufacturers altered their production processes, juggled with weakened supply chains and urgently turned to new sources of diversification. For most, the closure of restaurants was a major challenge. However, some specialisations fared better such as organic, local or frozen.

A DIGITAL AND COMMITTED CONSUMER VISION

The health measures and government restrictions naturally caused consumers to change how they shopped. Nearly half of Europeans⁽²⁾ reported that they made more online (45%) or bulk purchases (47%) and planned their shopping more carefully (45%). According to McKinsey, 15% of consumers⁽³⁾ from the five major western European markets have used new food e-commerce sites, and half of them continue to use them today.

At the same time, the crisis has acted as a catalyst and accelerated the adoption of trends already observed. European consumers favour a healthy diet that is environmentally friendly and promotes a local ecosystem. They also value the ethical and sustainable commitments of the brands they buy. While price remains the primary purchase factor, the search for a “benefits-values/commitments-price” match becomes more important in their choices.⁽⁴⁾

THE GROUP'S COMMITMENT IN THE MARKET CONTEXT IN 2020

It was vital to mobilise the supply chain in order to support such transformations. The first lockdown disrupted the flow of goods. The forced reorganisation of transport and logistics resources endangered the sometimes precarious balance of certain sectors. The profession learned the lessons of this period to emerge resilient and better prepared for the second lockdown.

At STEF, there were increasing numbers of initiatives to support the Group's customers in their changes including automation projects, e-commerce solutions and testing of new environmentally-friendly technologies.

This crisis has reshaped the consumer vision in record time. Two essential areas emerge from this unprecedented year: the digital revolution and an environmental concern with a decisive impact on food consumption choices.

The supply chain is at the core of these changes. There is little doubt that 2021 will accelerate these transformations for the Group's businesses. In any event, STEF has fully understood these issues and is continuing to invest in this direction.

⁽²⁾European study on food behaviours – EIT Food - September 2020.

⁽³⁾McKinsey Study - How European shoppers will buy groceries in the next normal (mckinsey.com).

⁽⁴⁾SIAL 2020.

THE GROUP'S PERFORMANCE



THREE OPERATIONAL SEGMENTS



1

STEF France

Transport and logistics activities in France are grouped under the name "STEF France", with a market segmentation of activities. This organisation provides support for the changing markets and the needs of the Group's customers in order to take better account of their specific requirements.



2

International activities

in Italy, Spain, Portugal, Belgium, the Netherlands and Switzerland in both transport and logistics are brought together within the STEF International Division, which also covers European consignments.



3

The Maritime division

La Méditerranée is the Group's maritime subsidiary with 4 Ro-ro mixed passenger and cargo vessels. It transports passengers and freight between Corsica and the continent under a public service concession. In 2020, it expanded its operations with the opening of a freight and passenger service between Marseille and Tangier.

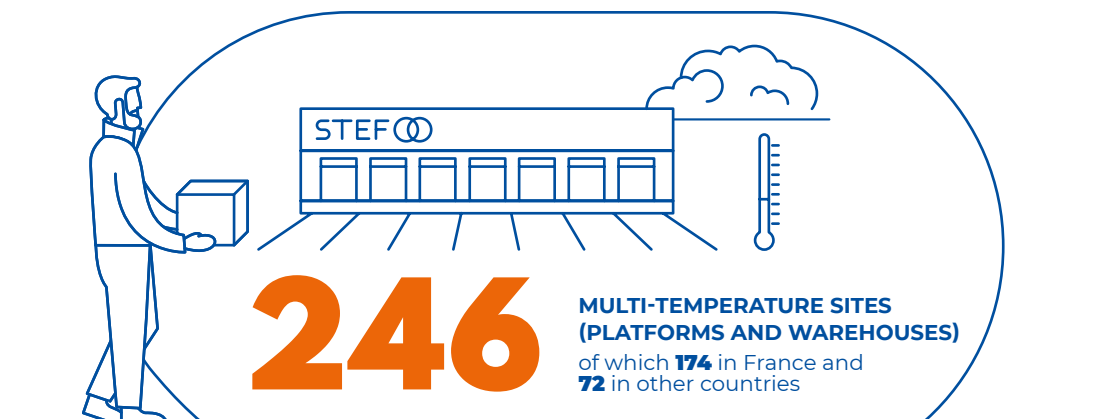
Eight business units STEF France

The performances of the businesses are monitored by customer market segment, through eight business units (BU):

- Chilled consignments
- Chilled Supply Chain
- Frozen
- Ambient and temperature-controlled
- Out-of-home foodservices
- Retail
- Seafood
- Packaging

CONSOLIDATED TURNOVER	CONSOLIDATED INCOME (Group share)	CONSOLIDATED EQUITY (Group share)
€ 3,145 M	€ 72.8 M	€ 817.8 M

KEY FIGURES





KEY EVENTS IN THE GROUP'S OPERATIONS

The major event of the period is still undeniably the COVID-19 pandemic. The successive lockdown periods and resulting restrictions on movement significantly impacted the Group's economic activity, operating processes and organisation in all its operating countries.

THE COVID-19 PANDEMIC

First of all, the Group invested in supporting and protecting its employees who have carried out their duties on a daily basis. Despite the difficulties in supply at the start of the crisis, strong employee protection measures were implemented so that they had the necessary protective equipment. A crisis unit was set up at the onset of the epidemic. This was responsible for monitoring the risk of infection and defining, at Group level, information, prevention and protection policies in order to guarantee the safety of its employees and the continuity of its operations.

2020, A YEAR OF ADAPTING AND RESILIENCE FOR STEF

Internally, STEF deployed a large-scale prevention campaign focusing on good practices and preventative measures to protect the health of its employees, customers, service providers and other stakeholders.

The Group followed the recommendations of the various governments in terms of remote working during the successive phases of the epidemic.

In order to take into account the exceptional mobilisation of its field teams, in most countries, the Group paid an attendance bonus to employees during the lockdown period, especially drivers and operating personnel, whose presence was necessary for business continuity. In fact, the mobilisation of all our employees remained strong throughout the crisis.

STEF launched a comprehensive plan to adapt its operating costs and align its operating resources as closely as possible to the fall in activity (including implementing partial unemployment measures), without however impacting the continuity of the Group's service or its development.

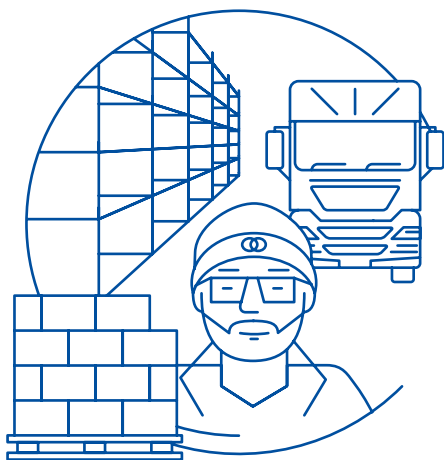
The major operating constraints, caused by the disruption to the flow of goods and the health measures, generated additional operating costs which, combined with the volatility of the volumes, considerably affected the year's economic performance.

2020 was a year of partnerships, external growth operations and developments with:

- the acquisition of the company Logistique Internationale Alimentaire in France, specialising in international consignments to northern and eastern Europe;
- the consolidation of the Group's positions in Europe with the signing of an agreement with the Nagel group to acquire their operations in Italy, The Netherlands and Belgium and the signing of reciprocal distribution agreements;
- the strengthening of the Group's position on the e-commerce segment to support the growth of its retail customers in France and Europe;
- the improvement in customer service with the European launch of a new customer portal;
- La Méridionale's ability to diversify with the opening of a maritime route between Marseille and Tangier using two vessels.



STEF FRANCE



In 2020, the health crisis, unprecedented in terms of both its scale and its impact on consumption habits and the extreme volatility in volumes and its consequences for the Group's customers, placed great demands on the ability of the teams to adapt.

STEF France faced uneven, unpredictable activity and had to manage very different impacts between business units.

IN ORDER TO MEET THESE CHALLENGES, STEF DISTINGUISHES ITSELF THROUGH:

- 1 the density of its network of platforms and warehouses, in proximity to the local economic fabric;
- 2 its expertise in the dynamic management of consignments;
- 3 the added value of a service differentiated according to temperatures and types of consignee customers;
- 4 technologies and innovative information systems which enable it to organise the preparation, monitoring and management of its customers' consignments;
- 5 the commitment and sense of service of its teams.

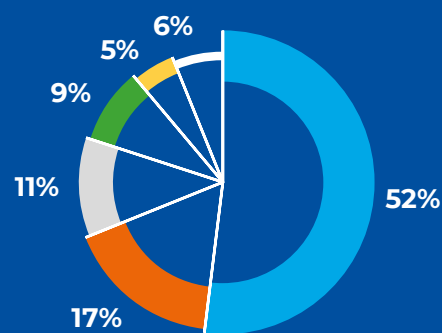
ANALYSIS BY SEGMENT

At €1,946 million, turnover fell by -5.3% (-5.6% at comparable scope).

While changes in activity have traditionally been relatively consistent between business units, in 2020, there was a much greater range of variations.

In addition to out-of-home foodservices, which were considerably affected by the closure of hospitality establishments, network transport activities were most impacted by the health restrictions resulting from the pandemic and by the disorganisation of flows (chilled consignments, seafood, frozen). In contrast, ambient and temperature-controlled and retail activities with a strong logistics component, recorded the best performances.

Despite this extreme volatility, the Group maintained its operational structures to satisfy its customers' requirements. In fact, STEF France's operating profit stood at €113.6 million, down by 11%, accentuated by the adverse effect of fuel prices.



Breakdown of STEF France turnover by customer market

- Chilled (consignments and supply chain)
- Retail
- Frozen
- Ambient and temperature-controlled
- Out-of-home foodservices
- Seafood



CHILLED CONSIGNMENTS

2020 was marked by highly volatile distribution activities as a result of the successive periods of lockdown, restrictions on movement and the closure of hospitality, resulting in a fall in turnover of -6.8%.

The “Daily Food” offers proved particularly well-suited to market needs, especially the development of convenience stores, local-local and the organic products sector. These were used to take advantage of the change in consumption habits resulting from the restrictions related to the health crisis.

The Group opted to maintain its service level to support its customers and ensure the continuity of supplies to all those involved in the agrifood chain. Despite considerable efforts to adjust production resources, economic performance contracted more than turnover.

2020 confirmed the relevance of the investments in digital tools. The move to digital invoices and transport documents limited the exchange of paper documentation during the health crisis and provided the necessary information to the sector’s customers and their consignees in real-time.

CHILLED SUPPLY CHAIN

The business unit’s turnover was relatively steady with a limited fall (-0.8%) due to the development in fresh product consignments to retail channels and the arrival of new customers.

The increase in activity for retail led to an improvement in warehouse occupancy rates and optimised the performance of transport. At the same time, the plan to adjust and reduce expenses, combined with an acceleration in the multi-year performance plan helped to improve the operational performance, thus confirming the relevance and resilience of the economic model.

FROZEN

The frozen business unit posted a -1.6% fall in turnover.

Logistics activity, which represents nearly 70% of the scope, grew slightly due to a fluctuating, but ultimately high warehouse occupancy rate, a good summer season and activities driven by good sales in the retail channels during lockdown periods. The business unit was mobilised to offer solutions to its customers’ requirements for storage and associated services.



The transport sites' activity fell, despite a recovery in consumption during the summer and the upturn at the end of the year. The impact of restaurants closing was not fully offset by retail deliveries.

Good operational management, the adjustment plan implemented from April and lower energy costs made it possible to achieve a satisfactory operating profit.

AMBIENT AND TEMPERATURE-CONTROLLED

The ambient and temperature-controlled business surpassed expectations with a strong growth (+7.1%) despite Easter and Christmas festive periods disrupted by the health restrictions. The business unit continued its development plan with:

- extensions to the Orléans-Nord and Isle-d'Abeau sites, delivered in 2020, which offer 55% additional storage capacity and enable the business unit to position itself on new calls for tenders;
- the new automated box assembly line on the Orléans-Nord site which now has a showcase featuring the very latest technologies in packaging.

In 2021, the business unit will launch an operational excellence plan which should bring it in line with the profession's highest standards.

OUT-OF-HOME FOOD SERVICES

Successive lockdowns and curfews and the closure of hospitality establishments had a major impact on the out-of-home foodservices business. With a reduction of -85% in volumes in mid-March at the height of the crisis, turnover fell by -18% over the financial year.

The Group worked in consultation with its customers in the fast food sector to support the gradual reopening of their restaurants, mainly in the form of takeaway or drive-through sales. These actions helped to limit the decline in activity but also the impact on losses, which were greater during the months of lockdown.

The out-of-home foodservices business unit has all the assets to support the full recovery of its customers' business. These include its network of dedicated warehouses, its transport plan and its business IT applications (the SAP ERP, which is used to manage supplies and restaurant orders, was deployed across the segment in 2020).



RETAIL

The retail business is an order preparation logistics activity for major retailers.

In 2020, this business recorded strong growth of +8.9% in relation to out-of-home food service channels closing. However, this extra business required a substantial increase in labour and consequently, payroll, considerably affecting profit.

In addition, at the end of the year, the business unit handled an industrial dispute at an order preparation site in southern France.

The retail consumption sector saw an acceleration in consumption habits during the crisis and underlying trends such as the need for local stores, food security, omnichannel experiences and competitive prices, were confirmed.

B to B business grew by +3%. Two new sites began operating in 2020: one in the Lyon region, for an organic store chain and the second in Alsace, covering fruit, vegetable and frozen processing for a retail store chain.

B to C activity (food e-commerce), boosted by the closure of the hospitality industry, continued its very strong growth with an increase of +33.5%. It now represents a quarter of the business unit's turnover.

The prospects are promising on a market where the business unit anticipates the continued development of e-commerce and the strengthening of B to B activities, particularly in the transport sector.

SEAFOOD

For this business, where performance was already impacted by a reduction in traditional fishmonger departments and the difficulties in retail, the health crisis, with the closure of hospitality establishments, has deepened the trend. Turnover fell by -14.1%.

However, the Group has continued its structuring plan. The opening of a platform at Brandérion, near Lorient, has been used to finalise the restructuring of the collection system in France and group the activities of STEF and Express Marée in Brittany.

PACKAGING

With the acquisition of DYAD in 2019, the Group incorporated an industrial expertise in packaging.

Based on wide-ranging co-packing and co-manufacturing skills, DYAD's industrial packaging offer provides the Group's customers with support in marketing and promoting their products across all types of projects: expert site or "wall to wall" (packaging in the warehouse storing the products), in the fresh, frozen or ambient and temperature-controlled segments.

In 2020, DYAD suffered the near shutdown of the activity of one of its main customers in the cosmetics sector. The business unit took advantage of this situation to strengthen its business development by focusing on non-food activities.

The logo for STEF, featuring the word "STEF" in a dark blue sans-serif font followed by a circular icon composed of two interlocking blue rings.Two large, overlapping circles in shades of blue (dark blue and light blue) are positioned in the foreground, partially obscuring the building. A white curved line separates the two circles.

STEF INTERNATIONAL



In 2020, STEF International posted a turnover of €815 million, down -5.2% (-5.4% at constant scope).

STEF International saw a drop in business almost equivalent to that in France. The largest falls were in Belgium (-8.2%), Portugal (-8.6%) and Italy (-8.7%). However, Switzerland (+17.6%) and the European consignments (+7.8%) showed strong growth.

In all countries, hospitality activities were penalised by lockdown measures and health restrictions and the widespread reduction in national and international consignments.

Nevertheless, all countries continued their investment and development paths so that they can respond to the needs of the market and their customers on emerging from the crisis.

In line with this, the Group acquired the operations of the Nagel group in Italy, Belgium and The Netherlands. These are spread across five sites and represent a total turnover of €95 million and 200 employees. The two Groups have signed reciprocal distribution agreements enabling them to rely on their respective distribution networks in their operating countries.



ITALY

For STEF in Italy, 2020 closed with a decrease in turnover of -8.7%.

STEF's presence across all food distribution segments in Italy helped to cushion the effects of the health crisis. It also allowed it to benefit from development opportunities on other sectors which emerged in this specific context; strong variations and transfers in volumes gave prominence to the development of e-commerce and strengthened the positioning of certain retailer formats.

The Group's ability to adapt its production methods, and particularly its road resources has enabled it to maintain a satisfactory performance level.

The seafood products business, affected by the persistent reduction in volumes over the last several years, was subject to a partnership, effective on 1 July 2020, covering the transfer of this business to a new entity in which the Group holds 40%. This cooperation should provide new opportunities in a market experiencing structural difficulties.

STEF Italy stayed on course with its medium-term development plan, both in terms of capital investment and external growth projects, with the acquisition of the Nagel group's operations.



SPAIN

Spain is one of the operating countries in which the Group proved most resilient with a turnover down by -4.4%.

As in other countries, hospitality activities were penalised by the health restrictions across Spain and transport was impacted by the widespread reduction in domestic and international consignments.

Nevertheless, national networking actions continued with the signing of a partnership in the region of Murcia and the launch of a cross-docking warehouse in Córdoba. These two facilities will help to speed up consignments leaving and arriving in these two provinces.

Frozen products and consolidation logistics for fresh products maintained a good level of activity, due to the increase in stock levels and the growth of the retail sector which also stimulated the rise in supermarket activities.

The stable performance in transport and logistics operations enabled a satisfactory profit level to be maintained, given the context.

PORTUGAL

Despite a turnover down by -8.6%, 2020 closed with satisfactory commercial growth.

The Group strengthened its operating facilities with the construction of a transport platform to the north of Lisbon (Alenquer) which will open in early 2021.

The Group now relies on an updated real estate instrument which is suited to its customers' expectations. Using its assets, the Group plans to complement its offer with a new segment.

The health crisis has revealed customer expectations in terms of digitalisation and CSR commitments to which STEF Portugal is ready to respond.

THE NETHERLANDS

STEF has three sites in The Netherlands, Bodegraven, Raalte and Eindhoven.

Operations in The Netherlands were severely impacted by the health crisis. Despite implementing a strengthened recovery plan, STEF Nederland remained in difficulty during the financial year.

However, the improvement in service quality and a new sales force have laid the foundations for a return to stability by securing new contracts for 2021.

In 2021, the integration of the Nagel group's Dutch operations and its platform based in Raalte will contribute to developing the business. The Nagel group's expertise in international transport and the prospects for grouping the respective flows of both entities will be additional assets in enabling STEF Nederland to tackle a highly competitive market.



BELGIUM

In Belgium, STEF mainly operates two types of activity: the national and international consolidation of chilled and frozen products and consolidation logistics for fresh food producers.

The health crisis had major repercussions on export and catering activities, but strict control of the operation reduced the impact of the fall in business.

The Group continued its development plan with the acquisition of Nagel Nazareth in the west of the country, a sign of STEF's ambition to strengthen its position on the domestic market. This completes the creation of a national distribution network, now structured around four platforms.

The growth in logistics activities and high warehouse occupancy rates have resulted in the Group increasing its capacities with the acquisition of land in Tubize in the Walloon Region.



SWITZERLAND

STEF's activities in Switzerland performed very well during the financial year.

Transforming the organisation and strengthening the sales team encouraged the strong growth in activities. This momentum occurred on markets as diverse as e-commerce, mass storage, retail and international consignments.

In transport, the implementation of the new managerial structure, combined with the use of targeted subcontracting, stimulated a return to profitability.

EUROPEAN CONSIGNMENTS

The Group's dedicated subsidiary, STEF Eurofrischfracht (EFF) operates on the intra-community consignments market along the following axes:

- North - South: consignments from Germany heading for France, Spain and Portugal;
- South-North: consignments leaving Spain and France for Germany and Austria.

It provides its expertise to European manufacturers and retailers. In 2020 it continued to develop on its target market and recorded a dynamic growth.

Since 1 January 2021, EFF has assigned chilled and frozen distribution flows in Germany to the Nagel group. This new partnership will provide customers of the Group's "core" countries with optimal service quality and operational security across this region.



MARITIME



La Méditerranée has four ro-ro mixed passenger and cargo vessels: the Piana, the Kalliste, the Girolata and the Pelagos, delivered in May 2020. Their total capacity is 7,600 linear metres (which is the equivalent of 560 trailers and 2,300 passengers with their cars).

The maritime business was hit hard in 2020 and its turnover fell by -39.8%.

La Méditerranée faced a highly unbalanced economic situation throughout the year, due to the loss of the service to the main ports of Bastia and Ajaccio under the current 15-month public service concession, with its scope limited to the ports of Propriano and Porto Vecchio.

Added to this situation were the effects of the Covid-19 crisis with health restrictions in terms of the movement of passengers and cargo. During part of the first half-year and part of the fourth quarter, La Méditerranée had to suspend its passenger transport between Corsica and the continent. It was able to maintain its cargo transport business, but with a reduced number of journeys. The chartering of the Girolata by an Italian shipowner was suspended during the first half-year, then terminated at the end of the contract, the option to extend not having been exercised.

However, La Méditerranée took advantage of this period to research alternative solutions and in December 2020, opened a maritime route between Marseille and Tangier (Morocco) in the form of a regular cargo and passenger service using two vessels: the Pelagos and the Girolata.

OUTLOOK

- La Méditerranée is counting on the increasing importance of the maritime route between Marseille and Tangier which seems to correspond to a real need for customers and which comes at a key moment in the search for alternative solutions to road;
- La Méditerranée has responded to the call for tenders launched by the Corsican Transport Office for a 22-month public service concession due to start on 1 March 2021. It has positioned itself on the port of Ajaccio, in partnership with Corsica Linéa, and on a regional port by proposing to assign two vessels;
- In terms of the environment, despite its difficulties, La Méditerranée remains convinced of the relevance of its investments to reduce the environmental impact of its activities. The particulate filter system installed on the Piana is producing very good results in reducing the amount of sulphur and fine particles discharged into the sea. Other actions are in progress (see Environment section).

OUTLOOK

2021

In 2020, the health measures and restrictions taken by governments to tackle the pandemic had a significant impact on household consumption and food distribution channels.

The STEF Group demonstrated both an ability to adapt and a resilience which enabled it to deal with the large fluctuations in activity and overcome the obstacles without compromising its development and investment capacities.

The health crisis brought about an acceleration in trends and a rapid change in consumption and distribution habits. STEF will focus its priorities on innovation and digital transformation and on calculated offers designed to satisfy its customers' requirements.

For La Méridionale, the prospect of a reduction in losses with the opening of a maritime route to Morocco should lead to a return to growth in Group profits.

Finally, with the launch of a new Climate roadmap, 2021 signals the Group's commitment to an ethical environmental footprint.

The Group is well-equipped to deal with all these challenges. The tremendous energy deployed in 2020 and the lessons learned from the crisis will allow a rapid restart and the continued construction of a future that is both responsible and ambitious.



CENTRE OF EXPERTISE **REAL ESTATE**

The Real Estate division manages the Group's real estate assets in Europe, through the dedicated subsidiary, IMMOSTEF. Within its organisation, IMMOSTEF brings together expertise dedicated to the acquisition of real estate assets, the design and construction of new facilities, real estate asset management and improving former operating sites that have become obsolete.

In 2020, with seven new platforms⁽⁵⁾ and the closure of three sites, the Group's real estate assets totalled 246 sites representing a total warehouse volume of 9.85 million m³ and a surface area of over 525,000 m² of temperature-controlled quay areas and business premises.

STEF therefore strengthened its policy of owning its real estate assets.

IMMOSTEF is responsible for the technical and environmental maintenance standards for the buildings and facilities throughout Europe. It manages and coordinates continuous improvement and innovation projects. It was within this framework that this team, which provides and maintains all the information systems related to real estate and facilities, delivered the new computerised maintenance management system in late 2020.

⁽⁵⁾ In 2020, the Group acquired four platforms, three in France, Mâcon, Lieusaint and Givors and one in Catalonia (Girona). Three new sites were also delivered.



Blue EnerFreeze, IMMOSTEF's subsidiary dedicated to energy management, continued its development with the creation of European subsidiaries in Spain and Portugal and by offering services to the Group's partner companies. Blue EnerFreeze Italy will be set up in 2021.

Blue EnerFreeze has also established a joint venture with Storewatt, its long-standing partner in the development of photovoltaic power plants designed for self-consumption.

The new subsidiary, Blue EnerSun, is piloting the construction of eight new power plants in Italy, Portugal and Spain which will become operational in the first half of 2021. Six power plants in France will also come into service during the year. In total, 27 MWp will supply low-carbon energy to the warehouses on which the panels are installed.

MAIN PROJECTS DELIVERED IN 2020

Building projects delivered

Three new sites will be used to strengthen the operating facilities:

- in France, a Seafood platform at Brandérion (Lorient);
- abroad, two fresh products transport platforms, one in Alenquer (Lisbon - Portugal) and the other in Sina Lunga (Florence - Italy).

Site extensions and re-engineering projects

- in France, extensions to the two ambient and temperature-controlled sites of Orléans-Nord in Loiret and Isle-d'Abeau in Isère;
- in Portugal, at Porto, two negative cold chamber extensions, positioning STEF as the leading frozen player in the north of the country with a site with an total capacity of 100,000 m³;
- finally, the extensions to the chilled consignments sites at Gap, Rennes, Vannes and the re-engineering of the logistics sites at Donzenac (Brive-la-Gaillarde) and Saint-Pierre-des-Corps (Tours).

Building projects started

Investments will continue in 2021 with new buildings, including:

- two chilled consignments transport platforms in Italy at Basiano (east Milan) and Longiano (Cesena-Rimini);
- a tri-temperature site for out-of-home foodservices activities at Pessac, near Bordeaux;
- a site for the chilled consignments business unit at Lisieux in Normandy;
- the creation of new negative cold chambers at Saint-Sever (Landes), Yffiniac (Saint-Brieuc), Ifs (Caen), Châteaubourg (Rennes) and Alcalá (Madrid) for the frozen business unit;
- extensions to the sites of Burnhaupt (Mulhouse), La Crèche (Niort) and also at Brive-la-Gaillarde and Sorgues for the chilled consignments business.

Acquisition of land and real estate assets

The Group's active land acquisition policy has led to the creation of a portfolio of land reserves in Europe which reached 120 ha in 2020. To plan for the future, IMMOSTEF has produced its 2020-2030 roadmap for the acquisition of strategic land reserves.



CENTRE OF EXPERTISE IT

The Information systems division brings together specialist teams responsible for software and digital tools under the subsidiary STEF Information et Technologies (STEF IT). This centre designs software solutions and integrates and maintains the information systems that the Group needs to support its customers and improve the productivity of the business units.

BUSINESS AND SUPPORT FUNCTIONS PERFORMANCE ASSISTANCE FOR THE GROUP

STEF IT provides the changes to the SAP tool, used by the support functions, supports the Group in its digital transformation through innovative projects and produces applications for STEF's industrial and retail customers.

The STEF IT teams were mobilised to support the management of the Covid-19 health crisis. They have played a decisive role in helping to ensure the continuity of operations.

During the successive lockdown periods, exceptional resources were deployed across the entire Group in order to adjust the physical, software and telecommunications infrastructures to allow the Group's employees to work remotely and ensure the service continuity essential to operations, in optimal conditions of flexibility and safety.



Despite the situation, most of STEF IT's key projects were completed on time. While the deployment and development of the functionalities of the TMS (Transport management systems) and WMS (Warehouse management systems) applications across the entire Group remained constant, given the regular development of activities, STEF IT's work to provide business performance and investment assistance in digital tools is now a priority.

STEF IT has implemented traceability software solutions (calculation of estimated arrival times, secure portals for customers, including real-time delivery tracking). A driver scheduling solution based on artificial intelligence (machine learning) was developed. Finally, the use of the smartphone mobile delivery tracking application (m-Track) is now extended to STEF subcontractors.

STEF IT's responsibilities also cover the deployment of processes designed to improve productivity and the quality of administrative management based on the move to paperless solutions (invoices and transport documents, customer and supplier invoices, payslips).

Finally, over the period, outsourced transport, logistics and decision-making applications were migrated to a new operator. The Group's physical infrastructures (servers, storage units, backup system) were updated in accordance with the highest required standards. As a result of this, there is greater power, availability and security for all the divisions.

DIGITAL TRANSFORMATION

STEF IT conducts innovative projects which are fully in line with the Group's digital transformation. For example:

- the deployment of a mobile application designed for drivers to inspect the state of lorries leaving and returning from distribution rounds (check truck);
- the optimised management of vehicle maintenance, real estate assets and handling equipment, combining SAP functionalities and digital developments and used on mobile tablets.

A large number of initiatives, originating in the field have been formalised in design thinking workshops then produced in agile mode on pilot sites:

- real-time evaluation of deliveries by customers;
- analysis of disputes using machine learning and big data technologies;
- management of refrigerated facilities using sensors (internet of things), combined with recommendations provided by artificial intelligence;
- visual management of arrival times at quays using connected labels;
- robotic assistance in picking orders in the frozen warehouses;
- verification of the functioning of handling equipment at the start and end of service using a mobile application for logistics operators;
- information and sharing for drivers on the safety conditions at consignee sites using a corporate social network;
- certified training for new recruits on the rules and safety instructions at work using augmented reality.

DECLARATION OF
EXTRA-FINANCIAL
PERFORMANCE

2020

CONTENTS

DECLARATION OF EXTRA-FINANCIAL PERFORMANCE	32
INTRODUCTION	34
CHALLENGES AND STRATEGY	35
CSR POLICY AND MISSION	36
CHALLENGES & COMMITMENTS	36
STAKEHOLDERS	39
ENVIRONMENT:	
our commitments for the Planet	41
CLIMATE CHANGE	42
AIR QUALITY	47
OTHER ENVIRONMENTAL ISSUES RELATED TO THE ACTIVITIES	48
OUR 2030 AMBITIONS	51
SOCIAL:	
our commitments for People	54
OUR EMPLOYEES	55
SOLIDARITY COMMITMENTS	63
FOOD SAFETY:	
our commitments for customers and consumers	65
HEALTH CONTROL PLAN	65
Guaranteeing the cold chain	66
Monitoring and controlling	66
Training temperature-controlled experts	66
GOVERNANCE AND ETHICS	67
Governance	67
Ethics and business conduct charter	67
MONITORING PLAN	68
Methodology and drafting of the Monitoring Plan	68
Environmental monitoring plan	68
Human Resources and Fundamental Rights Monitoring Plan	69
Relationships with suppliers and subcontractors	69
Training and information mechanisms	70
Alerts and whistleblowers	70
AUDITORS' CERTIFICATE	71

INTRODUCTION

Providing transport and logistics for food products at all stages of the cold chain is a major daily responsibility. The Group's CSR commitments have been an integral part of its DNA for over 20 years and are fully consistent with how it operates and its values.

Today, STEF has made this a lever for progress and performance. The Group is committed to developing its business by reconciling economic development, health and safety compliance, social responsibility and respect for the major environmental balances.

Its businesses are constantly evolving, in direct relation to the development of society. Consumption habits are changing, consumer expectations diversifying and technological innovations multiplying. These changes are all opportunities to improve the Group's CSR performances.

CHALLENGES AND STRATEGY



CSR POLICY AND MISSION

Driven by the Group's Executive Management, the CSR policy is an integral part of STEF's mission to: "Guarantee that everyone can access a diverse range of safe and enjoyable food". It fuels its strategic choices and business conduct and guides its commitments.

The Group's business model and STEF's mission appear in the introduction to the management report, "The Group's social value".

In 2020

Throughout the year, the Group's operations were impacted by the effects of the health crisis: the closure of out-of-home foodservices, changes in consumption habits towards more home deliveries and the consumption of less processed products. Its supply patterns were also disrupted: consolidation, which is STEF's core business, was impacted by the urgency of the supplies needed to feed the European population, with increased volatility during the first phase.

This health crisis has therefore highlighted the Group's mission. If food distribution to populations was preserved during this period, it was due to players such as STEF maintaining supplies to stores, strengthening its position as a responsible leader with respect to its stakeholders.



CHALLENGES AND COMMITMENTS

CSR PROCESS MANAGEMENT

Aware of its responsibilities, STEF has analysed the environmental, social and societal challenges to which the Group could be exposed by producing a risk analysis, cross-referenced with a materiality matrix. To this end, it maintains an ongoing dialogue with its stakeholders.

The Executive Committee is responsible for managing the CSR process, including the monitoring plan, along with the CSR ambitions and roadmaps in terms of its deployment to which it dedicates several sessions a year.

The deployment of the CSR process is implemented, depending on the themes, by the Sustainable Development Department, the Human Resources Department and others, including Purchasing and Health and Safety.

Together, they establish the tools and methods (indicators) and deploy the strategy and action plans in all the Group's operating countries. They analyse and evaluate the performance and propose progress plans as part of an improvement process. To do so, they use a network of advisors.

CSR objectives are determined in line with the company's general strategy and the expectations of the identified stakeholders. The CSR policy has been approved by STEF's Executive Committee. The Board of Directors has validated the "2030 Climate Commitments".

METHODOLOGY AND IDENTIFICATION OF SOCIAL, SOCIETAL AND ENVIRONMENTAL RISKS

The risk mapping developed was used to take into consideration the issues facing the company with regard to its business, the perception of its internal and external stakeholders and the knowledge of its various operational and functional experts.

It was carried out in relation to their respective importance in the Group's operations and the level of severity of the CSR impacts using a scale:

- low/average/high – in terms of importance in STEF's operations;
- low/significant/major – in terms of environmental, social and societal impact.

In order to refine its current and future CSR issues and impacts, STEF applies the ISO 14001 and ISO 26000 standards and more specifically its French version in the "CSR logistics reference system", produced by the Directorate-General for Transport, Infrastructure and the Sea (DGITM).



THE FIVE MAJOR CHALLENGES FOR THE STEF GROUP

Resulting from the Group's dialogue with its stakeholders, the five challenges identified arise from its convictions and the imperatives related to its businesses.



1

CLIMATE CHANGE

2

AIR QUALITY



3

ATTRACTING, DEVELOPING AND RETAINING TALENTS



4

HEALTH AND SAFETY AT WORK



5

FOOD SAFETY



Each of these can be linked to several of the UN's 17 Sustainable Development Goals (SDGs). Overall, the Group's CSR actions make a positive contribution to 10 of these 17 SDGs.

1 - CLIMATE CHANGE

Risks

Climate change generates a risk for all the planet's ecosystems. It:

- is impacted by our operations;
- has an impact on our operations (increased outdoor temperatures generate an increase in energy requirements for refrigeration, extreme climate events, regulatory changes on energies that can be used for our vehicles).

Challenges

Making our operations sustainable in a climate context that will change and impact our business model, making them compatible with the climate emergency and aligning them with the expectations of our stakeholders.

Policies

Test and deploy new, more ethical solutions for the environment, enabling us to control our consumption while reducing our greenhouse gas emissions.

SDG



2 - AIR QUALITY

Risks

Air pollution generates a risk for human health locally. It:

- can be caused by our operations;
- has an impact on our operations (deliveries in low emission zones).

Challenges

Helping to protect the health of individuals, making our operations more sustainable in restricted areas and satisfying the expectations of our stakeholders.

Policies

Frequently replace our vehicle fleet to take advantage of the most efficient technologies, test more ethical alternative technologies particularly in terms of fine particle and nitrogen oxide emissions.

SDG



3 - ATTRACTING, DEVELOPING AND RETAINING TALENTS

Risks

The failure of human resources to adapt to changes in activities and processes may jeopardise the continuation and development of STEF's business.

Challenges

Having resources that match the Group's needs.

Policies

- Develop the attractiveness of all our jobs by increasing the visibility of our employer brand and our presence in all recruitment channels.
- Identify and improve the potential of our employees through development paths.
- Ensure a constructive social dialogue, diversity in the teams, the quality of working life and provide an opportunity to hold capital in the company, to build loyalty among employees.

SDG



4 - HEALTH AND SAFETY AT WORK (HSW)

Risks

Insufficient and inadequate protection for employees: certain risks to which they may be exposed when performing their job are likely to affect their health.

Challenges

Protecting the health of employees within the framework of their job.

Policies

- Ensure the security and HSW of employees:
- train, manage and communicate about HSW at all levels of the company;
 - analyse the causes of accidents and implement the necessary corrective actions;
 - adapt buildings, processes and tools;
 - implement the necessary conditions to protect the physical and mental health of our employees.

SDG



5 - FOOD SAFETY

Risks

A failure to control operations may damage foods with the risk of affecting consumer health.

Challenges

Ensuring optimal storage and transport conditions for foods in order to protect consumer health and contribute to the development and reputation of customers.

Policies

Implement actions that allow the integrity of goods, the cold chain, hygiene and the deadlines and dates in the operational and logistics processes to be respected.

SDG



STAKEHOLDERS

In order to take into consideration the expectations of its various stakeholders, STEF maintains a robust and regular dialogue with each of them. The aim is to work together to find the best responses and make progress together.

Stakeholders	Associated issues
EMPLOYEES	<p>Protect the health of employees within the framework of their job. Have the resources (in terms of number and skills) that match the Group's needs.</p> <p>Motivate employees and involve them in the Group's performances.</p>
CUSTOMERS	<p>Offer a service that enables our customers to develop their business by entrusting the transport, logistics and packaging of their products to a reliable partner, able to respect the integrity and food safety of their products, while respecting their consumers.</p>
SUPPLIERS	<p>Build a partnership relationship which enables the Group to benefit from the best services and innovations in each of its businesses.</p>
PUBLIC AUTHORITIES	<p>Share our issues in the transport, logistics and packaging industry in order to inform public decision-making in this area.</p>
PROFESSIONAL ORGANISATIONS	<p>Work together with the profession on the developments and future of the sector.</p>
REGIONS AND COMMUNITIES	<p>Share the challenges of supplying populations by finding suitable solutions for each context together, making it possible to develop the Group's local base and create jobs, while improving citizens' acceptability of our activities.</p>
EMPLOYMENT PARTNERS	<p>Take action to promote professional integration, particularly for the youngest and most vulnerable individuals.</p>
SCHOOLS AND UNIVERSITIES	<p>Introduce the Group's sector and jobs and increase the Group's attractiveness to new generations.</p>
AGENCIES AND ASSESSMENT AND INSPECTION BODIES	<p>Using ratings, enable the Group to compare itself and improve its action on various issues.</p>
FINANCIAL PARTNERS	<p>Continue the Group's development by having access to the best financing.</p>
SHAREHOLDERS	<p>Be transparent when informing the Group's shareholders of its development and increase STEF's independence by strengthening its employee shareholding to ensure its long-term viability.</p>

ENVIRONMENT





OUR COMMITMENTS FOR THE PLANET

At the heart of the food world, STEF Group's action is the driving force of its commitment to respect the planet and the environment. Its consolidation service, of which it was the pioneer in Europe, and its network organisation mean that its operations resemble public transport for food goods, thereby optimising the energy consumed per parcel transported.

However, the Group is aware that the energy requirements of its temperature-controlled transport and storage operations have an impact on the environment. For over 10 years, it has therefore had a proactive policy to reduce the main emissions related to its business: greenhouse gas emissions (GHG) and emissions of air pollutants.

Bolstered by the results in terms of the improvement in air quality, the Group now wants to accelerate its commitment to reduce its carbon footprint in order to make its contribution to the worldwide fight against climate change. It is with this objective in mind that, throughout 2020, its teams worked on defining its commitment to help decarbonise the food supply chain.

STEF, PUBLIC TRANSPORT FOR GOODS

In one journey, a heavy goods vehicle can transport up to 15 times more goods than a light vehicle.

- 1kg of goods transported by a heavy goods vehicle generates 6 times less GHG and half the fine particles emitted into the air than 1kg transported by a light vehicle.

STEF, A LOCAL COMPANY

The Group does not operate transcontinental transport. Via its 246 sites spread across Europe, it works with regional producers and retailers and maintains a strong link with its operating countries.

- Its network organisation ensures the optimisation of journeys between agrifood industries and retailers by consolidating trade. If every producer used their own transport resources to deliver from point A to point B, there would be 2 or 3 times more vehicles on the road and unladen journeys would also increase.

- Its consolidation service is used to collect local products and offer them opportunities outside their region of origin to diversified distribution channels that range from small shopkeepers to supermarkets, from restaurant managers to e-commerce.



CLIMATE CHANGE

The fight against climate change is a global challenge which demands a contribution from everyone. Keen to improve its carbon footprint, STEF is working on all the levers at its disposal to reduce the greenhouse gas emissions (GHG) related to its operations.

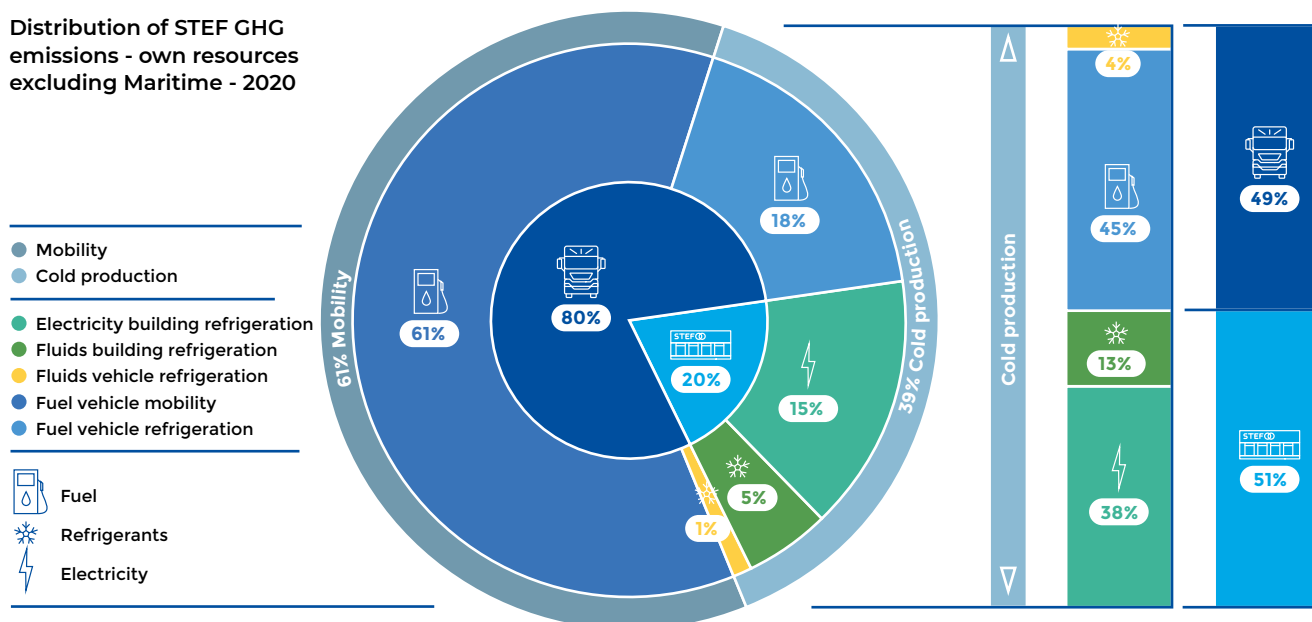
Adopted by over 196 countries during the Paris climate agreement, the goal of limiting the increase in the planet's average temperature to below 2°C provides a common framework and direction. This ambition was ratified when the European Union signed the Green Deal in 2019.

In order to target the most effective actions to reduce its carbon footprint, the Group has analysed the distribution of its greenhouse gas emissions (GHG) from its operations (2020 - excluding subcontracting and La Méridionale).

Transport providers undertaking subcontracting operations for STEF are involved in the process and will be offered a support programme.

In order to improve its environmental footprint, STEF plays an active role in the sector's inter-professional working groups on innovative technologies for transport and cold production. The Group also participates in many consultations with the regional authorities in order to define transport and distribution schemes that are best suited to the envisaged local expectations. In addition, STEF is a member of France Logistique, the professional association that advises the French legislative and governmental bodies on the promotion and energy transition of transport and logistics.

Distribution of STEF GHG emissions - own resources excluding Maritime - 2020





REDUCE GHG EMISSIONS RELATED TO MOBILITY

The Group's policy in this area is based on long-term actions and robust, trusting relationships with its customers and partners. The three pillars of this policy are based on:

Optimising transport schemes

The Group's model is based on its consolidation activity. This optimises the transport schemes which are developed so as to consolidate the loads in the vehicles and thus, reduce the number of distribution rounds. Limiting the number of kilometres travelled reduces the environmental impact of the transport operations.

Developing the rolling stock

For many years, STEF's teams have worked closely with their equipment and materials suppliers to reduce the fuel consumption and CO₂ emissions associated with these different technical resources, by:

- increasingly efficient and greener engines, combined with a frequent replacement of the fleet;
- tyres designed to reduce fuel consumption;
- optimisation of the weight and aerodynamics of the equipment (refrigerated boxes and units).

The Group has embarked on a structured programme to experiment with diesel alternatives. Since 2019, this has led to the deployment of vehicles running on biodiesel (B100) produced exclusively in France from co-products of French rapeseed cultivation. This has a threefold benefit, it uses a co-product of French agriculture, reduces imports of biofuels used in Europe and reduces the greenhouse gas emissions of the relevant vehicles by nearly 60%.

Eco-driving training and involving all employees

STEF's teams who are central to its operating activities, are a key lever in reducing fuel consumption. Drivers are trained and supported to adopt best practices in terms of the eco-driving of vehicles.

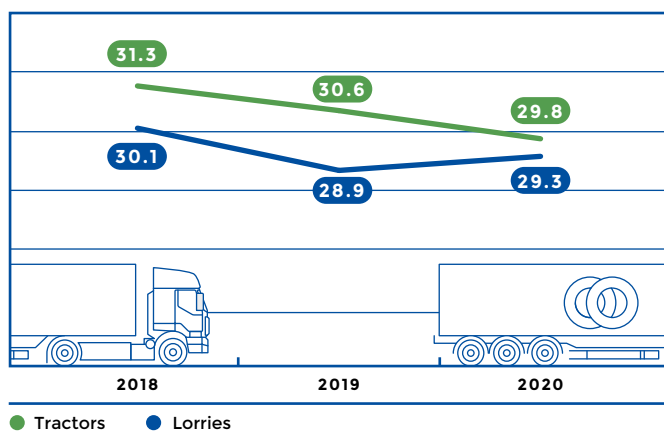
An onboard system is currently being deployed across the Group's entire vehicle fleet to track consumption by vehicle and by driver and thus optimise driving behaviour.



INDICATORS AND RESULTS

Through these actions, the Group has had convincing results, backed by its ISO 50001 certification since 2014 (renewed for 3 years in 2020) and its ADEME “Objective CO₂ - Environmentally-friendly transport” accreditation since 2016 (renewed for 3 years in 2019).

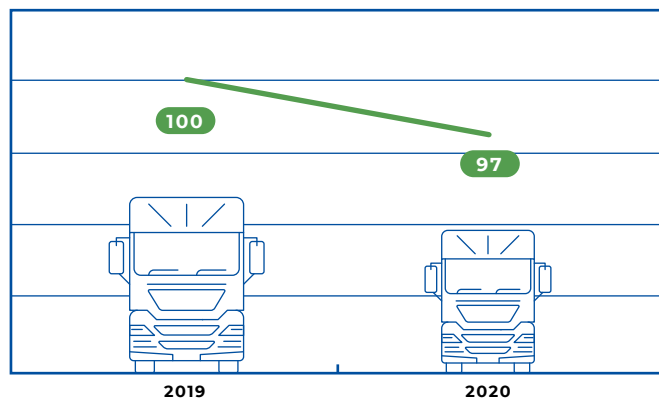
Vehicle fuel consumption: this is the primary monitoring indicator of the Group’s carbon footprint. Reducing fuel consumption is a daily objective for all employees.



Changes in diesel consumption of tractors and lorries STEF France own fleet (in litres/100km).

There was a slight increase in the consumption of lorries because of the major disruption to the distribution schemes for goods, due to the health crisis. Fuel consumption/100km for tractor vehicles, used less frequently for distribution operations, continued to fall due to the driving behaviours of employees and the replacement of the vehicle fleet.

The monitoring of the carbon footprint in “grams of CO₂ in tonne-kilometres (gCO_{2e}/t.km)”: this indicator is used to give an image of the real impact of the Group’s transport operations by taking account of the quantities of goods transported and the kilometres travelled.



Change in gCO_{2e}/t.km - Base 100 in 2019 – Group Own fleet.

The positive change in the gCO_{2e}/t.km indicator is related to:

- improved consolidation conditions for loads transported and this, despite the disorganisation of the flows during the health crisis;
- decreased fuel consumption, as a result in particular of the significant replacement of the fleet with vehicles with more efficient engines and the long-standing policy of controlling fuel consumption.



REDUCE GHG EMISSIONS RELATED TO COLD PRODUCTION

As a refrigerated transport and logistics provider, the Group monitors the carbon impact of its cold production designed to preserve the safety and taste quality of the products entrusted to it by its customers. GHG emissions related to cold production (vehicles and buildings) represent nearly 40% of the Group's total emissions (excluding subcontracting). They are generated by:

- fossil fuel consumption in the thermal engines of the onboard refrigerated units on the vehicles;
- electricity consumption within the warehouses;
- the use of refrigerants with a high global warming potential (GWP) in the motors of the onboard refrigerated units and in the warehouses.

STEF has therefore embarked on several actions to reduce these emissions.

The use of alternative technologies to power the onboard refrigerated units in the vehicles

Traditional solutions allowing vehicles to be maintained at temperature use off-road diesel which has a high impact on CO₂ emissions. STEF is therefore experimenting with alternative solutions based on:

- cryogenics, a direct expansion system of compressed nitrogen which creates fuel-free refrigeration (85 vehicles equipped since 2017);
- “engineless” electric refrigerated units powered by the vehicle's engine (20 vehicles currently being tested);
- hydrogen. An experimentation commitment has been signed with a dedicated equipment supplier.

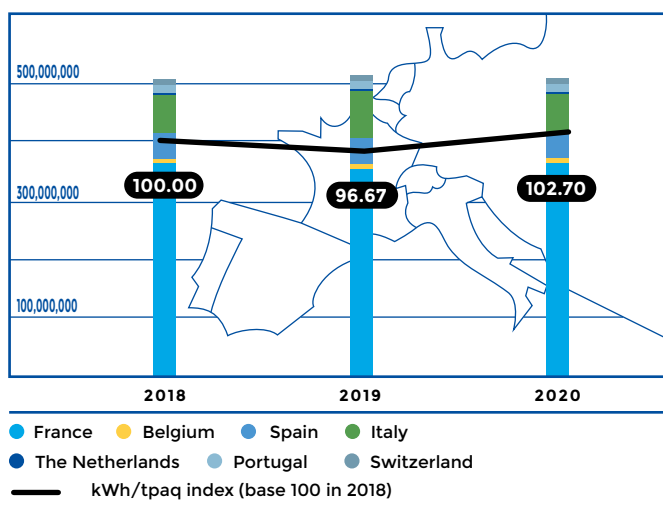
These technologies offer a glimpse of the opportunities to reduce CO₂ emissions from refrigeration units by 60% to 90% depending on the hardware configurations.

The reduction in electricity consumption in the warehouses

For many years, STEF has undertaken a monitoring and reduction plan for its electricity consumption, the main power source for refrigerated warehouses and platforms. A structured methodology of metering, analysis and energy audits and an employee training and awareness programme have been implemented across all European sites.

These actions are managed by the Group's energy subsidiary “Blue EnerFreeze”, the purpose of which is to optimise the cold production of buildings using a smart management system for facilities according to various parameters (outside temperature, operating forecasts and consumption history).

In France, the reliability of the Group's Energy Management System (EMS) has been backed by the ISO 50001 certification of its sites since 2014, renewed in 2020. These actions have made it possible to exceed the targets for reducing electricity consumption (annual reduction of 1% to 2%), with a result of -23% per docked tonne between 2014 and 2020.



Total electricity consumption(kWh) and change in energy performance in kWh/docked tonne (base 100 in 2018).

Between 2018 and 2019, the energy management policy has enabled the Group to maintain its overall electricity consumption despite an increase in activities and thus secure a decrease of over 3% in its energy performance (kWh/docked tonne). The slight decline in the ratio in 2020 is mainly due to the operating disruptions and the fall in docked tonnages during the health crisis.

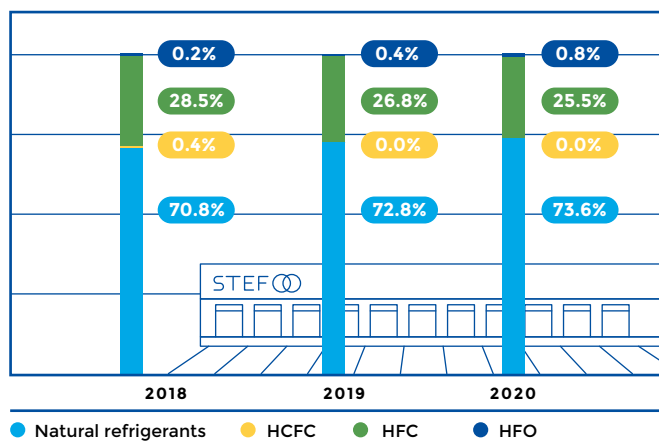
The reduction in greenhouse gas emissions (GHG) related to the consumption of certain refrigerants (HFC)

The actions taken by the Group concern both its warehouses and its vehicles.

Warehouses - The impact of refrigerants on GHG is included in the selection criteria for the Group's new real estate projects. Thus, natural fluids (particularly ammonia and CO₂) and synthetic fluids (HFO) are favoured over HFC, for which the global warming potentials (GWP) are much higher.

At the same time, existing facilities are gradually being replaced with equipment that uses refrigerants with less of an environmental impact. This replacement policy also has the benefit of ensuring the sustainability of the operating facilities by anticipating the regulatory restrictions related to the use HFCs.

In addition, strict cleaning and maintenance plans for facilities and detection equipment are being widely deployed in order to avoid any refrigerant leaks. This policy is supported by ongoing training for employees authorised to handle them.



Breakdown of refrigerants by type in Group fixed facilities.

Vehicles - The Group is working with its equipment manufacturer partners on developing its technical resources. Together they have worked on a synthetic fluid with a GWP nearly 50% lower, which is gradually replacing the refrigerant in trailers for cold production.

Furthermore, vehicles equipped with cryogenic refrigeration units make it possible to move away from both fossil fuels (off-road diesel), traditionally used for its operation, and the HFCs contained in conventional refrigeration units. This technology is based on nitrogen, a natural fluid present in significant quantities in the atmosphere, the consumption of which has a near-zero carbon impact.



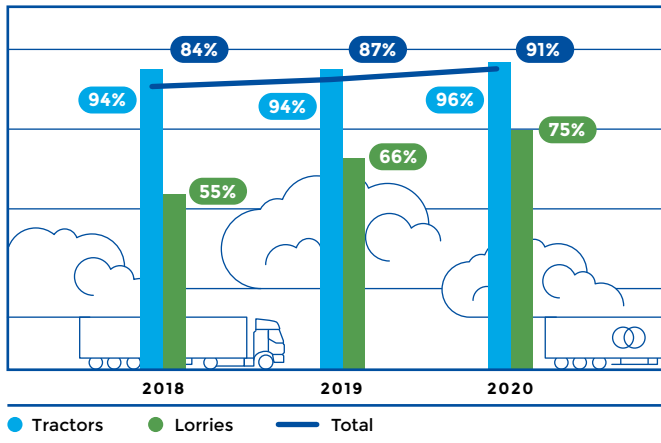
AIR QUALITY

The Group's operations are used to supply people living in cities, far from the production areas. In order to protect the health of citizens and reduce its environmental impact, for several years, STEF has undertaken various initiatives to improve the performance of its vehicles' engines and refrigeration units. These initiatives enable it to respond to the growth in the low emission zones (LEZ) established in many cities in Europe.

REDUCE AIR POLLUTION FROM VEHICLE ENGINES

Frequent replacement of vehicles

This is the principal measure for reducing engine pollution. This proactive policy enables STEF to own a large fleet of vehicles that meet the Euro VI standard and which release 80% less NOx and 50% fewer particles than Euro V vehicles.



Breakdown of own fleet meeting Euro VI standard (entire Group).

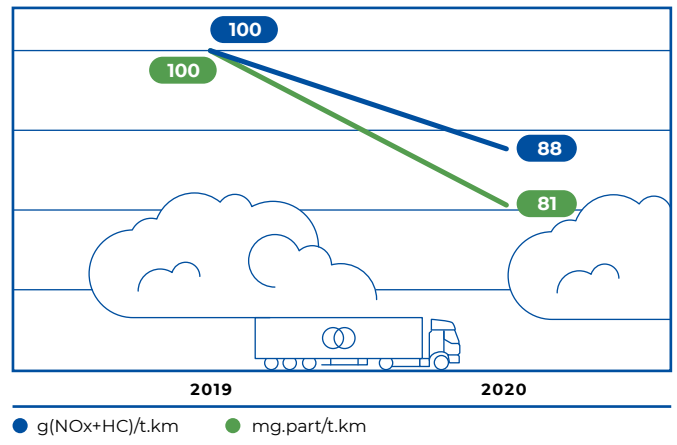
The difference between the two vehicle types is explained by the lower frequency of replacement of carrier vehicles compared with tractor vehicles.

The policy of deploying alternative solutions to diesel

Natural gas, biofuel and electric vehicles are interesting options for city centre deliveries and are currently being tested by the Group in Brussels (Belgium) and Florence (Italy).

The optimisation of distribution rounds and consolidation of shipments

This organisation helps to limit the number of vehicles in circulation, reducing congestion and the resulting additional pollution.



Change in pollutant (NOx, HC) and particle emissions per t.km Group (Base 100 in 2019).

REDUCE AIR POLLUTION FROM REFRIGERATED UNITS

On vehicles

The deployment of cryogenic facilities and electric refrigerated units to replace those using off-road diesel, combined with the replacement of engines for more efficient equipment, makes it possible to reduce air pollution related to fuel combustion.

At sites

Electrical sockets are available on several sites for parked vehicles. These power points allow drivers to plug in, turn off the engine of the refrigerated units and maintain the correct temperature in the trailer.



OTHER ENVIRONMENTAL ISSUES RELATED TO THE ACTIVITIES

Managing noise pollution, protecting biodiversity, conserving water resources and waste management complete the Group's actions under its environmental policy.

MITIGATE NOISE POLLUTION

On vehicles

The Group's entire rolling stock meets the PIEK standard. This certification identifies vehicles and equipment that can comply with a sound threshold below 60dB (A).

In order to mitigate noise pollution during city centre deliveries, STEF chooses the equipment (particularly for onboard cold production) with the lowest noise emission levels on the market. Similarly, in order to analyse their suitability, cryogenic refrigerated units with liquid nitrogen are being used in particular for urban distribution at unsociable hours.

Finally, eco-driving training which encourages smooth acceleration, helps to reduce noise pollution from transport and delivery operations.

At refrigerated warehouses and platforms

The Group's facilities are mainly located on industrial estates. Before they become operational, they are subject to an impact study which includes noise measurements. Most refrigerated facilities are located in machine rooms which substantially mitigate the noise from the compression equipment. Specific constructions (containment, bunds) are used to limit noise levels further.

PROTECT BIODIVERSITY

Environmental impact analysis

All the Group's real estate projects are subject to an environmental impact analysis before location and construction. Within this framework, biodiversity conservation schemes, specific to each project, are implemented.

Monitoring procedures

In all of the Group's operating countries, there are strict monitoring procedures for the operation of facilities and compliance with the applicable regulations. In France, these provisions are even more strictly monitored because most establishments are covered by the ICPE (Installations Classées pour la Protection de l'Environnement) scheme for facilities classified for environmental protection.



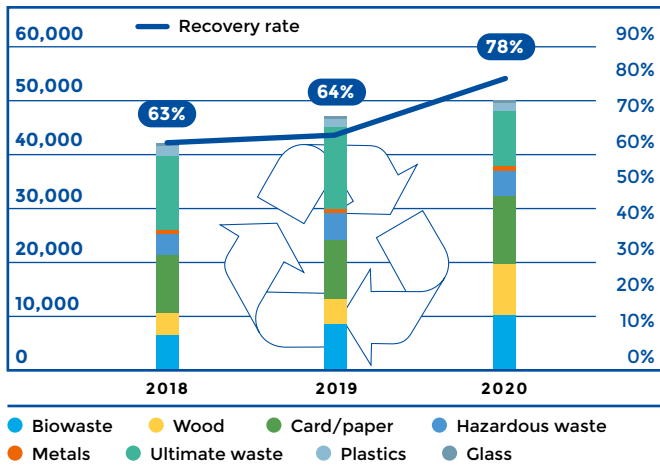
OPTIMISE WATER RESOURCE AND WASTE MANAGEMENT

Water

The Group's operations use few water resources, with the exception of the regular washing of the inside and outside of the vehicles. The Group's washing stations are equipped with systems that optimise consumption and control discharges.

Waste

The quantities and types of waste produced by the Group's operations are limited. The production of hazardous waste is in fact restricted to the maintenance of rolling stock. Such waste is therefore collected and processed in compliance with the regulations in the operating countries. Non-hazardous waste is sorted on site, or directly by the service providers, to be recovered by material or energy recycling (bio-waste). STEF has set up "reverse logistics" processes to optimise transport schemes and occupancy rates and therefore promote the circular economy.



Breakdown of waste by type (tonnes) and recovery rate for non-hazardous waste.

Possible sources of pollution and/or incidents

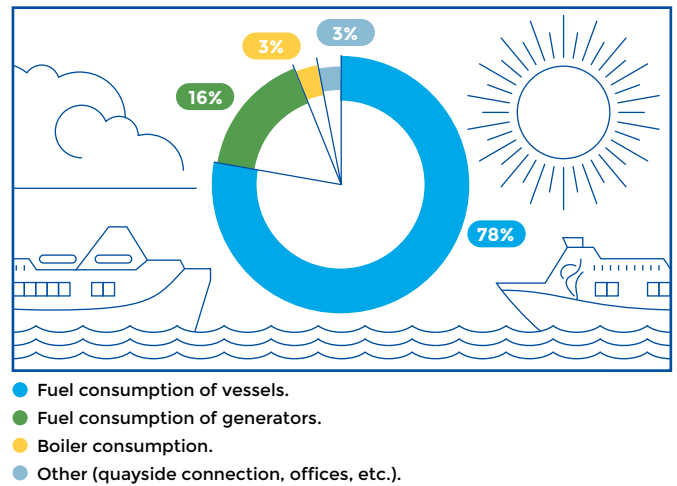
These are strictly defined by the implementation of regular, internal audits across all of the Group's sites. These audits concern both the safety and security of people and goods and compliance with technical instructions and procedures.

COMMITTED TO THE MARITIME ENVIRONMENT

La Méridionale's environmental process

STEF's maritime activities are subject to a specific environmental process. This was reflected by the awarding of the "Green Marine" accreditation in September 2020, issued by the Surfrider association. This association is working with ADEME and Green Alliance to transpose this North American accreditation to the European continent. This accreditation is based on seven themes: greenhouse gas emissions (GHG) and air pollutants (SOx/PM and NOx), underwater noise, invasive aquatic species, the management of residual materials and oil discharges. The results are independently verified every two years.

In October 2020, La Méridionale carried out an external energy audit.



Breakdown of energy consumed by La Méridionale.



Air pollution measurements

In anticipation of the MARPOL regulation which imposes a sulphur content cap of 0.5%, alongside its industrial partners, La Méditerranéenne is experimenting with a particulate filter in order to remove 99% of fine and ultrafine particles at sea, during crossings, thus going well beyond future maritime regulations. The use of such a solution at sea is a real innovation. The process is based on a chemical reaction using a natural product, sodium bicarbonate, which totally eliminates the sulphur contained in the exhaust gases, without any discharge into the sea.

Energy consumption measures

In order to reduce emissions when its vessels are berthed, the company has set up a quayside electrical connection in the Port of Marseille, which helps to reduce:

- diesel consumption during berthing phases thus removing the resulting emissions;
- noise pollution related to the operation of engines when in port.

In 2020, the consumption of berthed vessels represented over 94% of La Méditerranéenne's electricity consumption. The health crisis forced the berthing of vessels for longer periods, leading to an increase in their consumption; when the vessels are operating, the duration of the quayside electrical connection is on average 44 hours a week (compared with 168 hours a week when vessels remain berthed and are not operating).

The electrical network in Corsica's commercial ports does not support the implementation of quayside electrical connections. La Méditerranéenne, working with an industrial partner, has therefore tested an innovative solution using liquefied natural gas (LNG) to produce enough energy on site to power the ships with electricity when in port.

Fuel consumption remained steady compared with 2019. La Méditerranéenne opts for the most efficient engine specifications in order to reduce its vessels' consumption. In 2020, despite the health restrictions, there were still many journeys and the launch of the Marseille-Tangier route in December 2020 compensated for the forced berthing of vessels.

On this crossing to Morocco, the Girolata emits 77.2 kgCO_{2e}/t of cargo transported, which is approximately 32% less than a lorry by road on a journey between two cities.

IN 2020, A NEW VESSEL JOINED LA MÉRIDIONALE'S FLEET: THE PELAGOS.

This vessel, which is named after the maritime sanctuary between mainland France and Corsica, is equipped with a hybrid scrubber which can operate as a open or closed loop. This system is used to trap gaseous pollutants contained in the exhaust gases of the propulsion engines and generators.

OUR 2030 AMBITIONS

Climate change is currently a topical issue around the world. In 2020, the global health crisis underlined its importance. Climate issues are also central to the concerns of STEF's internal and external stakeholders.



Aware that its operations contribute to greenhouse gas emissions (GHG), in 2020, STEF decided to embark on a structured climate process, accompanied by long-term objectives. It seemed vital for the Group to contribute to achieving European objectives (Carbon Neutrality in 2050 - Green Deal) and comply with the 2°C trajectory defined by world experts (COP 21 - Paris Agreements).

For the Group, 2020 was therefore a pivotal year. Its ambition is clear, to structure its process and organise itself to become a leading organisation in the fight against climate change and decarbonising the food supply chain.

THE OBJECTIVES

The Group has defined the following commitments:

- 1 reduce the GHG emissions related to its vehicles by 30% by 2030 (at equivalent scope/reference year 2019);
- 2 consume 100% of low-carbon energy⁽¹⁾ in its warehouses by 2025;
- 3 establish a support programme for its transport subcontractors to involve them in a process to reduce the shared carbon footprint;
- 4 make each employee responsible for reducing the carbon footprint in their professional and personal lives by experimenting with three cross-cutting projects with pilot entities in 2021, (electrification of the service vehicle fleet, zero plastic in offices, biodiversity programme on a real estate project).

In order to monitor its progress on these different objectives, in 2021, the Group will work on developing 2 key tools for managing its process:

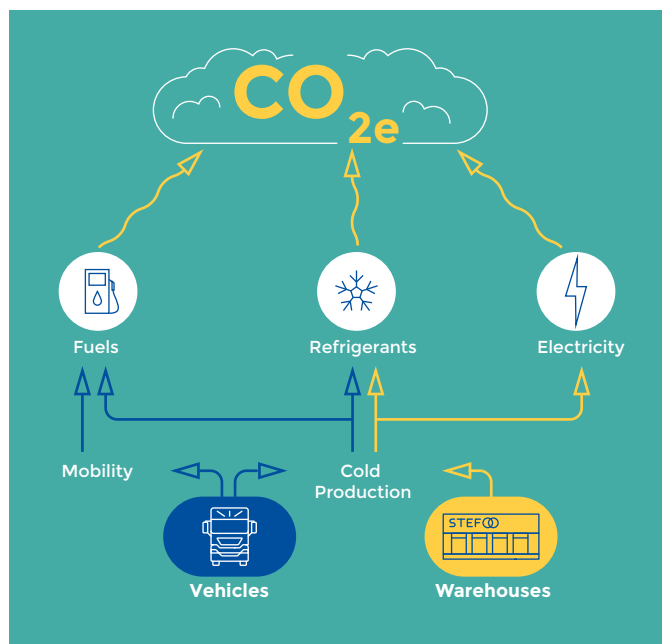
- establishing internal CO₂ indicators deployed in each country and business unit;
- measuring the CO₂ impacts of each significant hardware investment.

⁽¹⁾ Non-fossil energy



GREENHOUSE GAS EMISSIONS

As part of its temperature-controlled transport and logistics activities, the main sources of greenhouse gases are as follows:



In order to work on the right levers with regards their positive impact, the Group has identified the sources of its GHG emissions and their distribution. This analysis was carried out from knowledge and data acquired over the previous decade.

This diagnosis, shared with the company's management bodies, will be used to build a roadmap adapted to the Group's commitments from 2021.

THE ORGANISATION

Driven by the Executive Management, the Group's Climate strategy is supported at the highest levels of the company. It has been presented and validated by the Board of Directors.

Its deployment requires the availability of the associated resources and a suitable and responsive organisation. Internal advisers have been identified in each country and each business unit. Their task is to adapt the Group's climate policy objectives within their entity depending on its contribution to STEF's carbon footprint and monitor its own indicator to ensure the effectiveness of their actions.

In order to coordinate the process across all these cross-functional issues and guarantee a standardised deployment across all the different entries, a Sustainable Development Steering Committee has been created. It is comprised of members of the Executive Committee and technical and environmental experts. Its purpose is to guarantee the Group's progress towards the objectives set, make judgements on choices as part of the initial strategy and contribute to the discussion and enhancement of the process through their global vision of climate issues.

The Sustainable Development Department supports all those involved by providing them with its environmental expertise and ensuring a constant link between everyone. It is responsible for reporting to the Executive Committee every six months and to the Board of Directors annually.

SOCIAL





OUR COMMITMENTS FOR PEOPLE

The performance and quality of STEF's services relies on its human capital. The Group's wealth lies in the diversity and expertise of its teams across the seven countries in which it operates. Training and career development for everyone and ensuring their Health, Safety and Quality of Working Life are therefore key issues for the Group.

Since the density of its network and the nature of its businesses enable it to take practical actions at the heart of the regions, STEF is also committed to young people and more generally vulnerable populations.






OUR EMPLOYEES


The Health and Safety of the Group's employees are subject to ambitious policies that favour prevention. Regardless of their job or managerial level, employees are supported to ensure that their aspirations match STEF's needs and thus create the conditions for a sustainable commitment.

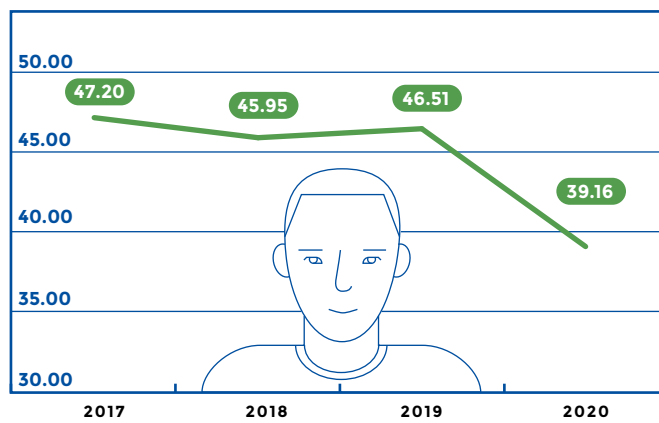
PROTECTING EMPLOYEE HEALTH

In order to establish a common culture in terms of Health, Safety and Quality of Working Life (QWL), the Group favours a cross-functional approach that includes changes in practices and transformations at all levels. This involves all support functions and is based on the commitment of management and the coordination of internal stakeholders. The Health and Safety at Work (HSW) Steering Committee is responsible for promoting this prevention policy and the operating processes. It reports to the Group's Operations Management Committee. Every country manages its own HSW roadmap with a shared ambition to reduce the number of accidents. There are multiple actions:

- manager training (1,032 people in France);
- improving the induction of new recruits on the HSW component;
- raising awareness among as many employees as possible with updated communication supports (quarterly newsletter, annual HSW day on sites);
- including new HSW monitoring indicators in performance indicators;
- deploying Safety Committees (COSEC) across all sites in France in order to share action plans with social partners.

Through these actions, the frequency rate fell from 47.2 in 2017 to 39.2 in 2020. 

For the entire Group, the frequency rate for occupational lost-time accidents was 39.2; this decrease was intensified in 2020 by less sustained flows and a lower accident rate. The severity rate was 2.6 (excluding DYAD). 



Frequency rate for occupational lost-time accidents (excluding DYAD).

Improved working environments

Convinced that this is an important lever in protecting employee health, the Group integrates risk prevention at work prior to transformation projects (operating processes, organisation, design, equipment, etc.). Actions are deployed to combat the main risks: musculoskeletal issues, manoeuvring vehicles, the unexpected departure of lorries and addictive behaviours.



Musculoskeletal issues - The project to prevent musculoskeletal disorders remained a priority in 2020. Studies were conducted at pilot subsidiaries to identify the main constraints encountered during the most representative activities. The diagnoses were expanded upon through employee involvement and then shared within each subsidiary and business unit. Potential organisational, technical and human solutions were identified and will be prioritised from 2021.

At the same time, the Group is continuing its benchmarking work in terms of innovative solutions and is testing physical assistance devices: in 2020, 300 employees were involved in testing 3 new devices. Two of them will be subject to more detailed tests in 2021 in order to assess their benefits and how they can be adapted to the working environments. To date, 11 solutions to assist with handling have been tested within the Group and 5 of these are in use.

Site ergonomics and layout - Multi-functional support is deployed for site design projects. This involves the application and improvement of real estate standards in terms of HSW and operational support for the teams on the layout of workspaces and the choice of equipment. 14 renovation, extension and construction projects have been conducted in this way with the real estate teams, especially the construction of the Alenquer platform (Portugal) in 2020. Ergonomic interventions were conducted to improve working environments across all sites.

Work clothes - Specific solutions are developed with and for employees. Following the deployment of the range of work clothes for the frozen, chilled, seafood and driving environments, tests on clothes for the ambient

and temperature-controlled environment are being finalised. Employees will then have access to a suitable range of clothing for all the Group's activity types. In total, 230 operating personnel were involved in the development of the new clothing ranges (quay/warehouse). Most took part in the measurement campaigns which were used to fine tune the protection level of each item.

Personal protective equipment (PPE) - Regular testing (gloves, shoes) is used to find the protection level most suited to requirements.

In two years, around forty products have been tested using this method and around twenty have been listed in the Group.

Commitments to the Quality of Working Life (QWL)

The Quality of Working Life helps to strengthen employee commitment. STEF's policy focuses on three main areas: work/life balance, health practices and support for employees in difficulty.

Remote working - A framework for remote working for up to 2 days a week was set up in 2018 under a first agreement on Quality of Working Life. With the rapid changes required by the health crisis, the Group pushed ahead with implementing remote working for those positions that allow it, while endeavouring to maintain the social connection (team meetings, briefings), the management of remote teams and the progress of projects.

Campus Parentalité - Deployed in France, this initiative provides the tools and a school support platform for employees who are parents. In 2020, the Group expanded the offer with guides on parenting, a digital library, manual activity sheets and career guidance tools for young people. 1,200 people have already benefited from this new solution.

Online medical consultation - An experiment in 2019, online medical consultation is now accessible to all French subsidiaries. Nearly 20 subsidiaries (which is almost 3,000 employees) are involved in this process.

In addition, actions to promote good health practices continue to be deployed (taking part in sports, preventing addictive practices).



ATTRACTING, DEVELOPING AND RETAINING TALENTS

One of the Group's major challenges is ensuring it has resources that match its needs. To support its growth, the Group has continued its long-standing substantive programmes and increased its efforts in three areas: the attractiveness of the Group's professions, developing team skills and building employee loyalty.

Increase the visibility and attractiveness of the Group's professions

To this end, STEF is committed to increasing the visibility of its employer brand and its presence in all recruitment channels.

Raise its visibility. In order to convey a strong and consistent image in all its operating countries, STEF relies on its employer brand: "Build your future at the heart of the food world". To go even further in showcasing employee professions, in 2020, the Group launched a version of the employer brand across five jobs: driver, order picker, transport operator, refrigeration engineer and business or quay manager.

Ensure an effective presence in the right channels. STEF is present on a dozen job sites and social networks in Europe, selected according to their target audiences. In addition to its digital presence, STEF has developed a school relations programme and trains around one hundred representatives (operating personnel and HR). These "Talent Spotters" are responsible for identifying and attracting future talents, across all study levels. Since young graduates are one of the recruitment targets, school relations managers ("Campus Connectors") have developed close relationships with 49 target schools. In 2020, STEF took part in online events (forums, job dating).

Develop specific programmes for highly-challenging jobs - There are three specific programmes available:

- the "Graduates Program" is a 2-year course within the Group which is designed for young graduates with at least 5 years of higher education. The aim is to be able to offer them a management position at the end of the course that could eventually lead to a director's position in a profit centre. This has been the case for 159 participants since the programme began in 2008. In 2020, there were 120 young people being trained;

- the "Young Graduates" course for those with more than 2 or 3 years in higher education which gives them access to middle management positions;

- the programme dedicated to drivers is deployed through professionalisation or apprenticeship contracts. In 2021, the Group's aim is to launch an internal drivers' school in order to support the recruitment campaign for 500 drivers currently in progress in France.

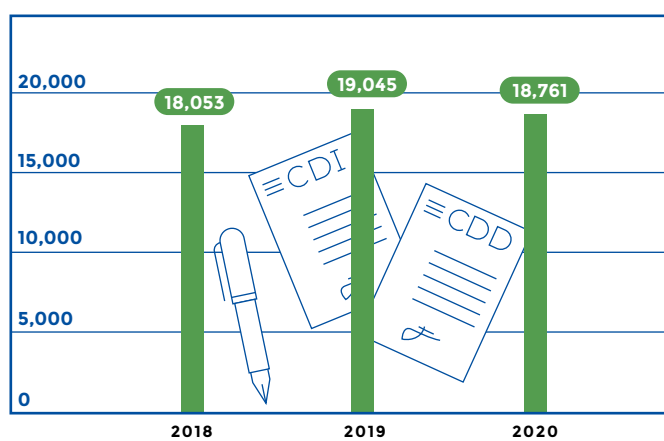
Improve the applicant experience. The new digital recruitment tool implemented in 2019 has improved the visibility of the Group's vacancies on its job site www.stef.jobs. New tools designed to strengthen the direct link between applicants and the Group will be deployed in 2021.

Since 2017, STEF has been one of the **25 largest recruiters in France** (Usine Nouvelle Survey – January 2020).

In 2020, STEF recruited 1,968* employees for jobs as diverse as local managers, young graduates, experienced executives, order pickers and drivers.

* Excluding DYAD.

"A workforce that reflects the Group's growth" - At 31 December 2020, the Group's workforce (permanent and fixed term employment contracts) totalled 18,761 employees, slightly lower than 2019 (-284 people or 1.49%).



Change in Group workforce (permanent and fixed term employment contracts).

The change in workforce in 2020 reflects the change in the Group's scopes:

- in France, the workforce was steady;
- in the Netherlands and Switzerland, the strengthening of the teams led to a positive balance in new appointments on permanent contracts;
- in Spain and Portugal, changes in scope are the result of a fall in the use of fixed term contracts, due to the adjustment of the workforce to activity, because of the health crisis.

These figures do not take into account assisted contracts (primarily apprenticeship and professionalisation contracts) which accounted for 421 people at 31 December 2020 or temporary staff (4,074 in full time equivalent).⁽⁷⁾

Including all contract types, the decrease in the workforce was 4.93% over the period, a result of the impacts of the health crisis.

⁽⁷⁾ Number of temporary hours worked during December 2020/151.67 hours.

Breakdown of workforce by division/business unit/country

Permanent and fixed term employment contracts

	31/12/2018	31/12/2019	31/12/2020
STEF France	13,064	13,689	13,619
Chilled consignments business unit		7,992	7,852
Retail business unit		1,751	1,956
Frozen business unit		1,328	1,271
Chilled Supply Chain business unit		748	805
Seafood business unit		858	766
Out-of-home foodservices business unit		594	549
Ambient and temperature-controlled business unit		142	139
Packaging business unit		136	140
Cross-functional departments business unit		140	141
STEF International	3,817	4,150	3,897
European consignments*	70	73	72
Spain	1,682	1,854	1,751
Portugal	537	554	415
Italy	834	856	826
Belgium	377	379	371
The Netherlands	207	311	329
Switzerland	110	123	133
Maritime (La Méridionale)	547	537	573
Other activities and central functions	625	669	672
GROUP TOTAL	18,053	19,045	18,761

*European consignments = STEF Eurofrichracht subsidiary.



DEVELOPING TEAM SKILLS

STEF University aims to pass on expertise and train employees in the skills of the future: organised by campus, it is based around the Institut des Métiers du Froid and the best partners on the market. In 2020, a Group employee attended an average of 1.26 training days*. In total, 24,183 training actions were completed.

The Group's training policy is structured around three main objectives. 

Train employees through courses focused on key skills

There are different courses (campus) on offer. Each country can adapt the content to match its culture and challenges.

"Tech Campus": (technical real estate course) welcomes managers as well as maintenance agents. 300 skills assessments were used to set up personalised training courses.

"Sales Campus": new modules have been deployed. Spain was one of the countries that benefited from it this year.

Professions advisors: in France approximately 80 "Driver" training advisors and 150 "Quay advisors" are currently being trained.

In 2020, several training courses, initially planned as face-to-face sessions, were changed to remote sessions (programme on harassment for advisors and HR personnel, in France).

Training to prepare for career development

Potential identified during annual appraisals is supported through individual or group programmes (DEVENIR programmes) in order to strengthen or complement our employees' expertise and talents and move them towards a job with greater responsibility.

Partnership with HEC: launched in 2019, this partnership offers a 10-day "Leadership and Strategy" programme in order to prepare current and future Group managers in Europe. The sessions (in French and English) welcome 20 managers a year on average.

Executive MBA: to improve preparation for the Group's development, STEF can also suggest that some of its future managers complete an Executive MBA.

Developing "foundation" or "cross-cutting" training courses

Obtaining recognised qualifications outside the Group is a valuable experience and a source of performance. Inspired by this conviction, the Group has made training in basic knowledge and certified courses a key factor. For example:

● **certified "Team Leader" course** (13 training modules covering all the aspects of this demanding, field-based role): over 3 years, the Group has supported 3 groups of team leaders with a 10-month training course. Twenty seven employees have therefore obtained a CCE qualification (CCI certification). The ambition is to organise the routine launch of an annual training group;

● **recognition of prior learning (RPL):** STEF encourages many employees to embark on training courses to obtain qualifications through the RPL. Over 3 years, 70 individuals have gained qualifications (from vocational diplomas to masters degrees) in this way.

The Institut des Métiers du Froid (IMF) – In 2020, IMF was one of the first in-house training bodies to be Qualiopi (national quality reference system) certified for 4 years.

*New 2020 indicator (excluding DYAD), which explains the absence of this data for 2019.

Preparing the company's men and women to support and make the Group's transformations successful

STEF's ambition to fill 70% of executive and senior positions through internal promotion is now a reality. This success originates from the training and career management schemes at all levels of the organisation.

A digital platform is used to monitor the main HR development processes in all countries. Annual appraisals are a real basis for developing skills and careers. STEF also uses professional evaluation experts.

RETAINING EMPLOYEES


In addition to developing each person's skills and careers, the Group motivates its employees through the quality of its social climate. The Group also supports the principle of employee profit sharing.

In 2020

Group turnover⁽²⁾ was down 11.14% compared with 2019 (13.94%). 

Permanent appointments⁽³⁾: 1,968 new appointments or promotions, including 1,662 in France.

Permanent contract departures: 2,009 departures including 775 redundancies or negotiated terminations and 275 retirements and early retirements.

Absenteeism due to illness or accident at work⁽⁴⁾ was 7.2%, directly related to the health crisis and its associated consequences (vs. 5.9% in 2019). 

(excluding DYAD).

Promoting a constructive social dialogue

This dialogue is the basis of staff relations within the Group: it drives social progress and contributes to a calm social climate.

The legal bodies present in the Group's subsidiaries and establishments comply with the regulations of each country. At higher levels of the organisation, there are supra-legal bodies (union coordinators) in addition to the legal systems (European Works Council and Group Committee). These promote a rich social dialogue at every relevant level of the organisation.

In 2020, STEF's teams were in high demand during the pandemic. The Group was pleased with the unwavering commitment of its employees in ensuring service continuity. An industrial dispute on an order preparation site at the end of the year should be noted.

Supporting employee shareholding

The commitment to implement employee shareholding is one of the key priorities of the People/Work/Capital foundation on which the Group is built. This model, unique in its business sector, is not only a powerful uniting force, but also a true lever for economic performance and a differentiating factor for the Group's customers.

Today, 72.5% of STEF's capital is held by its management and employees, including 17.73% through the dedicated company mutual fund (FCPE). Through this, nearly two out of three employees are Group shareholders, across all socio-professional categories. The FCPE has been put in place in almost all of the countries where STEF operates. In 2021, the move to digital will provide greater flexibility and convenience for transactions for the 12,000 shareholders.

Redistributing value creation

The Group has a policy of distributing value creation, a large part of which goes to employees. Consequently, despite the crisis and its impact on the Group's results, in 2021, it will distribute a significant amount of €30.2 million in incentive bonuses and profit sharing to French employees, an amount similar to that paid in 2020 (€31 million). These amounts confirm the Group's commitment to enable its employees to benefit from its growth and develop the employee savings plan.

⁽²⁾ Permanent employees (new appointments and departures): workforce at 31 December 2020, including takeovers and transfers.

⁽³⁾ Takeovers are included.

⁽⁴⁾ Including occupational diseases and commuting accidents, excluding maternity/paternity leave; all contract types included, except for La Méridionale where interns (assisted contracts) are excluded. The ratio is calendar days lost by number of theoretical calendar days. It should be noted that for Italy and Belgium, the ratio is calculated based on working days and not calendar days.



PROMOTING DIVERSITY AND EQUAL OPPORTUNITIES

The Group ensures that there is a place for everyone, in all their diversity. In 2020, efforts focused mainly on professional gender equality, the employment and retention in employment of individuals with disabilities and the integration of young people.

Diversity and professional gender equality

An ambitious project - In 2020, STEF began a European project with the support of a specialist company. Two working groups were launched in order to reconsider recruitment and career management processes with the aim of deploying a progress plan from 2021. The key post review and talent management scheme is used to identify women with potential in order to support them in their development and therefore, increase the number of women in the various management bodies throughout Europe. Special attention is paid to the progress of young women in the “Graduates Program” who account for 30% of attendees.

The ambition also relates to raising the awareness of management and human resources teams: breaking down stereotypes, support for sites to facilitate diagnoses of the comparative gender situation, dialogue with social partners and implementation of progress actions, development of female leadership with dedicated programmes (“Ladies First” in Italy, “Talents au Féminin” in France). The Group has taken into account the gender equality provisions of the “Professional Future” Law in France. It has calculated and published the ratings of the professional gender equality index⁽¹⁾. With regards the calculation

methodology for this index, 22 subsidiaries had a calculable index and 20 had a rating above 75 for 2020. Where applicable, the necessary action plans have been set up.

A dedicated committee - To strengthen this momentum, the Group has set up a “professional equality/professional diversity” committee which coordinates and deploys initiatives. It reports to the Operations Management Committee.

At the end of 2020, women accounted for 20.5% of the workforce (compared with 20.2% in 2019). Stable across the Group, it varies between countries:

% of women in the workforce	Entire Group*
France	19.4%
Spain	26.3%
Portugal	28.2%
Italy	32.9%
Belgium	12.1%
The Netherlands	12.2%
Switzerland	6.8%
Total	20.5%

* excluding DYAD

Integration of people with disabilities

The Group’s commitment to employ people with disabilities is producing results. Due to the Pénicaud reform in France in January 2020, the legal employment rate is now calculated through the company’s Nominative Social Declaration (Déclaration Sociale Nominative - DSN) to the bodies responsible for collecting social security contributions. This figure will only be available from June 2021. As it stands, the 2019 legal employment rate is still valid; this was 5.04% across France (compared with 2.28% in 2012) and 4.54% across the Group.

⁽¹⁾ These ratings are published on the STEF.com website.



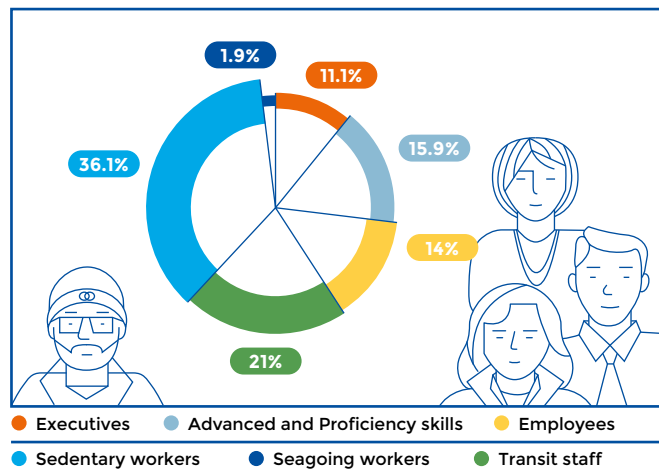
Changing perceptions - In order to combat stereotypes, sites are continuing their awareness and training initiatives with employees (actions as part of the European Disability Employment Week and DUODAY).

DYAD - The Group has also endeavoured to integrate the teams from the adapted company Dyad, which has special facilities for providing employment for individuals with disabilities and has formalised its social and professional support for these employees.

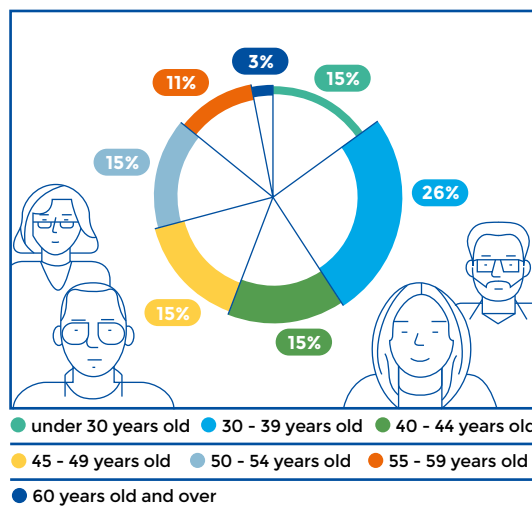
Dedicated workshop - In 2020, the Group also set up a HR innovation workshop based on the theme "Work and Cancer/Chronic Diseases" in partnership with the New Institute and the AGEFIPH. The objective is improve the support for employees suffering from these illnesses and play a leading role in mobilising knowledge, work experience and illness.

Guidance and integration of young people

Despite the pandemic, STEF continued its actions to bring the corporate world and the educational sector closer together. This commitment proved all the more relevant during the health crisis, which is a source of uncertainty for many young people. For example, the TEKNIK programme in France is used to present STEF's business sector and jobs to middle and upper school students at a time when they are considering their future career (in partnership with the Fondation Agir Contre l'Exclusion).



Breakdown of Group workforce by socio-professional categories.



Breakdown of Group workforce, permanent and fixed term contracts by age bracket.



SOLIDARITY COMMITMENTS

The nature of the Group's businesses and the density of its network give it the resources to take practical actions at the heart of the regions. Long committed to young people and vulnerable populations, STEF invests in long-term initiatives and ensures that such projects match its expertise and values. To ensure their success, it is involved in community actions with experienced partners that, like STEF, are established in the regional fabric.

FACILITATE THE PROFESSIONAL INTEGRATION OF YOUNG PEOPLE

A creator of jobs, the Group has continued its partnerships with associations working for the professional integration of young people who are furthest removed from the job market.

STEF's objective is always to be an actor and partner in the development of its operating regions.

In France

Actions with the "Sport in the City", "Our Districts have Talent", "Tremplin Handicap" and "ARPEJEH" associations were extended.

In Spain

The Group provided support to the "Red Cross" and "Action against Hunger" associations by training beneficiaries and raising awareness of the imperatives related to the transport and logistics sectors.

PROMOTE ACCESS TO FOOD PRODUCTS

This objective is intrinsically related to the Group's mission. In addition to mobilising its teams to ensure service continuity during the health crisis, in France, STEF renewed its long-standing partnership with the "Restaurants du Cœur": a new three-year sponsorship agreement was signed in 2020.

Skills-based sponsorship

This partnership results in initiatives related to the professional integration of beneficiaries and training of volunteers.

Logistics support

The Group also provides logistics assistance for collection campaigns (over 1,300 tonnes of good transported in 2020) and industrial donations (transport of nearly 8,000 pallets to a "Restaurants du Cœur" warehouse). Additional and local actions were organised for "Restaurants du Cœur" during the health crisis.

In 2020, STEF cancelled the festivities planned for its 100th anniversary. The sums initially set aside for this were donated to associations fighting COVID-19 in all the Group's operating countries.

FOOD SAFETY





OUR COMMITMENTS FOR CUSTOMERS AND CONSUMERS



Food safety is STEF's first priority. An essential link in the cold chain, the Group guarantees its compliance and the traceability of the products entrusted to it. This priority is based on complying with its customer's requirements and the applicable regulations.

In addition to the health control plans deployed within the Group, food safety depends on respecting, every day, three fundamentals that are a common foundation for all our businesses:



HEALTH CONTROL PLAN

In Europe, where all its sites have a community health certification, STEF has set up a Health Control Plan (HCP) based on the analysis of hazards to which the goods may potentially be exposed (HACCP method). This plan also describes the control measures taken to ensure hygiene, particularly through the cleaning plan, and the health and safety of the activities regarding:

- potential biological, physical, chemical and allergen contamination. This plan's deployment is consolidated through internal and external audits conducted by independent bodies (under certifications), our customers, and even the health authorities;
- potential drift of the storage temperature of foods during their warehousing, transit and transport.

The provision of safe food products is also based on compliance with dates (use-by dates, best before dates, stock management rules, etc.) and STEF's commitments in terms of lead times, for example in terms of freezing, order preparation and delivery.

GUARANTEE THE COLD CHAIN

Recordings, especially of the temperature of goods are kept at all crucial transport and storage steps. These are used to monitor the continuity of the cold chain and more generally, the good sanitary conditions for the services. In addition, the Group has implemented:

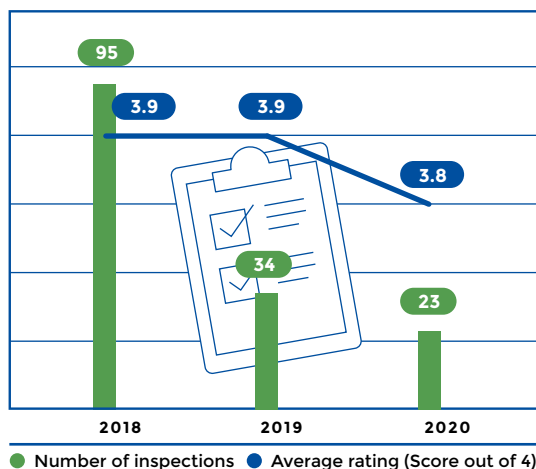
- systems for tracking, recording and the structured management of alarms related to the temperature of the premises;
- operating information systems (WMS and TMS) ensuring the traceability of goods and archiving;

- a security plan providing for the implementation of backup mobile solutions (generators and refrigerated units);
- refrigerated vehicles with a temperature recording system in each compartment in order to assure our customers and the authorities of our compliance with the transport conditions of the foods for which we are responsible;
- temperature recording and archive systems in accordance with the reference European standards (EN 12830 and 13486).

The Group therefore has complete control over the traceability of the goods entrusted to it.

MONITOR AND CONTROL

- The Group's crisis management system is implemented in the event of a potentially high-impact incident;
- Internal and external audit programmes guarantee the proper health control of each site and their regular assessment. Where applicable, these audits result in the implementation of an appropriate action plan;
- STEF requires its suppliers to agree to comply with food safety rules, defined after the analysis of their potential impact;
- The sites are subject to inspection visits from the health authorities. In France, STEF has opted to monitor the ratings resulting from such inspections as representing an independent and objective assessment.



Alim'Confiance rating: 1: urgent corrective action required - 2: improvement required - 3: satisfactory - 4: highly satisfactory.

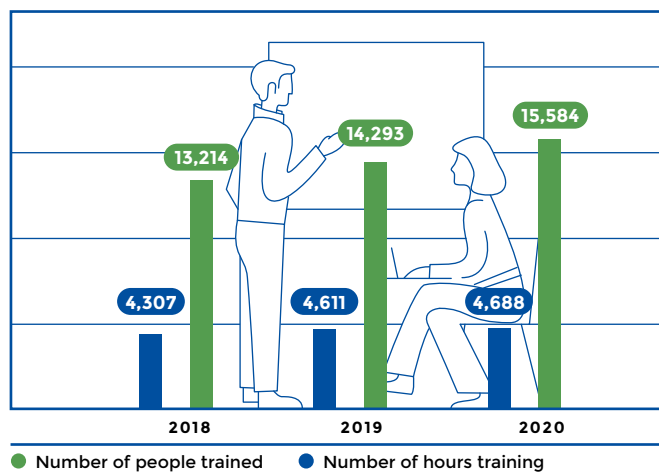
Change in the average rating and number of official health inspections - France.



TRAIN TEMPERATURE-CONTROLLED EXPERTS

STEF's food safety training programme ensures the proficiency of all those involved in the cold chain within all the Group's organisations. This programme, combined with the on-site staff induction processes, is one of the essential building blocks in the Food Safety Culture that the Group wishes to encourage in its teams at all levels.

The number of training hours and individuals trained is constantly increasing, in line with the Group's growth.



Number of people trained and number of hours training in food safety - Group.



GOVERNANCE AND ETHICS

The governance policies adopted by STEF contribute to business ethics and help to respect the areas covering human rights and fundamental freedoms and the health and safety of the people in the seven countries where the Group operates.

GOVERNANCE

The Sustainable Development and Social Responsibility Departments are responsible for deploying the CSR policy, coordinating the various internal actors, listening to stakeholders and monitoring and executing the HSW/QWL and Environment action plans. They develop and deploy policies in these areas. Management of the CSR process is set out in the first section of the Economic and Financial Planning document, “Challenges and Commitments”.

ETHICS AND BUSINESS CONDUCT CHARTER

STEF’s ethics and business conduct charter contains the standards for good business practices applicable in the Group, as well as the provisions of the law on transparency, the fight against corruption and the modernisation of economic life (known as the “Sapin II” Law). STEF has set up an organisation, tools and a procedure that it can use to comply with these obligations.

The ethics and business conduct charter defines the behaviour standards to be respected by all employees in situations presenting risks of corruption and influence peddling. It follows the Middlednext reference system to which STEF has chosen to refer. The ethics and business conduct charter appears on STEF’s intranet and internet sites. An external whistleblowing platform (EQS Integrity Line) completes the system.

An training module has been set up using an e-learning format, customised for STEF (HR Module - Social Liaison). This is aimed at the 1,200 executives, managers and employees who, due to their roles, are likely to face situations of corruption or influence peddling. This scheme was presented to all management committees for central functions and business units.



MONITORING PLAN

STEF's monitoring plan presents the reasonable due diligence measures established within the Group to identify risks and prevent serious breaches regarding human rights and fundamental freedoms, the health and safety of people and the environment resulting from the Company's activities and those of its consolidated subsidiaries and the activities of subcontractors or suppliers with which the Group maintains established business relationships.

STEF operates in seven countries in Europe as a refrigerated logistics company and in economic and socio-cultural environments that have few structural differences; consequently, the plan can be deployed uniformly throughout the Group. The Group's business model is set out in the first section of the Economic and Financial Planning document.

METHODOLOGY AND DRAFTING OF THE MONITORING PLAN

The drafting of this STEF Monitoring Plan brought together the Group's main functions (Human Resources, Sustainable Development Department, Purchasing, Business Unit, Internal Audit, Food Safety, Company Secretary). This plan specifies the rules and provisions that enable the Group to identify and prevent actual or potential breaches related to its activities and where necessary, to limit their effects.

Ongoing discussions with internal and external stakeholders have long been used to involve them in the choice of actions carried out and their deployment.

ENVIRONMENTAL MONITORING PLAN

The mapping of STEF's environmental risks results in impacts on:

- the **climate**, through GHG (greenhouse gas) emissions mainly resulting from hydrocarbon combustion (vehicle traction and operating onboard refrigerated units, ship propulsion) and, to a lesser extent, electricity consumption (quayside supply for vessels, refrigeration of platforms) and refrigerant emissions for maintaining the cold production facilities of the warehouses and platforms;
- **air quality**, through emissions into the atmosphere (NO_x, HC and particles) during hydrocarbon combustion (vehicle traction and operating onboard refrigerated units, ship propulsion and berthing);
- **food safety** which emerges as a major challenge for the company given STEF's principal activity, temperature-controlled logistics for food products.

In order to reduce its emissions, STEF has implemented a structured process resulting in specific investments (ongoing replacement of its vehicle fleet and facilities, quayside electrical supply for ships, particulate filters for La Méridionale), combined with proactive accreditation and certification policies.

HUMAN RESOURCES AND FUNDAMENTAL RIGHTS MONITORING PLAN

The STEF Group complies with the social regulations in force in each of its operating countries.

In addition to the fundamental principles set out in the Group's ethics and business conduct charter relating to the respect for human rights, STEF has chosen to focus its actions on a policy of diversity and equal opportunities. This is currently being deployed in each of its operating countries.

A Group Health and Safety at Work roadmap is applicable to each country and each organisation. It is comprised of different themes:

- supervision of the Health and Safety at Work process by management;
- risk control and prevention:
 - integration of the HSW process upstream, from the design of facilities, work processes, vehicles or handling machines;
 - major risks identified in terms of Health and Safety at Work:
 - accidents related to the circulation of vehicles or handling equipment in the warehouses;
 - musculoskeletal issues;
 - addictive consumptions and behaviours.
 - principle of supervision and monitoring managed directly by the operating sites: risk evaluation documents, accident monitoring indicators (frequency and severity rates) consolidated at country and Group level.
- deployment of the Health and Quality of Working Life procedure:
 - redesign of the range of work clothes;
 - programme for the prevention of psycho-social risks;
 - improved working environments;
 - actions promoting fulfilment at work for employees: work/life balance, health practices, employee support.
- targeted communication at all levels of the organisation order to share a common culture.

RELATIONSHIPS WITH SUPPLIERS AND SUBCONTRACTORS

As a purchaser in various business sectors, including transport subcontracting and construction site management and across other purchasing categories, STEF has a proactive and inclusive policy with regards its main suppliers and subcontractors. In addition to respecting people's fundamental rights, in terms of the environment and business ethics, this policy is reflected by:

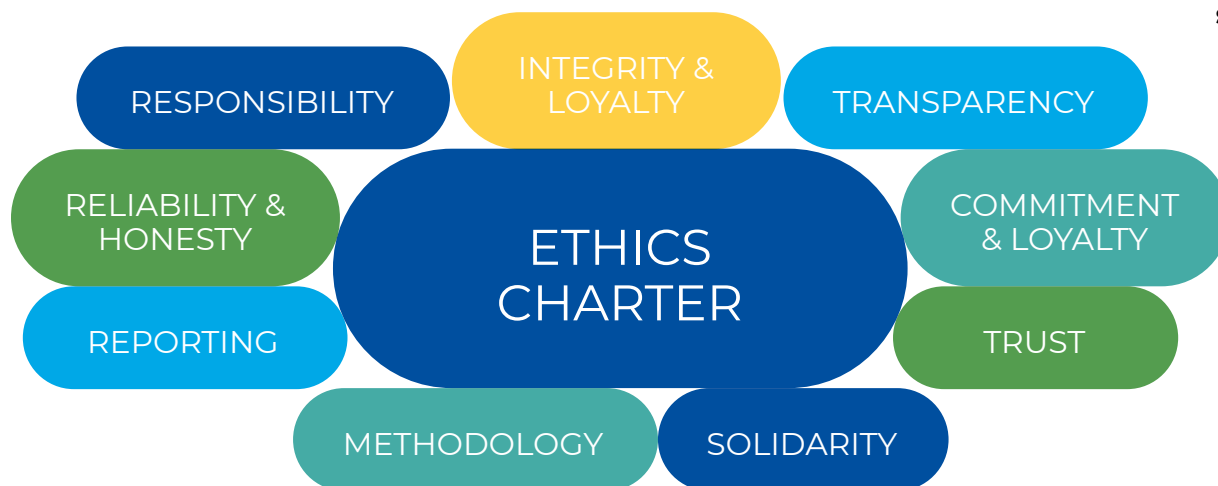
- the inclusion of a CSR clause in all purchasing and subcontracting contracts;
- the signing of a sustainable purchasing charter;
- the addition of CSR criteria in the specifications during calls for tenders.

In 2020, a second edition of the Group's sustainable purchasing charter was produced. This is aimed at all suppliers, without exception, and sets out the main ethical, social and environmental commitments to which they are asked to adhere.

They must also convey these principles among their own suppliers. The sustainable purchasing charter, available in all the Group's working languages, has been incorporated into the general terms and conditions of sales and standard contracts.

Strategic suppliers are subject to regular evaluations. This survey is used by internal stakeholders to give their perception of such suppliers. These assessments are shared with the suppliers themselves and, where necessary, result in corrective action plans.

In addition to strengthening the environmental and societal criteria in its consultation, selection and monitoring documents, in 2021, STEF launched an assessment scheme for the Group's 100 strategic suppliers. The objective is to share STEF's CSR values and commitments with them and establish a shared progress plan on common issues.




TRAINING AND INFORMATION MECHANISMS

- The standards for good business practices appear in the Group's ethics and business conduct charter.
- On the issue of combating corruption, the Group has implemented a specific e-learning training course and whistleblowing scheme.
- Finally, for deploying the action plans and distributing the rules concerning the themes of HR, Health and Safety at Work and Environment, the Group relies on a community of European correspondents.

ALERTS AND WHISTLEBLOWERS

- Contentious cases are reported through the managerial channel, according to the Group's organisation and the recommendations of the Group's ethics and business conduct charter.
- The Group has supplemented its alert and whistleblowing scheme with the implementation of an external whistleblowing platform for situations that may presenting risks of corruption and influence peddling.

Methodological note on the publication of financial information


The STEF Group's extra-financial information is published in accordance with the obligations arising from Order 2017-1180 of 19 July 2017 and the Decree of 9 August 2017 which made it possible to take the necessary provisions for the transposition of Directive 2014/95/EU. Information identified by the sign  has been verified with a reasonable level of assurance⁽⁶⁾ by the Independent Third Party Organisation.

Scope - Quantitative and qualitative information is provided about the entire Group. Where appropriate, the differences in scope are specified for the relevant indicators. Consequently, there is a paragraph dedicated to the maritime activity covering La Méridionale and its subsidiaries. Companies acquired and/or sold during the year are excluded from the scope.

Selection of reporting information and indicators - The information has been selected for its relevance with regard to STEF's main environmental and social impacts, given its core business and the challenges of corporate social responsibility identified as strategic for the Group. These indicators are used to measure the results of its policies and action plans. Thus, the following topics, required by Article L. 225-102-1 of the French Commercial Code, are excluded because they are not relevant to STEF's operations: the fight against tax evasion, food waste and food insecurity, respect for animal welfare and responsible, fair and sustainable food production.

Information collection and assessment - The methods for reporting information are defined in an internal protocol (annually, over 12 months of the calendar year) based on datasheets describing the methods for assessing, collecting and checking the CSR indicators.

External audit - The extra-financial information published has been audited by an Independent Third Party Organisation.

⁽⁶⁾The level of reasonable assurance, symbolised by the logo , is a voluntary procedure on the part of the STEF Group. It requires more in-depth work on the part of the Independent Third Party Organisations than that implemented within the framework of limited assurance.

AUDITORS' CERTIFICATE

Report by the Independent Third Party Organisation on the consolidated declaration of extra-financial performance appearing in the management report

Year ended 31 December 2020

To the Shareholders,

In our capacity as an Independent Third Party Organisation, a member of the Mazars network and as the STEF company's Statutory Auditors, accredited by the COFRAC Inspection under number 3-1058 (accreditation scope available on the www.cofrac.fr website), we hereby present our report on the consolidated declaration of extra-financial performance for the year ended 31 December 2020 (hereafter the "Declaration") presented in the management report, in accordance with Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Corporate social responsibility

It is incumbent upon the Board of Directors to prepare a Declaration in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies applied with regards these risks and the results of these policies, including the key performance indicators.

The Declaration has been produced by applying the Company's procedures (hereafter the "Reference system") the significant elements of which are presented in the Declaration and available on request from the Company's head office.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the professional code of ethics. In addition, we have established a quality control system that includes documented policies and procedures to ensure compliance with the applicable laws and regulations, the rules of ethics and professional standards.

Responsibility of the independent third party organisation

Our role, based on our audit, is to formulate a reasoned opinion expressing a limited assurance conclusion on:

- the Declaration's compliance with the provisions of Article R. 225-105 of the French Commercial Code;
- the sincerity of the information provided under 3° of I and II of Article R. 225-105 of the French Commercial Code, namely the results of the policies, including the key performance indicators and the actions relating to the main risks, hereafter the "Information".

Our role is also to express, at the entity's request and outside the scope of accreditation, a reasonable assurance conclusion on the fact that the information selected by the entity has been established, in all material respects, in accordance with the Reference Systems used.

However, it is not for us to decide on the Company's compliance with other applicable legal and regulatory provisions, particularly in terms of the monitoring plan and combating corruption and tax evasion nor the compliance of the products and services with the applicable regulations.

Nature and extent of the work

We conducted the following work in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, the professional standards of the national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this work and the international standard ISAE 3000⁽¹⁾:

- we reviewed the activity of all the companies included in the scope of consolidation and the exposure to the main risks;
- we assessed the appropriate nature of the Reference System with regards its relevance, exhaustiveness, reliability, neutrality and clarity, taking into consideration industry good practice, where necessary;
- we verified that the Declaration covers every category of information set out in III of Article L. 225-102-1 regarding social and environmental issues as well as the respect of human rights and combating corruption and tax evasion;
- we verified, when it was relevant with regards the main risks presented, that the Declaration presents the information set out in II of Article R. 225-105, and where applicable, that it includes an explanation of the reasons justifying the absence of information required by the 2nd paragraph of III of Article L. 225-102-1;
- we verified that the Declaration presents the business model and a description of the main risks related to the activity of all the entities included in the scope of consolidation, including, if necessary and proportionate, the risks created by their business relations, products or services together with the policies, actions and results, including the key performance indicators associated with the main risks;
- we consulted documentary sources and conducted interviews to:
 - assess the selection and validation process for the main risks and the consistency of the results, including the key performance indicators selected with regards the main risks and policies presented; and
 - corroborate the qualitative information (actions and results) that we considered most important presented in Appendix I. For some risks, GHG emissions and air pollutants, our work was carried out at the level of the parent company, for other risks, work was conducted at the level of the parent company and in a selection of entities⁽²⁾;
- we verified that the Declaration covers the consolidated scope, i.e. all the entities included in the scope of consolidation in accordance with Article L. 233-16 within the limits specified in the Declaration;

⁽¹⁾ ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

⁽²⁾ STEF France and STEF Italie.

- we reviewed the internal control and risk management procedures implemented by the entity and assessed the collection process aimed at providing complete and sincere information;
- for the key performance indicators and other quantitative results that we considered most important presented in Appendix 1, we implemented:
 - analytical procedures that involved verifying the correct consolidation of the data collected and the consistency of its development;
 - detailed tests based on samples, that involved checking the correct application of the definitions and procedures and reconciling data with the supporting documents. This work was conducted with a selection of contributing entities and covered between 66% and 94% of the consolidated data selected for these tests;
- we assessed the consistency of the entire Declaration compared with our knowledge of all the entities included in the scope of consolidation.

We believe that the work that we conducted using our professional judgement has enabled us to express a limited assurance conclusion; a higher level of assurance would have required a more extensive audit.

Means and resources

Our work used the skills of 4 people between November 2020 and March 2021 over a total procedure time of 6 weeks.

We conducted around fifteen interviews with the people responsible for preparing the Declaration, in particular representing Executive Management, Management Control, Sustainable Development, Human Resources and Health and Safety.

Conclusion


Based on our work, we found no material misstatement that would call into question the fact that the declaration of extra-financial performance complies with the applicable regulatory provisions and that the information, taken in its entirety, is presented, in all material respects, in a sincere way in accordance with the Reference System.


Comment


Without prejudice to the conclusion expressed above and in accordance with the provisions of Articles A. 225-3 of the French Commercial Code, we make the following comments:

The data control process relating to the breakdown of refrigerants by type in fixed facilities could be improved.


Reasonable assurance report on selected CSR information

Regarding the information selected by the Company and identified by the  sign, at the Company's voluntary request, we conducted work of the same nature as that described in the paragraph "Nature and extent of the work" above for the key performance indicators and for the other quantitative results that we considered most important, but in greater detail, particularly regarding the number of tests.

The sample selected represented 81% of the workforce and between 66% and 94% of the environmental information identified by the sign .

We believe that this work allows us to express reasonable assurance concerning the information selected by the Company and identified by the sign .

Conclusion

In our opinion, the information selected by the Company and identified by the sign  has been established, in all material respects, in accordance with the Reference System used.

Paris La Défense, 31 March 2021

The independent third party organisation, Mazars SAS

Anne-Laure ROUSSELOU, Associate
 Edwige REY, CSR and Sustainable Development Associate

Appendix 1: Information considered most important

Qualitative information (actions and results) relating to the principal risks

- Human capital
- Supervision of the Health and Safety at Work process by management
- GHG emissions from fuel consumption
- Use of refrigerants
- Electricity consumption
- Air pollutants
- Health and safety of consumers-food safety

Quantitative indicators including key performance indicators

- End of period workforce
- Absenteeism rate
- Number of training actions per employee
- Staff turnover
- Frequency rate and severity rate
- Diesel consumption at 100 km for own fleet (STEF France)
- CO₂ emissions in gCO₂/tonne.kilometre
- Breakdown of refrigerants by type in fixed facilities
- Electricity consumption per tonne carried
- Pollutant emissions, emitted during land transport operations in g(NOx+HC)/t.kilometre and in mg.part/t.kilometre
- Change in the average rating obtained by sites during inspections by the authorities (STEF France)
- Number of training hours and number of people trained in health and safety

CORPORATE GOVERNANCE REPORT	74
GENERAL INFORMATION	82
RISK FACTORS	86

CORPORATE GOVERNANCE REPORT **2020**

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

Chairman and Executive Management

The positions of Chairman and Chief Executive Officer were reunited: **Mr Stanislas LEMOR** is the Chairman and Chief Executive Officer.

Mr Marc VETTARD is Deputy Chief Executive Officer in charge of operations. He assists the Chairman and Chief Executive Officer in managing the Group's business.

The Chief Executive Officer has full authority to act in any circumstance on behalf of the Company. He exercises these powers within the limits of the corporate purpose and subject to the powers that the law expressly assigns to the Shareholders' meetings and the Board of Directors.

The Board of Directors

On the date of the report, the Board of Directors comprises 13 members, one of whom represents employee shareholders, Ms Hensgen-Stoller and two members who represent employees, Mr Benhamouda and Mr Rambaud, both appointed for six years from March 2021.

OFFICES AND POSITIONS HELD BY DIRECTORS

Offices held on the date of the Board of Directors closed the accounts - 11 March 2021

Mr Stanislas LEMOR

Chairman and Chief Executive Officer

- Appointed to the STEF board on 30 April 2019
- Director of STEF Transport Saintes, STEF Logistics Saintes and STEF Logistics Courcelles and from 31 December 2020, STEF Transport Nazareth (Belgium)
- Chairman of STEF Italia Holding S.R.L., STEF Logistics Italia S.R.L., Chairman of STEF Italia S.P.A. until 21 April 2020, then Director, Director of STEF International Italia S.P.A. and STEF Frozen Italia S.R.L. (Italy)
- Director of STEF Iberia (Spain) and STEF Suisse (Switzerland)
- Permanent representative of STEF on the Board of Directors of GEFA and IMMOSTEF
- Director of Prim@ever and Prim@ever IMMO
- Deputy Chief Executive Officer of UEF

Mr Ahkim BENHAMOUDA

Appointed to the Board in 2021

Ms Sophie BREUIL

Appointed to the Board in 2020

- Chairperson of SAS HâpyFew

Mr Jean-Charles FROMAGE

Appointed to the Board in 2005

- Director of Atlantique Management and La Méridionale
- Permanent representative of STEF Transport on the Board of Directors of Prim@ever until 30 June 2020 then Director
- Director of Primavera

Ms Estelle HENSGEN-STOLLER

Appointed to the Board in 2013

Mr Bernard JOLIVET

Appointed to the Board in 1996

- Chairman & CEO of Atlantique Management

Mr Jean-François LAURAIN

Appointed to the Board in 2016

- Managing Director of Unigrains, terms as Chairman and/or Corporate Manager in companies belonging to the Unigrains Group (Director and Managing Director of Unigrains Diversification, Director and Chairman of Messis Finances, Director and Managing Director of Unigrains Equipements, permanent representative of the company Unigrains in the company Unigrains Développement, Managing Director of Unigrains Avenir, Managing Director of Agricéreales and Unicéreales, Managing Director and permanent representative on the Board of Directors of Unigrains partenaires)
- Director of SAIAM, permanent representative of the company Unigrains
- Director of Atlantique Management
- Member of the strategic committee of Unilis Agtech
- Member of the steering committee of Auxinéa
- Member of the representative committee of investors of Seaf India Agribusiness int.fund

Ms Murielle LEMOINE

Appointed to the Board in 2011

- Corporate Director of Crédit Agricole Assurances
- Director of SER and of the company IMMOSTEF

Ms Lucie MAUREL-AUBERT

Appointed to the Board in 2017

- Vice-Chairperson of Rothschild Martin Maurel Associés, Vice-Chairperson of the Supervisory Board of Rothschild and Co
- Director of the SNEF Group and of Plastic Omnium

Ms Dorothée PINEAU

Appointed to the Board in 2016

- Member of the supervisory board of Chevrillon & Associés
- Member of the supervisory board of ACA (Aéroports Côte d'Azur) from June 2020
- Director of Axa Lard SA
- Co-Manager of the company DP Conseil Sarl
- Corporate Manager of the Vêrigny and Heyrault SCIs (real estate investment company) and Corporate Manager of D2Pconseil

Mr Dominique RAMBAUD

Appointed to the Board in 2019

Allianz Vie, represented by Ms Clarisse KOPFF, appointed to the Board in 1997, then by Mr Rémi SAUCIÉ appointed to the board in November 2020.

- Ms Clarisse KOPFF holds offices as Chairperson and Corporate Manager in the member companies of the Allianz Vie Group, as does Mr SAUCIÉ

Atlantique Management

Appointed to the Board in 2010

- Represented by Mr François de COSNAC

Mr François de COSNAC

Director of IMMOSTEF and UEF permanent representative of the company UEF

- Director of Atlantique Management
- Chairman of Gerignac SAS and Gêribourg
- Corporate Manager of FDC Conseil Patrimoine
- Vice-Chairman of the Supervisory Board of Auris Gestion Privée

OFFICES EXPIRED IN 2020

Ms Elisabeth DUCOTTET

Appointed to the Board in 2014 - term of office ended on 30 April 2020

- Corporate Manager of Holding Thuasne, Chairperson of Thuasne Management, terms as Chairperson and Corporate Manager in companies belonging to the Thuasne Group
- Managing Partner of the SCI (real estate investment company) Val du Parc
- Director of Universcience and Museal Luxembourg

Mr Alain GEORGES

Appointed to the Board in 2015 – term of office ended 30 March 2020

Mr Emmanuel HAU

Appointed to the Board in 2007 – term of office ended on 30 April 2020

THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS

The Rules of Procedure for the Board of Directors organise the operation of the Board of Directors within the legislative and regulatory framework applicable to the Company. They determine the scope of the Board of Directors' responsibility and that of its members, its mode of operation and that of the Audit Committee and the Remuneration and Appointments Committee. They also include the Director's charter.

The Company's corporate governance code

The corporate governance code that the Company refers to is the Middlednext Code. The Board of Directors believed that the Middlednext Code provided governance principles better suited to STEF's size and capital structure.

Independent directors: on the date of this report, the Board of Directors includes five independent Directors in the sense of the Middlednext Code that characterises the independence of Directors by the absence of any shareholding, financial, payroll, contractual or close family relationship likely to affect their independence of judgement. These Directors are Ms Breuil, Ms Lemoine, Ms Maurel-Aubert, Ms Pineau and Mr Saucié.

Concurrent holding of company office – employment contract: the employment contracts of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer were suspended at the time of their appointment.

Length-of-service awards for senior executives: Commitments exceeding the conventional limits were subject to meeting the performance criteria, assessed against those of the company and which are the achievement of an annual increase in consolidated turnover and operating profit. These commitments were approved by the Company's Shareholders' Meeting.

Remuneration of company officers: The remuneration policy for senior executives is determined in accordance with Article L.22-10-8 of the French Commercial Code. Remuneration is comprised of a fixed salary, a variable share and long-term profit-sharing (allocation of performance shares). This policy establishes a balance between short- and medium-term performance factors and those over the longer-term.

Equality: The Board of Directors includes five female Directors: Ms Breuil, Ms Hensgen-Stoller, Ms Lemoine, Ms Maurel-Aubert and Ms Pineau. The Company complies with the requirements of Article L. 225-17, paragraph 2 of the French Commercial Code on balanced representation of women and men on the Board of Directors. In accordance with the law, the two Directors representing employees are not taken into account when determining this percentage.

Preparation and organisation of the Board of Directors' activities

1. Organisation of the Board of Directors' Activities

The Chairman of the Board of Directors will convene the Board as often as he deems appropriate. Five meetings were planned according to a provisional schedule, other meetings are optional depending on the corporate interest.

Each Director is individually requested to attend each Board of Directors meeting; calls to attend are sent approximately 15 days before each meeting. The calls to attend are sent together with the meeting's agenda and a draft of the minutes of the previous meeting. In the days preceding a meeting (usually five days), each Director receives a file containing the documents relating to the main topics on the agenda.

The articles of association and rules of procedure of the Board of Directors set out the terms for the Directors' participation at Board meetings, which are held via video conferencing.

The issues likely to be dealt with and decisions made by this mode of participation are governed by the applicable laws and regulations.

The attendance rate of Directors at Board meetings in 2020 was 89% (81% in 2019).

2. Board of Directors' Activities

The Board of Directors met five times in 2020.

The forecast results from the preceding year and the main components of the budget for the current year are usually discussed at the meeting which is held at the end of January.

The meetings in March and the end of August are mainly devoted to approving the annual and half-yearly accounts.

The meeting held as a result of the Shareholders' Meeting in May is normally used to implement the share repurchasing plan voted by the Shareholders' Meeting.

In December, the Board examines any changes to the Group's business over the current financial year and compares it to the updated budget projection.

At every board meeting, the Group's results from the previous month are analysed. Furthermore, every month, the Directors receive financial data with comments enabling them to assess the Group's performance for the previous month.

The Board of Directors is advised by two specialist committees.

Committees of the Board of Directors

1. The Audit Committee

On the date of the report, the Audit Committee is comprised of four members: Ms Breuil, Ms Lemoine, Mr Jolivet and Mr Saucié. Ms Murielle LEMOINE independent Director, chairs the Audit Committee.

In addition to the functions relating to the review of accounting and budgetary statements, the Audit Committee is responsible for monitoring the effectiveness of internal control and risk management systems. In this context, it ensures the establishment of the internal control and risk management procedures and the adequacy of assignments undertaken by the internal audit department in terms of these issues and the effectiveness of the checks performed on identified risks.

The Audit Committee defined its mode of operation, for both its internal functioning and in respect of its contacts within the company, and specified its field of action. Members of the Executive Management and representatives of financial management and the internal audit department may be seen by the Audit Committee, as well as the statutory auditors.

The Audit Committee generally meets three times a year, with an attendance rate of 93% in 2020 (80% in 2019).

At the sessions preceding the Board of Directors' meetings to prepare the annual and half-yearly accounts, the Committee reviews the presentation of the accounting statements submitted to it.

In December, the Audit Committee reviews the work conducted by the audit department over the past year, the analysis of reports on specific assignments, the examination of the internal audit work schedule for the coming year and, finally, the review of the statutory auditors' fees.

The Chairman of the Audit Committee reports on the Committee's work to the Board of Directors.

2. Company Officers' Remuneration and Appointments Committee.

This Committee is comprised of three members: Ms Maurel-Aubert, Ms Lemoine and Mr Laurain.

It is responsible for making recommendations to the Board of Directors for determining senior executives' remunerations. The Chairman of the Board of Directors participates in the work of the Committee, presenting the elements for achieving the objectives set for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer. The Committee also reviews the policy and the draft allocation plan for performance shares.

The Committee met twice in 2020 occasions with an attendance rate of 100%. It reviewed the draft allocation plan for outperformance shares in order to formulate an opinion for the Board of Directors. It also established a new remuneration scheme for senior executives approved by the Shareholders' Meeting of 30 April 2020.

OFFICES AND POSITIONS HELD BY MEMBERS OF THE EXECUTIVE MANAGEMENT IN 2020

Mr Marc VETTARD Deputy Chief Executive Officer

- Chairman of STEF Logistique and STEF Transport
- Director of IMMOSTEF
- Chairman of the Board of Directors of STEF Italia S.P.A, Chairman of the Board of Directors of STEF Nogarole S.r.L. Director of STEF Italia Holding S.r.L., STEF Logistics Italia S.r.L. and STEF International Italia S.r.L, Director of STEF Seafood Italia S.r.L. until 30 December 2020 (Italy)
- Chairman of the Board of Directors of STEF Iberia (Spain)
- Director of STEF Transport Saintes, STEF Logistics Saintes and STEF Logistics Courcelles, Director of STEF Transport Nazareth (Belgium)
- Permanent representative of STEF Logistique on the Board of Directors of GEFA until 30 June 2020, Director of PRIM@EVER

The offices held by Mr Stanislas LEMOR, appear under "Offices and positions held by directors in 2020".

REMUNERATION OF COMPANY OFFICERS

The remuneration of the Chairman and Chief Executive Officer (Mr Stanislas LEMOR) and the Deputy Chief Executive Officer (Mr Marc VETTARD) is set by the Board of Directors on advice from the Company Officers' Remuneration and Appointments Committee and in accordance with Articles L22-10-8 and L22-10-34, paragraph II of the French Commercial Code.

The members of the Board of Directors receive directors' remuneration, for which the total budget was fixed at €126,000 for each Shareholders' Meeting. Of this, €12,000 is reserved for members of the Audit Committee and €9,000 for members of the Remuneration and Appointments Committee. This remuneration is paid solely on the criteria of meeting attendance.

Directors with positions within the company are remunerated under the terms of their employment contract.

REPORT ON THE REMUNERATION POLICY FOR SENIOR EXECUTIVES (ARTICLE L.22-10-8 OF THE FRENCH COMMERCIAL CODE)

The Board of Directors submits, for the approval of the Shareholders' Meeting, the principles and criteria applicable to the determination, distribution and allocation of the fixed, variable and extraordinary components comprising the total remuneration and benefits of any kind attributable to senior executives due to the execution of their mandate and making up the remuneration policy regarding them.

The two senior executives concerned by these provisions are Mr Stanislas LEMOR and Mr Marc VETTARD.

Their remuneration is comprised of three main elements: a fixed salary, a variable share and long-term profit-sharing (allocation of performance shares). This remuneration policy establishes a balance between short- and medium-term performance factors and those over the longer-term.

Fixed salary

The policy for determining and updating the fixed portion of the remuneration results from a constant process in the company, based on objective measurement and comparison criteria. Special attention is paid to the fact that it is in line with market practices, while remaining consistent with the overall salary policy within the Group.

Principles for determining annual variable remuneration

Given that a new scheme was introduced in 2020, this is based on an assessment of the objective approved every year by the Board of Directors, on advice from the Remunerations Committee which is based on predefined principles.

Annual variable remuneration is awarded under the performance conditions defined in relation to three criteria: the Group's economic performance, a general performance criterion in terms of corporate social responsibility and lastly, a qualitative criterion for implementing the strategic plan.

The quantitative, economic component is established in relation to achieving budgetary objectives referring to the indicators on which STEF usually communicates with the market, namely, the Group's growth in turnover (excluding third party sales) and current profit before tax, an indicator of the Group's management.

Achieving all the criteria leads to 100% of the amount of variable remuneration, which is 70% of the fixed remuneration. Exceeding each of the quantitative economic performance objectives may lead to an increased variable remuneration which cannot exceed 85.75% of the fixed remuneration.

Conversely, in the event of a failure to meet the budgetary forecasts beyond a certain %, the variable share calculated on the financial criteria may be zero. There is therefore no lower limit in this assumption.

The objectives assessment grid is approved by the Board of Directors after review by the Remuneration Committee.

Performance shares

The awarding and performance criteria for the 2021 performance plan were set out by the Board of Directors on 11 March 2021. The definitive acquisition of performance shares depends on achieving performance criteria based on the STEF Group's annual turnover and on the net profit attributable to STEF Group shareholders after tax. These two conditions are supplemented by a condition of presence in the company from the allocation. The two senior executives benefited from a total maximum number of 8,448 performance shares under the 2021 plan.

Additional information

- Payments in the event of termination of the employment contract: the employment contracts of Messrs Stanislas LEMOR and Marc VETTARD contain provisions relating to payments to be made to them in the event of termination of their employment contracts that fall within the scope of regulated agreements and commitments covered by Article L.225-42-1 of the French Commercial Code. In accordance with the law, commitments exceeding conventional limits were subject to the satisfaction of the performance criteria assessed in view of those of the Company and which were to achieve an annual increase of at least 3% in consolidated turnover and operating profit. These commitments were approved by the Company's Shareholders' Meeting.
- Existence of a benefit in kind comprised of a company car.
- Absence of supplementary pension benefit commitments as defined under Article L137-11 of the French Social Security Code.

REMUNERATIONS PAID TO COMPANY OFFICERS, NET OF SOCIAL SECURITY CONTRIBUTIONS, IN 2020 - CHAIRMAN AND EXECUTIVE MANAGEMENT

In euros	Fixed remuneration 2020	Variable remuneration 2020 ⁽¹⁾	Directors' remuneration 2020	Benefits in kind 2020
Stanislas LEMOR Chairman and Chief Executive Officer	357,758	222,000	19,603	7,746
Marc VETTARD Deputy Chief Executive Officer	285,055	178,000	2,898	6,103

⁽¹⁾ Paid in 2020 under the 2019 financial year.

REMUNERATIONS PAID TO OTHER COMPANY OFFICERS, NET OF SOCIAL SECURITY CONTRIBUTIONS, IN 2020 - DIRECTORS

In euros	Directors' remuneration 2020	Fixed remuneration 2020	Variable remuneration 2020 ⁽¹⁾	Exceptional remuneration 2020 ⁽²⁾	Benefits in kind 2020
Sophie BREUIL (Term of office began on 30 April 2020)	6,705				
Elisabeth DUCOTTET (Term of office ended 30 April 2020)	3,050				
Jean-Charles FROMAGE	9,006			50,000	
Alain GEORGES (Term of office ended 30 March 2020)	3,050	73,337 ⁽³⁾	9,768		849
Emmanuel HAU (Term of office ended 30 April 2020)	0				
Estelle HENSGEN-STOLLER	7,626	51,989	10,143		2,834
Bernard Jolivet	12,948			18,333	1,628
Jean-François LAURAIN	10,111				
Murielle LEMOINE	15,138				
Lucie MAUREL-AUBERT	6,101				
Dorothee PINEAU	7,626				
Dominique RAMBAUD	7,626	11,926			
Allianz Vie	5,271				
Atlantique Management, represented by Mr de COSNAC	10,524				

⁽¹⁾ Paid in 2020 under the 2019 financial year.

⁽²⁾ The Board of Directors allocated an exceptional remuneration to Messrs Fromage and Jolivet for assignments detailed in the "Agreements with Directors" section.

⁽³⁾ Of which contractual length-of-service awards payable on retirement: €54,720.

EQUITY RATIOS

In accordance with the provisions of Article L22-10-9, the table below presents the level of remuneration of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer compared with the average and median remuneration of STEF SA employees (excluding company officers) and the change in these ratios over the past five financial years.

		2020	2019	2018	2017	2016
Stanislas LEMOR Chairman and Chief Executive Officer	Remuneration compared to the average salary of STEF SA employees	9.5	7.4	6.4	5.6	5.8
	Remuneration compared to the median salary of STEF SA employees	12.5	9.4	8.2	7.0	7.3
Marc VETTARD Deputy Chief Executive Officer	Remuneration compared to the average salary of STEF SA employees	7.7	6.3	N/A	N/A	N/A
	Remuneration compared to the median salary of STEF SA employees	10.1	8.0	N/A	N/A	N/A

VARIABLE REMUNERATION FOR COMPANY OFFICERS, NET OF SOCIAL SECURITY CONTRIBUTIONS, UNDER THE 2020 FINANCIAL YEAR – PROPOSALS FOR APPROVAL AT THE SHAREHOLDERS' MEETING OF 29 APRIL 2021

Net variable remuneration under the 2020 financial year	In euros
Stanislas LEMOR Chairman and Chief Executive Officer	148,000
Mr Marc VETTARD Deputy Chief Executive Officer	117,000

This variable remuneration is set in accordance with the criteria set out in the "Remuneration policy for senior executives" section, pursuant to Article L.22-10-08 of the French Commercial Code and is subject to approval at the Group Shareholders' Meeting.

The Board of Directors, on the advice of the Remuneration and Appointments Committee, decided to propose that the Shareholders' Meeting approve the allocation of a variable bonus to the two senior executives corresponding to 60% of the target variable remuneration, which is a decrease of 35% compared to 2019. In its assessment, the Board of Directors took account of the exceptional and unusual nature of the 2020 financial year and valued the actions taken by both executives to maintain the Group's performance during the year and prepare for the recovery.

The information relating to senior executives appearing in the two tables above contains the elements enabling the Shareholders' Meeting to decide on approval of the remuneration relating to them (Art. L.22-10-34 of the French Commercial Code).

AGREEMENTS WITH DIRECTORS

Agreements were signed with Messrs Jolivet and Fromage.

The agreement signed with Mr Jolivet who was tasked with advising the Chairman, ended on 30 April 2020.

On 12 December 2019, the Board of Directors made Mr Fromage responsible for assisting the Board for a period of one year, in order to ensure the liquidation of one of the Group's subsidiaries and support the Executive Management with the Group's strategic development projects.

GENERAL INFORMATION

At 31 December 2020, the share capital amounted to €13,000,000, comprising 13,000,000 shares of a nominal value of €1, without modification during the financial year.

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT 31 DECEMBER 2020

9,586,986 shares have double voting rights under the provisions of Article 18 of the Company's articles of association.

	Shares	% capital	Theoretical voting rights	% theoretical voting rights	Exercisable voting rights (*)	% exercisable voting rights
Atlantique Management ⁽¹⁾	4,006,722	30.82%	8,005,419	35.45%	8,005,419	36.44%
FCPE STEF ⁽²⁾	2,304,357	17.73%	4,465,977	19.77%	4,465,977	20.33%
Société des Personnels de la Financière de l'Atlantique (S.P.F.A) ⁽¹⁾	1,296,578	9.97%	2,593,156	11.48%	2,593,156	11.81%
Union Économique et Financière (UEF) ⁽³⁾	981,345	7.55%	1,951,804	8.64%	1,951,804	8.89%
Société Européenne de Logistique du Froid ⁽⁴⁾	771,809	5.94%	1,543,618	6.83%	1,543,618	7.03%
Mr Francis LEMOR	60,187	0.46%	120,374	0.53%	120,374	0.55%
Sub-total – concerted action	9,420,998	72.47%	18,680,348	82.70%	18,680,348	85.05%
Treasury shares	623,404	4.80%	623,404	2.76%	0	0,00%
Others (shareholders owning less than 5% of the share capital)	2,955,598	22.73%	3,283,234	14.54%	3,283,234	14.95%
Total	13,000,000	100.00%	22,586,986	100.00%	21,963,582	100.00%

^(*)Excluding voting rights pertaining to shares without voting rights (treasury shares, etc.).

⁽¹⁾Limited company (SA) controlled by STEF senior executives and executives.

⁽²⁾The STEF FCPE is managed by Natixis Interépargne and brings together STEF employees.

⁽³⁾Limited company (SA) controlled by the Lemor family.

⁽⁴⁾SAS 70.8% owned by the company Union Économique et Financière with the remainder owned by STEF senior executives.

Thresholds exceeded during the financial year
None.

Statutory provisions on change in control

The Company's articles of association do not contain provisions that would delay, defer or impede a change of control.

Shareholders' Meeting attendance

Shareholders' attendance at shareholders' meetings is governed by the conditions established by law and the provisions of Articles 17 and 18 of the Company's articles of association. In accordance with this last article, a double voting right is awarded to shares registered in the name of the same shareholder for two years.

Delegations of power concerning increase of capital/Securities giving access to the share capital

None

Factors likely to have an influence in event of a public offer

The information in this "General Information" section is used to satisfy the provisions of Article L. 22-10-11 of the French Commercial Code relating to factors likely to have an influence in the event of a public offer.

LONG-TERM PROFIT-SHARING PLAN - PERFORMANCE SHARES

The Shareholders' Meeting of 2 May 2018 authorised the implementation of a new allocation plan for performance shares corresponding to 1.5% of the share capital. It assigned its authority to the Board of Directors to implement the decision for a new duration of 38 months. In this context, the Board of Directors allocated the following to Group employees:

- on 14 March 2019, a maximum number of 93,456 performance shares, representing 0.71% of the share capital;
- on 12 March 2020, a maximum number of 104,016 performance shares, representing 0.80% of the share capital;
- on 11 March 2021, a maximum number of 111,936 performance shares, representing 0.86% of the share capital.

The definitive acquisition of performance shares depends on achieving performance criteria based on the STEF Group's annual turnover and on the net profit attributable to STEF Group shareholders after tax. These two conditions are supplemented by a condition of presence in the Company from the date of granting by the Board of Directors. Senior executives must retain a minimum percentage of the shares acquired until the end of their term.

As a reminder, the Shareholders' Meeting of 18 May 2016 decided to award performance shares to employees and/or senior executives of the STEF Group for a maximum percentage of 1.5% of the capital. The Board of Directors implemented this decision and allocated the performance shares to the Group's employees as follows:

- 1 September 2016: 42,744, shares, representing 0.32% of the share capital; total number of shares acquired: 24,576, which is 57.5% of the maximum amount;
- 5 March 2017: 68,640, shares, representing 0.52% of the share capital; total number of shares acquired: 24,320, which is 35.4% of the maximum amount;
- 14 March 2018, a maximum number of 75,680 shares, representing 0.57% of the share capital.

It was proposed that the Shareholders' Meeting of 29 April 2021 authorised the implementation of a new allocation plan for performance shares corresponding to 1.5% of the share capital for a duration of 38 months.

SUMMARY OF PERFORMANCE SHARE PLAN AT 11/03/2021⁽¹³⁾

	"Performance 2017" Plan	"Performance 2018" Plan	"Performance 2019" Plan	"Performance 2020" Plan	"Performance 2021" Plan
Date of the Shareholders' Meeting	18/05/2016	18/05/2016	02/05/2018	02/05/2018	02/05/2018
Date of Board of Directors Meeting	16/03/2017	14/03/2018	14/03/2019	12/03/2020	11/03/2021
Maximum performance shares to be allocated	68,640	75,680	93,456	104,016	111,936
Performance shares actually allocated	24,320	16,720	35,307	0⁽¹⁴⁾	
Of which to senior executives to be allocated	7,488	7,920	8,448	8,448	8,448
actually allocated	2,880	1,100	3,464		
Effective acquisition date – French tax residents	01/04/2018	01/04/2019	01/04/2022	-	01/04/2024
End of vesting period - French tax residents	01/04/2020	01/04/2021	01/04/2022	-	01/04/2024
Effective acquisition date and end of vesting period – Non-French tax residents	01/04/2020	01/04/2021	01/04/2022	-	01/04/2024
Total number of shares having been acquired	24,320	13,310	0	-	0
Number of beneficiaries at original grant date	80	88	94	106	115
Number of beneficiaries at 11/03/2021	73	79	84	None	115
Number of invalid shares	44,320	58,960	58,149	104,016	None
Remaining performance shares allocated	0	3,410	35,307	None	111,936

⁽¹³⁾Reporting date of the management report by the Board of Directors.

⁽¹⁴⁾No performance shares have been allocated under the 2020 Plan, as the awarding criteria were not met for the financial year.

ACQUISITION OF TREASURY SHARES BY THE COMPANY IN 2020

Use of treasury shares	Annual accounts at 31/12/2020	Shares acquired in 2020	Shares sold in 2020	Shares transferred in 2020	Annual accounts at 31/12/2020
Supporting the share price through a liquidity contract	9,132	52,969	- 53,743		8,358
Hedging of shares allocated to employees as part of the company savings plan	24,094			- 8,097 ⁽¹⁾	15,997
Hedging of the allocation plan for the performance share plan (article L225-197-1 of the French Commercial Code)	53,818			- 4,640 ⁽²⁾	49,178
Shares used for payment or exchange as part of an acquisition	549,871				549,871
Total	636,915	52,969	- 53,743	- 12,737	623,404

⁽¹⁾ Allocation of shares to employees as part of the company savings plan.

⁽²⁾ Allocation to the beneficiaries of the performance share plan.

2020 SHARE REPURCHASING PLAN

In the 2020 financial year, there were two share repurchasing plans.

With a maximum term of 18 months, they were communicated in accordance with Article 241-2 of the AMF's General Regulations:

- Shareholders' Meeting of 30 April 2019 – 18th resolution – maximum purchase price: €100 – maximum share of the share capital to be acquired: 10%.
- Shareholders' Meeting of 30 April 2020 – 17th resolution – maximum purchase price: €100 – maximum share of the share capital to be acquired: 10%.

Transactions can be performed at any time, even when a public tender is underway, subject to the applicable regulations.

LIQUIDITY CONTRACT

A liquidity contract concerning Euronext Paris was entrusted to the stock exchange company Gilbert Dupont.

This contract complies with the Ethics Charter established by the French association of investment companies and approved by the AMF decision of 22 March 2005.

At 31 December 2020, the balance of treasury shares under the liquidity contract stood at 8,358 shares.

SHARE PRICE

Between 2 January and 31 December 2020, the share price ranged from a €57.20 low and a €85.10 high.

Over the same period, the daily average number of shares exchanged was 2,887, for an annual average share price of €71.58.

RISK FACTORS

The Company has regularly reviewed the risks that may have a significant adverse effect on its business, its financial situation or its results and considers, to the best of its knowledge, that there are no other significant risks or risks that may have such an effect, other than those presented.

2020 was marked by an unprecedented health crisis which caused economic and financial upheavals in all countries of the world and which changed the perception of risks in companies. The STEF Group was no exception to this rule.

RISKS ASSOCIATED WITH GROUP ACTIVITIES

Risks related to the Covid-19 pandemic

STEF adapted to the worsening situation in 2020 to ensure the continuity of operations and meet its customers' requirements. The Group was able to continue its operations and withstand the crisis without compromising its medium-term prospects.

Due to the tools implemented and the rapid adaptation of its operating methods (Group crisis unit responsible for employee prevention and protection policies, health prevention campaigns, protective equipment, remote working for support functions, mobility of the managerial organisation), it was possible to continue operations and the food supply chain remained intact.

Health risk

STEF's Health Control Plan (HCP) describes the measures taken to ensure the health and safety of the Group's activities regarding potential biological, physical and chemical risks. The HCP is part of the European "Hygiene Package" regulation. In applying this regulation, STEF has implemented measures to control this risk through its HCP: "good hygiene practices", procedures based on HACCP (system of identifying, evaluating and managing significant hazards with regard to food safety) as well as traceability and non-compliant product management procedures.

The Health and Safety Division is responsible for standardising the procedures across the entire Group. It played a central role in the Covid-19 epidemic risk management unit set up in 2020 to define the information, prevention and protection policies for employees.

Information systems risks

Due to its dependence on information flows, which constantly circulate and their necessary security, the safeguarding and security of data are a priority. This is why the Group has a centre of expertise dedicated to information systems, STEF Information et Technologies, in the organisation. Data security and its rapid recovery in the event of an incident affecting the central units and ensuring inviolability of information systems is a key ongoing component of customer relations. In 2020, the Group migrated its outsourced transport, logistics and "decision-making" applications to a new operator. The Group's physical infrastructures (servers, storage units, backup system) were updated and now meet the highest standards required. Cybercrime risks are taken into consideration and STEF Information et Technologies, working with specialist firms, tests the resilience of the resources implemented against the risk of intrusion.

Risk of destruction of operating facilities

The backbone of the Group's business is perishable goods and products that must comply with norms of temperature and date. It is thus exposed to the risk of destruction of operating facilities and that of a break in the cold chain with consequences on the consigned goods.

To offset these risks and limit the damage of such an issue, the Group's organisation and national network of facilities enable it to manage, quickly, the eventuality of not being able to use one or more of its operating facilities at short notice. At Group level, the risks are limited, because of the number of warehouses and platforms in operation, which enable the Group to transfer the consignments affected by the damage to another site quickly.

The Group Business Unit is responsible for planning and implementing measures to ensure business continuity (Business Continuity Plans) in the event of risks arising from climate, labour disputes or accidents.

STEF has implemented a structured maintenance programme and invests each year in making these sites safe, thus reducing the risks of any such an event occurring as far as possible and limiting the damage thereof. A dedicated department is responsible for these actions and a standardised prevention policy for property risks has been deployed based on evaluation tools and following recommendations.

Risk of a break in the cold chain

The Group has implemented security and control procedures for the cold chain. The Group's facilities are equipped with temperature recording systems when operating, and remote-monitoring systems when not operating.

Risks related to the effects of climate change

The Group's Sustainable Development policy is described in the "Declaration of extra-financial Performance", buildings and vehicles.

The policy implemented by the Group is based on controlling the energy consumed by its operating facilities, and using operational practices intended to improve the economic and environmental performance of activities. This is fully consistent with the policies of different States, so as to anticipate any developments. In January 2021, STEF's Board of Directors validated the Group's Sustainable Development policy for the next 10 years, "Climate Commitments 2030".

Road risk

Road risk is inherent in the transport business and STEF has made road safety a priority.

Road risk is controlled through a safety training plan (outside compulsory training) which in 2020 amounted to 5,985 hours⁽¹⁵⁾ for 1,256 trained drivers and 24 specialist road safety trainers.

Furthermore, the deployment of the specific prevention plan has led to a regular improvement in the number of road accidents. Actions are managed and coordinated by a "national road risk advisor" who relies on a regional network of Road risk prevention correspondents.

Macro-economic risks related to the economic situation in certain geographical areas

The economic situation in some countries could be reflected by a fall in the turnover and profitability of the relevant subsidiaries. In order to limit its exposure to these macro-economic risks, STEF is focusing its strategy on creating a balance between its main business units on the one hand, and on the other hand, diversifying its customer portfolio between the sectors (industrial producers, retail, wholesalers and out-of-home foodservices) and key accounts and mid-market companies.

Compliance with environmental standards

Compliance with the environmental standards in force for each activity and in each operating country is an essential criterion in the managerial choices. The centralisation of technical resources, real estate and processes guarantees compliance with these regulations across the entire Group. An ongoing dialogue with all stakeholders ensures that the activities are properly integrated into the regulatory ecosystem on which they depend and is used to anticipate developments.

In France, capital investment projects are examined to ensure compliance with the regulation specific to facilities classified for environmental protection (ICPE). Environmental impacts are taken into account in accordance with the recommendations of the "sustainable logistics platform" AFILOG Charter and the High Environmental Quality (HEQ) guidelines specific to refrigerated storage.

Insurance and risk hedging

By taking out real estate/business interruption and public liability insurance, the Group has the best cover for the responsibilities it undertakes. A prudent policy in terms of insurance cover and excesses, reviewed periodically in view of changes in the market and Group growth, together with a proactive prevention and training policy, reduces the exposure to the consequences of any large loss.

Maritime - Services to Corsica

In 2020, La Méridionale was party to a Public Service Concession (PSC) for the delivery of maritime services to Corsica concluded with the Corsican Authorities with activity limited to the two ports of Propriano and Porto-Vecchio. This situation created a strong financial imbalance with repercussions on the Group's performance. For 2021, the improvement in the results is based on two areas:

- the recent awarding of a new PSC of 22 months which will begin in March 2021 with two vessels that will be allocated to serve the port of Ajaccio in partnership with Corsica Linéa, and the port of Propriano;
- the opening of a freight and passenger maritime route between Marseille and Tangier using two vessels, the Girolata and the Pelagos, which have been making weekly journeys since December 2020.

⁽¹⁵⁾ The number of training hours was reduced by 40% compared to 2019 due to the health restrictions linked to the pandemic.

MARKET RISKS

Liquidity risk

The Group's cash needs are provided mainly by:

- credit lines at parent company level: at 31 December 2020, STEF had 13 confirmed medium-term credit lines, totalling €247 million. At 31 December 2020, up to €67.5 million had been drawn down. The applicable interest rate on these credit lines was that of the day of the drawdown;
- the issuing of negotiable debt securities over terms ranging from a few days to one year. These debt securities, commonly called "NEU CP" (Negotiable EUropean Commercial Paper) amounted to €277 million at 31 December 2020.

STEF also has spot loans totalling €14 million, unused at 31 December 2020 and overdraft agreements, with no agreed expiry dates, totalling €164 million, of which €47 million was used at 31 December 2020. The current cash needs of the subsidiaries are provided mainly by the parent company through a European centralised cash management agreement.

Confirmed, unused credit lines and available overdrafts and spot loans, together with effective cash flow planning, ensure that the Group has excellent control of its liquidity risk.

Some lines and loans are supported by commitments from the Group, including compliance with financial ratios. The main ratios are as follows: EBITDA / Net financial expenses higher than 6 or 6.5 and Net Debt / Equity less than 2. At this date, the Group met all commitments attached to the funding available to it.

The Company conducted a specific review of its liquidity risk and considers itself able to meet its future maturities.

Interest rate risk

The Group's policy is to maintain a balance between the share of its fixed rate and variable rate debt. This strategy should enable the Group to take advantage of the current low interest rates while limiting the risks from any future rate rise.

At 31 December 2020, the floating rate debt component, after hedging, represented 43% of the Group's gross financial debt. The details of the Group's exposure to interest rate risk are presented in note 26.2 of the notes to the consolidated financial statements.

The Group's objective as regards interest rate risk management is to use micro-hedging for long-term debt, either by setting up new finance contracts at fixed rates or by concluding hedging instruments when new finance contracts at variable rates are signed. This policy should enable the Group to improve its hedging against interest rate risk and comply with its accounting obligations.

Exchange rate risk

Most of the flows outside the Eurozone concern Switzerland, where the business represents a small part of the Group's turnover. In this scope, the income and associated costs are accounted for in Swiss francs, which limits the impact of a change in the €/CHF exchange rate on the Group's results.

Customer credit risk

The policy for depreciation of trade account receivables at STEF is as follows: receivables considered as bad debts, using a legal or financial approach, are depreciated for the entire amount deemed to be non-recoverable. Receivables judged to be at issue, or uncertain, particularly all receivables older than 6 months which are not included in the previous category, are subject to depreciation for the total amount excluding taxes.

Furthermore, for the transport business, the "direct action" mechanism of the transport company with regards the shipper and/or final consignee of the goods, and more generally, the right of retention over the goods, considerably reduce the risk of non-recovery of trade receivables.

Finally, the Group has credit insurance with a well-known partner covering all its activities and no customer accounts for more than 5% of the Group's turnover, which limits the risk that the bankruptcy of one customer could have a significant impact on the Group's profit.

Diesel risk

As a large consumer of diesel for its activities, STEF is exposed to changes in the price of this fuel. In France, a regulatory scheme is used to pass on variations in the price of fuel to customers, at the bottom of the invoice, thus greatly limiting the residual exposure to this risk. Therefore, the use of hedging instruments is not a priority at this stage.

RISK OF FAILURE OF THE INTERNAL CONTROL SYSTEM

The Group's internal control system is designed to improve control of activities and effectiveness of its operations. Like any control system, the internal control system, as comprehensive as it is, can only give reasonable assurance and not an absolute guarantee that the risks to which the Group is exposed have been completely removed. For 2020, the audits carried out did not reveal any failure of the internal control system which could result in substantial risks.

PROCEDURES, TAX AUDITS AND DISPUTES

To the Company's knowledge, there are no governmental, legal or arbitration proceedings, including any proceedings of which the Company is aware, which are unresolved or with which it is threatened, liable to have or which have had a material impact on the financial position or profitability of the Company and/or Group over the last twelve months. The evaluation of the provisions recorded at the reporting dates for the accounts is considered relevant by the Company.

INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The processing of the accounting and financial information is structured as follows.

The Financial Division is responsible for producing and ensuring the reliability of accounting, taxation and financial information, managing financial risks, the Group's financing policy and monitoring objectives through the budgetary process. Group accounting is placed under the auspices of the Financial Division.

The accounting function for the whole Group is provided by a dedicated company, STEF-TFE Services, which prepares the individual financial statements for the French companies and draws up the Group's consolidated financial statements. This division is responsible for structuring and standardising the accounting treatment of transactions and meeting the requirements relating to the application of IFRS and legislative and regulatory developments.

The organisation in place is based on regional accounting centres run by accountants who perform the tasks to prepare the financial statements for the companies in their scope. These regional accounting centres ensure that a good separation of tasks is maintained. This Group-wide organisation strengthens the independence of the accounting function in relation to the operational divisions.

The Group's Accounting Division draws up directives through procedures and working groups. It consolidates the Group's accounts. It collects and controls the information from all the companies then performs the adjustments and finally, prepares the consolidated financial statements.

The Group's Accounting Division handles all the tax obligations to be declared in association with the Group's Taxation Division. This organisation is used specifically to satisfy the provisions of Article L22-10-36 of the French Commercial Code relating to combating corruption and tax evasion.

The Group's Taxation Division also monitors the regulatory development and ensures compliance with the applicable rules in the countries where the Group operates.

The consolidation team also monitors any developments to IFRS and distributes procedures and instructions to accounting managers to ensure the consistency of the consolidated whole.

Each administrative and regional accounting manager, together with the audit department, verifies that, within the scope of their regional action, the organisation meets the expected safety and quality requirements for financial information.

Through the consolidation software (SAP), the audit department has permanent access to all accounting entries made in the branches and subsidiaries. It can then examine all the accounting entries and carry out any consistency checks.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED TURNOVER	91
CONSOLIDATED INCOME	93
CHANGE IN THE SCOPE OF THE GROUP	94
CONSOLIDATED INCOME STATEMENT	95
CONSOLIDATED BALANCE SHEET	97
CHANGES IN CONSOLIDATED EQUITY	98

CASH FLOW STATEMENT	99
---------------------	----

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	100
---	-----

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	152
---	-----

ANNUAL FINANCIAL STATEMENTS

PARENT COMPANY RESULTS	156
------------------------	-----

CONSOLIDATED FINANCIAL STATEMENTS

2020



Consolidated financial statements

(in millions of euros)

Annual turnover	2019	2020	Change
Group's operations	3,035	2,838	-6.5%
Third party sales (*)	406	307	-24.4%
Group's total turnover	3,441	3,145	-8.6%

(*)Third party sales represent the turnover from trading transactions for catering logistics customers and appear under "purchase of goods".

The Group's turnover fell to €3,145 million (-8.6% compared to 2019 and -8.8% at comparable scope).

The reduction in turnover was due mainly to the health and economic crisis related to the Covid-19 pandemic which affected all operations, especially the maritime business and out-of-home foodservices, chilled consignments and seafood and did so in all the Group's operating countries.

The effect on the scope is of little significance in 2020. It consists of a full-year effect of the acquisitions made in 2019: Netko (now STEF Raalte) for €1.4 million and Dyad for €5.7 million. The Nagel Group's operations in Italy and Belgium acquired on 31 December 2020, will only take effect in the Group's income statement from 2021.

Business segments	Turnover		Operating profit	
	2019	2020	2019	2020
STEF France	2,055	1,946	127.5	113.6
STEF International	860	815	39.2	29.5
Maritime	94	57	(6.2)	(26.3)
Other activities	432	327	2.3	0.1
Total	3,441	3,145	162.9	116.9

STEF FRANCE

All France activities were down over the period, except for the Retail BU, where operations were dynamic due to the development of e-commerce and the recovery of traditional distribution channels which benefited from the abandonment of out-of-home channels. The reduction in turnover was more marked in the areas most impacted by the health crisis, the out-of-home foodservices and seafood BUs.

INTERNATIONAL ACTIVITIES

International activities followed the same trend as in France and contracted over the period, with the exception of Switzerland which enjoyed a more favourable environment and new business contracts.

MARITIME

2020 was marked by:

- the loss of the service from to the ports of Ajaccio and Bastia, which took effect from 1 October 2019 and which affected its activity and profitability;
- the effects of the Covid-19 crisis with the health restrictions in terms of the movement of passengers and freight.

Income

(in millions of euros)

	2019	2020	Change (in %)
Turnover	3,441.0	3,145.0	-8.6
Operating profit	162.9	116.9	-28.2
Financial results	(8.7)	(7.5)	
Profit before tax	154.1	109.4	-29.0
Tax expense	(55.4)	(42.2)	
Share in net profit (loss) of companies accounted for by the equity method	1.5	5.2	
Net profit	100.2	72.4	-27.8
- of which attributable to Group shareholders	100.3	72.8	-27.5
- of which profit attributable to minorities	(0.2)	(0.4)	
Earnings per share in euros (basic)	8.12	5.88	-27.6
Earnings per share in euros (diluted)	8.10	5.86	-27.6

The Group's operating profit was affected by the health and economic crisis due to the fall in the volume of business but also the additional operating costs resulting from the disruption to flows and the additional resources implemented to manage the crisis.

The operating margin amounted to 4.1% of turnover (excluding third party trading activity) compared to 5.4% in 2019.

The Group's financial cost was down, as a result of the continued fall in rates.

Associated companies generally performed well over the period and benefited from the positive contribution of Primever.

Based on the preceding items, net profit attributable to Group shareholders fell 27.5% compared to 2019.

In 2020, the Group continued its investments for a total net amount of €233 million compared with €159 million in 2019, including in particular the acquisition of the Pelagos vessel and the acquisition of the Nagel Group's operations in Italy and Belgium.

Gearing stood at 1.11 at 31 December 2020 (it was 1.08 at the end of December 2019).

Change in scope – acquisitions of shareholdings in 2020

Acquisitions, start-ups, disposals

France

- In February: acquisition of 49% of the company Logistique Alimentaire Internationale (LIA).
- In March: participation in the capital increase of Primever. Following this operation, the percentage holding in this entity fell from 49% to 40%.

Italy

- In July: creation of the company Med'Sealog in partnership with Mediterranea Trasporti. The Group holds 40% of this entity.
- In December: acquisition of 100% of the company Nagel Italia S.r.l. (now STEF Nogarole S.r.l.).

Belgium

- In December: acquisition of 100% of the company Nagel Belgium BVBA (now STEF Transport Nazareth).

Internal restructuring

France

- Universal Transfer of Assets of the company SCI BV 18 to the company IMMOSTEF.

Italy

- Merger of STEF Trento and SLF Sicilia into the company STEF Italia SPA.
- Merger of Orlando Marconi Trasporti (OMT) into the company STEF Frozen.

Important events occurring between the balance sheet date and the date of this report

- As part of the acquisition of the Nagel Group's operations in Italy and Belgium on 31 December 2020, the Group finalised the acquisition of Nagel in the Netherlands which will take place in July 2021.
- In February 2021, the new 22-month Public Service Concession (1 March 2021 to 31 December 2022) was awarded to La Méridionale and Corsica Linéa by the Corsican Assembly. La Méridionale will be positioned on the Propriano line and, jointly with Corsica Linéa, on the Ajaccio line.

Consolidated income statement

(in thousands of euros)

	note	2020 financial year	2019 financial year
Turnover	5	3,145,040	3,441,023
Purchases from third parties	6	(1,873,533)	(2,147,693)
Taxes and related expenses		(65,079)	(66,992)
Payroll expenses	7	(903,899)	(902,779)
Depreciation and amortisation	8	(174,270)	(168,698)
(Net charges to) net reversals of provisions	9	(4,618)	1,818
Other operating income and expenses	10	(6,738)	6,178
Operating profit		116,903	162,857
Financial expenses		(8,577)	(9,399)
Financial income		1,040	680
Financial results	12	(7,537)	(8,719)
Profit before tax		109,366	154,138
Tax expense	13	(42,161)	(55,445)
Share in net profit of companies accounted for by the equity method	16	5,156	1,468
Profit for the period		72,361	100,161
- of which attributable to Group shareholders		72,767	100,332
- of which profit attributable to minorities		(407)	(171)
EBITDA	12	303,333	324,139
Earnings per share:		(in euros)	(in euros)
- basic earnings per share	21.3	5.88	8.12
- diluted	21.3	5.86	8.10

Consolidated comprehensive income statement

(in thousands of euros)

	note	2020 financial year	2019 financial year
Profit for the period		72,361	100,161
Actuarial gains and losses on pension plans	22.3	1,536	(9,711)
Tax expense on non-recyclable items		(445)	2,976
Other items of comprehensive income, net of income tax which are not subsequently reclassified into income		1,091	(6,735)
Unrealised foreign exchange gains or losses from activities abroad		119	994
Effective portion of change in fair value of cash flow hedging derivatives		583	(730)
Tax expense on recyclable items		8	685
Other items of comprehensive income, net of income tax which are subsequently reclassified into income		710	949
Comprehensive income for the period		74,161	94,375
- of which attributable to Group shareholders		74,563	94,546
- of which profit attributable to minorities		(402)	(171)

Consolidated balance sheet

(in thousands of euros)

Assets	note	31 December 2020	31 December 2019
Non-current assets			
Goodwill	14.1	206,177	203,824
Other intangible assets	14.1	13,779	18,081
Tangible fixed assets	14.2	1,303,673	1,202,826
Right of use under leases	14.3	222,792	244,964
Non-current financial assets	15	39,889	31,057
Investments in associated companies	16	48,583	28,824
Deferred tax assets	13.2	8,502	6,037
Total non-current assets		1,843,394	1,735,613
Current assets			
Inventories and work in progress	17	81,153	74,250
Customers	18	510,514	533,150
Other receivables and current financial assets	19	140,109	140,547
Current tax assets		10,520	649
Cash and cash equivalents	20	54,413	61,199
Total current assets		796,709	809,796
Total assets		2,640,103	2,545,410
Liabilities			
Equity			
Share capital	20	13,000	13,000
Share premium account		0	0
Reserves		803,914	746,266
Equity, Group share		816,914	759,266
Minority interests		863	1,478
Total equity		817,776	760,743
Non-current liabilities			
Non-current provisions	22/23	47,829	46,585
Deferred tax liabilities	13.2	21,130	16,188
Non-current financial liabilities	24	362,111	326,535
Non-current lease obligations	24	159,244	164,280
Total non-current liabilities		590,314	553,588
Current liabilities			
Trade accounts payable		461,047	477,448
Current provisions	22/23	15,915	17,229
Other current liabilities	25	316,832	336,737
Current tax liabilities		363	4,929
Current financial liabilities	24	380,855	339,758
Current lease obligations	24	57,002	54,977
Total current liabilities		1,232,013	1,231,078
Total liabilities		2,640,103	2,545,410

Changes in consolidated equity

(in thousands of euros)

	Share capital	Share premium account	Consolidated reserves	Translation reserves	Treasury shares	Fair value reserve	Equity attributable to equity shareholders of the parent company STEF	Minority interests	Total equity
Equity at 31 December 2018	13,166	0	725,372	(738)	(40,538)	(4,122)	693,140	1,894	695,034
Dividends paid			(30,870)				(30,870)	(71)	(30,941)
Acquisition and disposal of treasury shares					918		918		918
Other share transactions	(166)		1,532		166		1,532		1,532
Transactions with minority interests								(174)	(174)
Total transactions with shareholders	(166)	0	(29,338)	0	1,084	0	(28,420)	(246)	(28,666)
Comprehensive income for the period			93,597	994		(45)	94,546	(171)	94,375
Equity at 31 December 2019	13,000	0	789,631	256	(39,454)	(4,167)	759,266	1,478	760,743
Dividends paid			(18,563)				(18,563)		(18,563)
Acquisition and disposal of treasury shares					617		617		617
Other share transactions			1,163		(86)		1,077	13	1,090
Transactions with minority interests			(46)				(46)	(226)	(272)
Total transactions with shareholders	0	0	(17,446)	0	531	0	(16,915)	(213)	(17,128)
Comprehensive income for the period	0	0	73,861	119		582	74,563	(402)	74,161
Equity at 31 December 2020	13,000	0	846,046	375	(38,923)	(3,585)	816,914	863	817,776

Cash flow statement

(in thousands of euros)

	note	2020 financial year	2019 financial year
Profit for the period		72,361	100,161
+/- Net depreciation, amortisation, impairment of non-current assets and provisions	28.2	186,666	161,871
+/- Gains or losses from the sale of non-current assets		(518)	(1,697)
+/- Share in net profit (loss) of associated companies	16	(5,156)	(1,468)
+/- Change in market value of derivatives	12	(120)	(141)
+/- Other expenses and income, generating no change in cash		(798)	134
- Deferred tax	13.1	3,280	(4,392)
Cash flow from operations (A)		255,714	254,468
Cancellation of the tax expense (income)	28.1	38,881	59,837
Taxes paid	28.1	(49,064)	(52,861)
Changes in the other items of the WC	28.1	(24,080)	3,686
+/- Change in working capital (B)		(34,263)	10,662
Net cash from operating activities (C) = (A+B)		221,452	265,129
- Cash used in acquiring intangible assets	28.1	(3,263)	(3,891)
- Cash used in acquiring tangible fixed assets	28.1	(204,864)	(150,544)
+/- Change in granted loans and advances, financial assets		(6,425)	917
-/+ Proceeds and cash used in the acquisition and sale of subsidiaries net of acquired cash	3.2.1.B	(32,353)	(20,356)
+ Proceeds from sale of tangible and intangible fixed assets		12,602	13,021
+ Dividends received from associated companies		1,199	1,431
Net cash from investment activities (D)		(233,104)	(159,423)
+/- Acquisition and disposal of treasury shares		(172)	354
- Dividends paid to STEF owners		(18,563)	(30,870)
- Dividends paid to minority shareholders		0	0
+ Proceeds from new borrowings	24.3	110,306	90,709
- Repayment of borrowings and lease obligations	24.3	(111,281)	(172,144)
Net cash from financing activities (E)		(19,710)	(111,951)
Net cash position at beginning of period		38,749	44,993
Net cash position at end of period	20	7,387	38,749
= Change in net cash position (C+D+E)		(31,362)	(6,244)

Notes to the consolidated financial statements at 31 December 2020

Note 1	Accounting policies	101
Note 2	Covid-19 Pandemic	103
Note 3	Scope of consolidation	103
Note 4	Segment information	107
Note 5	Income from ordinary activities	109
Note 6	Purchases from third parties	109
Note 7	Payroll expenses	110
Note 8	Depreciation and amortisation	111
Note 9	Charges net of reversals to provisions	111
Note 10	Other operating income and expenses	111
Note 11	EBITDA	112
Note 12	Financial income	112
Note 13	Income tax	113
Note 14	Intangible and tangible fixed assets	116
Note 15	Non-current financial assets	123
Note 16	Investments in associated companies	123
Note 17	Inventories	124
Note 18	Customers	125
Note 19	Other receivables and current financial assets	125
Note 20	Cash and cash equivalents	126
Note 21	Equity and earnings per share	126
Note 22	Staff benefits	127
Note 23	Provisions	131
Note 24	Financial liabilities	132
Note 25	Other current liabilities	135
Note 26	Financial risk management	135
Note 27	Operations with related parties	140
Note 28	Link between the cash flow statement and the notes to the financial statements	141
Note 29	Statutory Auditor's fees	142
Note 30	Off-balance sheet commitments	143
Note 31	Contingent liabilities	143
Note 32	Events subsequent to year-end closing	143
Note 33	List of consolidated companies	144

Introduction

The main activities conducted by STEF and its subsidiaries (hereinafter referred to as STEF or the Group) are temperature-controlled road transport and logistics as well as maritime transport.

The parent company, STEF SA, is a company incorporated under the laws of France, having its registered office at 93 boulevard Maiesherbes – 75008 Paris, and with its shares listed on the NYSE Euronext Paris' B compartment.

The STEF Group's consolidated financial statements for the financial year ending on 31 December 2020 were approved by the Board of Directors on 11 March 2021. They shall be subject to shareholders' approval at the Shareholders' Meeting on 29 April 2021. Unless otherwise specified, the consolidated financial statements are presented in euros which is the functional currency of STEF, rounded to the nearest thousand.

NOTE 1

Accounting policies

1.1

Accounting standards

The consolidated financial statements for the financial year ended 31 December 2020 for the company STEF have been prepared in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union and applicable for the financial year ending 31 December 2020. These accounting policies are consistent with those used in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2019.

The consolidated financial statements are prepared using the historical cost method, except for derivatives and financial assets classified at fair value through OCI (Other Comprehensive Income) and cash equivalents, which are accounted for at fair value in profit and loss.

The application over the period of the following new standards and interpretations did not have a significant effect on the consolidated financial statements at 31 December 2020:

- amendment of IFRS 9, IAS 39 and IFRS 7: interest rate benchmark
- amendment of IFRS 16: Covid-19 - Leases
- amendment of IFRS 3: definition of a business
- amendment of IAS 1 and IAS 8: definition of material
- amendments to the References to the conceptual framework in IFRS standards

Furthermore, the Group has not opted to apply the following standards and interpretations for which application is mandatory after 31 December 2020:

- IFRS 17: insurance contracts
- amendment of IAS 1: classification of liabilities as current or non-current
- amendment of IFRS 3: business combination
- amendment of IAS 37: provisions, contingent liabilities and contingent assets
- amendment of IAS 16: tangible fixed assets

The potential impact of the standards not applicable at 31 December 2020 on the consolidated financial statements are currently being analysed. At this stage, the Group does not expect any material impact on its consolidated financial statements.

1.2

Use of estimates and assumptions

The preparation of financial statements according to IFRS standards requires the management to make estimates for the financial year concerned and to make assumptions that have an impact on the application of the accounting methods, on the amounts recorded for certain assets, liabilities, income and expenses as well as on certain information provided in the notes attached to the financial statements. The estimates and assumptions made are those that the management considers as being the most relevant and achievable, in view of the Group's environment and available feedback.

Because of the uncertain nature inherent in these estimates, the final amounts may be different from those originally estimated. To limit these uncertainties, the estimates and assumptions are periodically reviewed and the changes are accounted for immediately.

The use of estimates and assumptions is of particular importance in the following areas:

- determination of the periods of use of non-current assets (notes 14.1 and 14.2)
- determination of lease terms (note 14.3)
- determination of the recoverable amount of non-current non-financial assets (note 14.4)
- valuation of identifiable assets and liabilities acquired as part of business combinations
- valuation of staff benefits (note 22)
- evaluation of the provisions for risk and expenses (note 23)
- recognition of deferred tax assets (note 13)

1.3

Presentation options

The Group has chosen to present, by nature, the operating expenses in the income statement.

The costs of the defined benefit pension plan for the financial year are included in the operating expenses for the total amount including the financial component.

The "other operating income and expenses" include capital gains and losses on disposals of non-current assets, impairments of non-current assets and the operating income and expenses of significant amounts related to unusual events or operations and which are likely to affect the comparability of the financial years.

Net foreign exchange gains and losses are presented in financial income (net gain) or in financial expenses (net loss).

Cash flows generated by the activity are presented in the cash flow statement, using the indirect method.

1.4

Non-accounting indicators

The Group presents the following performance indicators in its financial statements:

EBITDA: this indicator is equal to the operating profit before depreciation and amortisation of fixed assets, impairment of fixed assets including the loss in value of intangible items, allocations to/(reversals of) provisions and negative goodwill.

Net debt: this indicator is equal to the total current and non-current financial liabilities (including current and non-current lease obligations), less cash and cash equivalents.

Note 2

Covid-19 Pandemic

Since the start of the COVID-19 epidemic, the STEF Group has implemented specific business continuity plans in France and in other European countries so that it can maintain its activities and deliver food to supply communities. This health crisis, and the on-site measures implemented in response to it, have however affected all the Group's operations, with the exception of retail activities, and this applies in all the Group's operating countries.

The Group launched a plan to adapt its operating costs and adjust its costs to the fall in activity (including implementing partial unemployment measures), without however compromising the continuity of the Group's service or its medium- and long-term development.

All the impacts related to the Covid-19 epidemic, and particularly the costs associated with health measures (purchase of hand sanitiser, masks, improved disinfection measures of premises and rolling stock, etc.) are considered as current expenses and affect the operating profit. They are presented under the relevant items and do not affect the other operating income and expenses.

The Group has opted not to use the exceptional guaranteed loan mechanisms offered by the French Government as a way out of the crisis. However, the Group has benefited from the furlough measures implemented in most of its operating countries, mostly during the first half of 2020.

The Group conducted the annual impairment test on its Cash Generating Units (CGU) by applying the same method as that used in previous financial years (cf. Note 14.4). Any impairments are recorded on the "other operating income and expenses" line of the consolidated income statement in accordance with accounting policies (cf. Note 1.3). The Group notes that the Covid-19 crisis does not have a lasting impact on the recoverable value of its CGU.

In terms of the Group's exposure to customer credit risk, notwithstanding the increased monitoring of exposure, the depreciation rates applied given the expected losses did not change significantly during 2020.

Finally, the Group has sufficient liquidity, for a total of approximately €365 million including cash and cash equivalents and unused credit lines and available overdrafts enabling it to finance its future operations and investments.

Note 3

Scope of consolidation

3.1

Rules and consolidation methods

A. Subsidiaries

The accounts of subsidiaries controlled by the parent are consolidated according to the method of full consolidation. STEF has control of a subsidiary when it has, either directly or indirectly, the right to make decisions on the subsidiary's operations and finances with the aim of benefiting from the subsidiary's activities. STEF is assumed to have control when it has, directly or indirectly, power over the subsidiary and is exposed or entitled to variable returns due to its involvement with the subsidiary. STEF also has the ability to exercise its power over the subsidiary in order to influence the amount of any returns it receives. The appreciation of the existence of control is based on the voting rights that the Group has. The subsidiary's consolidation into the Group's accounts begins from the date on which control is obtained and ends when the control ends.

B. Associated companies

The companies jointly controlled by or in which the Group has significant influence but not control are consolidated under the equity method. The Group is assumed to have significant influence when it owns, directly or indirectly, at least 20% of a company's voting rights. A company's consolidation into the Group's accounts under the equity method begins when the significant influence is obtained and ends when the significant influence ends.

C. Cancellation of intra-group transactions and profit

Receivables, liabilities and transactions between consolidated entities are fully cancelled. Intra-group profits realised on the sale of assets are also cancelled, as are intra-group losses. The existence of intra-group losses is an indication of depreciation.

Internal profits and losses between the Group and associated companies are cancelled in proportion of the percentage of the Group's shareholding in these companies.

D. Business combinations

The acquisitions of subsidiaries and shares in associated companies are accounted for under the acquisition method.

During the transition to IFRS, the Group chose to not restate business combinations prior to 1 January 2004. For these business combinations, the goodwill corresponds to the amounts recognised according to the Group's prior accounting standards.

Goodwill on acquisitions after 1 January 2004 are equal to the difference, on the acquisition date, between the acquisition cost and the acquired share of the fair value of assets, liabilities and contingent liabilities.

The Group calculates goodwill on the date of acquisition as follows:

- the fair value of the payment made for the investment, plus
- any minority interest in the acquired company; plus, if the acquisition is made in stages, the fair value of any shareholding previously owned in the company, less
- the net amount recorded at fair value of the difference between the assets, liabilities and contingent liabilities.

When the difference is negative, the gain is taken directly to profit and loss.

Goodwill is valued subsequently at acquisition cost, less total impairments. Goodwill is subject to impairment tests when there is any indication of impairment in value and at least once a year (cf. Note 14.4).

E. Acquisition of minority interests

The acquisition of minority interests are accounted for as transactions with owners in their capacity as owners and, as such, no goodwill arises.

Adjustments to minority interests are determined on the percentage of the subsidiary's net assets attributable to equity holders of the parent STEF SA.

F. Currency translation

Accounts receivable and accounts payable denominated in foreign currencies are translated at the applicable exchange rates at the balance sheet date. The corresponding exchange rate changes are recorded in profit and loss, except for those relating to receivables and payables which belong, in substance, to net investments in foreign subsidiaries and that are recognised in other comprehensive income.

The assets and liabilities of foreign subsidiaries whose functional currencies are not the euro are translated at the applicable exchange rate at the balance sheet date. Income and expenses are translated at the period's average exchange rate, which, provided there are no significant exchange rate changes, is taken as being close to the applicable exchange rates on the transaction dates. The resulting exchange rate changes are recorded in other comprehensive income.

3.2

Change in scope

3.2.1

Acquisitions and disposals over the period

A. Acquisitions

The Nagel Group's operations in Italy and Belgium

On 31 December 2020, the Group acquired 100% of the shares in two of the Nagel Group's companies, Nagel Italia S.r.l. (now STEF Nogarole S.r.l.) in Italy and Nagel Belgium BVBA (now STEF Transport Nazareth) in Belgium.

The share price paid for the acquisition of Nagel Italia amounted to €16.1 million. The operating site of Nogarole Rocca was also acquired separately for an amount of €5.3 million. The shares in Nagel Belgium were purchased for €4.7 million to which €3.1 million must be added for the purchase of the shareholder loan.

In 2020, these entities had a turnover in the region of €75 million for an operating profit of approximately €1 million.

The impact of these acquisitions is as follows:

Acquisition of Nagel's operations in Italy and Belgium (2 companies)	
Business activity	Chilled and frozen products transport
Location	Nogarole Rocca (Italy)/Nazareth (Belgium)
Acquisition date	31/12/2020
Percentage of acquired equity instruments conferring voting rights	100%
Cost of the combination (paid in full in cash)	€23,869 K
- of which share price	€20,743 K
- of which purchase of shareholder loan	€3,126 K
Fair value of acquired assets and assumed liabilities	€11,110 K
Goodwill (Profit on acquisition)	€9,633 K
Turnover since acquisition	€0 K
Operating profit since acquisition	€0 K

Logistique Internationale Alimentaire

On 12 February 2020, the Group acquired 49% of Logistique Internationale Alimentaire (LIA) for €8,550 thousand. This company is held in partnership with Nagel and is intended to handle consignments from France to Germany and Eastern and Northern Europe. In 2020, it had a turnover of €34.8 million for an operating profit of €1.5 million.

The company was consolidated under the equity method in 2020.

Primever

On 5 March 2020, the Group participated in the capital increase Primever, a company already integrated under the equity method, for an amount of €5,081 thousand. The operation enabled Primever to finance external growth operations. Following this operation, the percentage holding in this entity fell from 49% to 40%. The company remained integrated under the equity method in 2020.

Med'Sealog

On 1 July 2020, the Group and the company Mediterranea Trasporti decided to merge their seafood operations in Italy by creating a new entity, Med'Sealog. Following the transfers of assets to this company, the Group holds 40% of this new entity.

The company was consolidated under the equity method in 2020.

B. Cash used in the acquisition and sale of subsidiaries

	31 December 2020	31 December 2019
Net cash paid out following the acquisition of consolidated shareholdings	(17,077)	(18,745)
Net cash paid out following acquisition of interests not giving control	(10,070)	(1,030)
Net cash following the sales of subsidiaries		
Other items (additional prices/recapitalisation, etc.)	(5,206)	(581)
Total acquisitions	(32,353)	(20,356)

C. Sales, liquidations, universal transfer of assets (TUP)

There were no disposals in 2020.

However, the Group conducted several Universal Transfer of Assets or merger operations over the period:

- STEF Trento and SLF Sicilia were merged into the company STEF Italia SPA;
- Orlando Marconi Trasporti was merged into the company STEF Frozen;
- SCI BV 18 into the company IMMOSTEF.

3.2.2

Monitoring of 2019 acquisitions and disposals

As a reminder, in 2019, the Group acquired the following companies:

- Transports Frigorifiques Grégoire Galliard (now STEF Transport Sens) and its two subsidiaries, Logistique Frigorifique de Bourgogne and SCI Les Pins;
- Dyad specialising in packaging and its two subsidiaries Optipack (now Dyad Solutions) and SCI C2W2;
- Netko in The Netherlands (now STEF Raalte).

Over the period, the Group finalised the allocation of the purchase price for these three transactions without causing significant changes in the goodwill recorded at 31 December 2019.

Note 4

Segment information

An operational segment is a component of the Group:

- that is engaged in activities from which it is likely to receive income and to incur expenses, including income and expenses related to transactions with other components of the Group;
- the operating profit or (loss) of which is regularly examined by general management with a view to making decisions regarding the resources to be allocated to the segment and assessing its performance, and
- for which separate financial information is available.

Segment information comprises an analysis of the consolidated data by activity and by geographical area.

Readers are reminded that, in accordance with IFRS 8 "Operational segments", the Group identifies and presents three operational segments based on the information sent internally to senior managers, who are the main operational decision makers for the Group.

Information on the results of the segments is shown in the tables below. The performance of each segment is assessed by the executive management based on their operating profit or loss.

4.1

Information by activity

2020	STEF France	STEF International	Maritime	Others	Consolidated data
Turnover from activities (inter-segment sales included)	1,972,573	832,373	56,610	403,825	3,265,382
Inter-segment	(26,203)	(17,860)	0	(76,279)	(120,342)
Net consolidated turnover	1,946,370	814,513	56,610	327,546	3,145,040
Profit (loss) from recurring operations	112,508	37,694	(26,324)	(237)	123,641
Other operating income and expenses	1,042	(8,165)	(18)	403	(6,738)
Operating profit (loss) of activities	113,550	29,529	(26,342)	165	116,903
Net financial expenses					(7,537)
Income tax expenses					(42,161)
Profit attributable to shareholders of associated companies					5,156
Net income					72,361
Activities' assets	1,524,064	831,324	149,307	135,408	2,640,103
Unallocated assets					-
Total assets					2,640,103
of which goodwill	111,691	84,816	6,816	2,854	206,177
of which associated companies	34,235	14,347			48,583
Activities' liabilities	556,592	302,946	46,829	(43,252)	863,115
Unallocated liabilities and equity					1,776,988
Total liabilities					2,640,103
Depreciation, amortisation recorded in the financial year	(105,733)	(44,261)	(9,747)	(14,529)	(174,270)

2019	STEF France	STEF International	Maritime	Others	Consolidated data
Turnover from activities (inter-segment sales included)	2,082,452	880,959	94,032	508,110	3,565,553
Inter-segment	(27,530)	(21,446)		(75,554)	(124,530)
Net consolidated turnover	2,054,922	859,513	94,032	432,556	3,441,023
Recurring operating profit	125,990	35,401	(6,969)	2,258	156,680
Other operating income and expenses	1,506	3,819	783	70	6,178
Operating profit (loss) of activities	127,496	39,219	(6,186)	2,328	162,857
Net financial expenses					(8,719)
Income tax expenses					(55,445)
Profit attributable to shareholders of associated companies					1,468
Net income					100,161
Activities' assets	1,484,323	789,017	125,180	146,891	2,545,410
Unallocated assets					-
Total assets					2,545,410
of which goodwill	111,876	82,278	6,816	2,854	203,824
of which associated companies	25,409	3,415			28,824
Activities' liabilities	554,221	222,224	(11,995)	134,667	899,116
Unallocated liabilities and equity					0
Total liabilities					899,116
Depreciation, amortisation recorded in the financial year	(101,539)	(44,242)	(9,231)	(13,686)	(168,698)

The turnover of the "Others" segment includes goods trading for third parties for €307 million in 2020 compared with €406 million in 2019.

The divisions' assets comprise all the balance sheet assets. Liabilities that are not allocated are financial liabilities, which, in so far as the Group's financing is provided by a central structure, cannot be reasonably allocated.

Note 5**Income from ordinary activities****A. Accounting policies**

Income from ordinary activities is measured at the fair value of the consideration receivable, net of granted discounts and remissions. Revenue is recorded once every performance obligation is satisfied, i.e. when the service is transferred to the customer.

The income from transport activities is recorded when the service has been rendered.

Income from logistics activities is recorded as the rendering of services proceeds.

Products under the supply contract for the out-of-home foodservices business are reported on the sale of goods at the points of sale.

Income from maritime activities includes the financial compensation from the Corsica Transport Office provided for under the Public Service Concession contract. This compensation is recognised at the same rate as the underlying performance obligation.

B. Key figures

	France	Other regions	Consolidated data
2020			
Turnover	2,299,806	845,234	3,145,040
Areas' non-current assets	1,259,239	584,155	1,843,394
2019			
Turnover	2,517,186	923,837	3,441,023
Areas' non-current assets	1,180,503	555,110	1,735,613

Other regions include the entities in Europe outside France, with trading.

Note 6**Purchases from third parties**

	2020	2019
Purchases other than energy (including foodservice goods)	(351,662)	(448,745)
Purchases of diesel and other fuels	(117,129)	(151,679)
Purchases of other energy	(40,612)	(45,700)
Transport subcontracting	(965,389)	(1,043,182)
Rent and lease expenses	(21,069)	(25,907)
Maintenance	(93,763)	(95,514)
External staff and intermediaries' wages and salaries	(164,147)	(187,131)
Insurance and losses	(52,670)	(63,652)
External services and miscellaneous	(67,092)	(86,183)
Total	(1,873,533)	(2,147,693)

The change in this item is primarily explained by:

- the decrease in transport subcontracting related to the loss of business mainly due to the Covid-19 crisis over the period;
- the reduction in fuel and electricity costs related to the change in business during the financial year, but also the fall in the price of energy and diesel.

Rents and lease expenses mainly correspond to the expenses for leases that are exempt in accordance with the IFRS 16 standard (short term and/or for an asset with a low unit value) and the lease services component (predominantly real estate lease expenses and maintenance and cleaning contracts for rolling stock).

Note 7

Payroll expenses

The arrangements for evaluating and accounting for the allocation plans for performance shares are defined by the IFRS 2 standard "Share-based payments". The allocation of performance shares in France and internationally is an agreed benefit for their beneficiaries and as such is in addition to the remuneration paid by STEF. Their evaluation is directly related to the Group's performance. Consequently, STEF has included the corresponding expense in the operating profit under payroll expenses.

	2020	2019
Salaries and other compensation	(868,802)	(867,731)
Net length-of-service awards payable to staff on retirement	(4,886)	(4,065)
Employee incentive bonuses and profit-sharing	(30,211)	(30,983)
Payroll expenses	(903,899)	(902,779)

The "Salaries and other compensation" item includes the expense relating to the allocation plans for performance shares. In 2020, this amounted to €1.1 million, including employer expenses (€1.4 million in 2019). The characteristics of the allocation plans for performance shares are described in the "General information" section of the corporate governance report.

This item also includes the effects relating to the furlough schemes from which the Group benefited in 2020.

Payroll expenses include the benefits paid for long-service awards and retirements.

The items relating to these commitments are shown in notes 22 and 23.

Note 8**Depreciation and amortisation**

	2020	2019
Amortisation of intangible fixed assets	(3,572)	(4,104)
Amortisation of tangible fixed assets	(116,376)	(109,977)
Amortisation of rights of use	(54,322)	(54,617)
Total	(174,270)	(168,698)

Note 9**Charges net of reversals to provisions**

	2020	2019
Net depreciation on current assets before financial income	(883)	1,681
Impairment of other financial assets	(99)	(573)
Other net changes in provisions	(3,636)	710
Total	(4,618)	1,818

Changes in provisions are analysed in note 23.

Note 10**Other operating income and expenses**

	2020	2019
Fixed asset sales	679	872
Sales of rolling stock	2,156	1,837
Impairment of assets	(10,375)	
Others including scrapped goods	802	3,469
Total	(6,738)	6,178

Fixed asset sales are mainly related to the sites of Dijon, Ostwald and Vire. The impairments of assets include the impairment of goodwill for STEF International for €7.1 million. In 2019, the "Others" item was mainly comprised of an insurance payment on a real estate claim relating to a warehouse in Spain.

Note 11

EBITDA

	2020	2019
Operating profit	116,903	162,857
Net depreciation and amortisation of fixed assets	174,270	168,698
Net impairment and provisions and other items that do not have any impact on the cash recognised under payroll expenses and other operating income & expenses	12,161	(7,416)
Total	303,333	324,139

Note 12

Financial income

	2020	2019
Financial income		
Income from fair value of financial assets and liabilities recorded at fair value in profit and loss	120	192
Other financial income	920	488
Net foreign exchange gains	0	0
Financial expenses		
Net interest expenses on financial liabilities measured at amortised cost	(6507)	(6,992)
Interest expenses on lease obligations	(2,038)	(2,311)
Net foreign exchange losses	(32)	(96)
Total	(7,537)	(8,719)

The Group's debt is mainly fixed-rate debt (note 26).

The financial results benefited from negative rates (Euribor 3 month at -0.42% on average in 2020 vs. -0.36% in 2019) despite the increase in the Group's financing needs following real estate investments and external growth operations.

The weighted average incremental borrowing rate relating to the lease obligations was approximately 0.94% for the period (1.09% in 2019).

Note 13

Income tax

The expense (or income) from income tax includes, on the one hand, the tax payable for the year, and, on the other hand, the expense or income from deferred taxes. Payable and deferred taxes are recorded in profit and loss unless they are related to a business combination or to elements that are posted directly to equity or to other comprehensive income, in which case they are recorded in equity or in other comprehensive income.

Deferred taxes are calculated by tax entity when there are temporary differences between the book values of assets and liabilities and their tax values. They are valued by applying the tax rates that will be in force when the temporary differences are settled, on the basis of tax legislation adopted or virtually adopted on the balance sheet date.

Deferred tax assets are only reported under deductible temporary differences and tax loss carry forwards and unused tax credits when it is likely that the tax entities concerned will have future taxable profits against which these tax assets could be charged. They are reviewed at each balance sheet date. The tax rate used to calculate deferred taxes is that known on the balance sheet date. The effects of rate changes are recorded in profit and loss over the period during which the decision of this change is made.

13.1

Breakdown of the income tax expense in the income statement

	2020	2019
Current tax expense	(38,881)	(59,837)
Deferred tax expense/income (note 13.3)	(3,280)	4,392
Total	(42,161)	(55,445)

13.2

Reconciliation between tax expense calculated based on the rates of tax applicable to the parent company and the actual expense

	2020	2019
Profit before tax	109,366	154,138
Current tax rate	32.02%	34.43%
Theoretical tax at the rate of current tax	(35,019)	(53,070)
Impact of the profits from the maritime business subject to tonnage tax	(7,557)	(2,428)
Use of previous deficits not activated	105	130
Creation of deficits in the period not activated	(1,291)	(1,606)
Deficits activated in the period		2,588
Depreciation of activated deficits		(322)
Difference in foreign tax rates	399	1,564
Effect of rate changes on deferred taxes		(361)
Other elements and permanent differences	1,202	(1,940)
Effective tax	(42,161)	(55,445)
Effective rate of tax	38.6%	36.0%

The effective tax rate was mainly affected by the losses of the Maritime business which did not affect the tax expense given the specific taxation of this business (tonnage tax).

13.3

Deferred tax assets and liabilities

The net deferred tax positions for each country at the balance sheet date, are as follows:

2020	France	Belgium	Spain	Italy	The Netherlands	Portugal	Switzerland	Group Total
Deferred tax	(17,998)	(1,001)	(1,003)	6,232	606	208	327	(12,628)
2019	France	Belgium	Spain	Italy	The Netherlands	Portugal	Switzerland	Group Total
Deferred tax	(14,561)	(799)	(828)	4,771	687	174	405	(10,151)

The main types of deferred tax, and their changes during the year are as follows:

2020	1 January 2020	Changes in profit and loss	Other changes	Changes in OCI	31 December 2020
Deferred tax assets					
Temporary tax differences	17,364	(1,887)	(5,862)	0	9,615
Fair value of hedging instruments	1,344	(55)	(69)	8	1,228
Loss carryforwards	3,668	(862)	298	0	3,104
Others	7,326	(523)	7,585	(445)	13,944
Effect of the offsetting	(23,666)	0	0	0	(19,389)
Total deferred tax assets	6,037	(3,327)	1,952	(437)	8,502
Deferred tax liabilities					
Additional depreciation	(20,217)	(714)	(21)	0	(20,951)
Capitalised leases	(14,244)	759	4,495	0	(8,990)
Revaluation of fixed assets	(5,393)	413	(101)	0	(5,082)
Others	0	(412)	(5,084)	0	(5,496)
Effect of the offsetting	23,666	0	0	0	19,389
Total deferred tax liabilities	(16,188)	47	(711)	0	(21,130)
Net impact	(10,151)	(3,280)	1,241	(437)	(12,628)

2019	1 January 2019	Changes in profit and loss	Other changes	Changes in OCI	31 December 2019
Deferred tax assets					
Temporary tax differences	9,795	3,943	650	2,976	17,364
Fair value of hedging instruments	674	(17)	2	685	1,344
Loss carryforwards	2,289	1,286	93	0	3,668
Others	8,392	(1,003)	(62)	0	7,326
Effect of the offsetting	(20,436)	0	0	0	(23,666)
Total deferred tax assets	714	4,209	683	3,661	6,037
Deferred tax liabilities					
Additional depreciation	(19,021)	(1,206)	10	0	(20,217)
Capitalised leases	(15,089)	926	(81)	0	(14,244)
Revaluation of fixed assets	(4,895)	462	(961)	0	(5,393)
Others	0	0	0	0	0
Effect of the offsetting	20,436	0	0	0	23,666
Total deferred tax liabilities	(18,569)	182	(1,032)	0	(16,188)
Net impact	(17,855)	4,392	(348)	3,661	(10,151)

Other changes include the impact of additions to the scope and reclassification by nature.

The Group believes that, based on the local action plans and subsequent profit forecasts made using conservative estimates, the subsidiaries carrying these assets will in the foreseeable future have sufficient taxable profit against which the recognised deferred tax assets will be able to be charged.

All the bases for unrecognised deferred tax under loss carryforwards amounted to €43.4 million at the end of 2020, primarily in France for €12.4 million, Switzerland for €13.6 million and the Netherlands for €9.2 million.

Note 14

Intangible and tangible fixed assets

Tangible and intangible fixed assets are reported at amortised cost less deductions for losses in value in application of IAS 36 (note 14.4).

14.1

Goodwill and intangible fixed assets

A. Goodwill

The accounting principles relating to goodwill are described in note 3.1.D.

The change in goodwill over the period is as follows:

	31 December 2020	31 December 2019
Net value at 1 January	203,824	186,799
Acquisition of subsidiaries and businesses	9,448	17,025
Sale of subsidiaries	0	0
Depreciation	(7,095)	0
Net value at 31 December	206,177	203,824

In 2020, new goodwill for the period mainly comprised €9.6 million relating to the acquisition of the companies, Nagel Italia S.r.l. (now STEF Nogarole S.r.l.) in Italy and Nagel Belgium BVBA (now STEF Transport Nazareth) in Belgium. An impairment of goodwill relating to International activities was also recorded for the period for €7.1 million.

In 2019, the change in this item corresponded mainly to the acquisition of the Dyad companies for €12.8 million.

B. Intangible fixed assets

Accounting policies

Intangible assets, other than goodwill, mainly comprise computer software that is either developed in-house or purchased. They are stated at their historic or production cost in the balance sheet. They are amortised on a straight-line basis over their expected useful life, which currently is no longer than five years.

Development costs for software for internal use or intended for sale, are fixed from the day when certain conditions are met, especially when it is shown that this software will generate probable future economic benefits due to a significant improvement in operating processes, and that the Group has adequate technical and financial resources to produce it and intends to use it, or sell it.

Change in the net book value

The detail of the intangible fixed assets is as follows:

Gross values	Software	Others intangible fixed assets	Total
At 31 December 2018	130,055	26,799	156,854
Acquisitions	2,562	1,329	3,891
Changes in scope	159	128	287
Other changes	(561)	(350)	(911)
Sales and scrapped goods	(385)	(176)	(561)
At 31 December 2019	131,830	27,730	159,560
Acquisitions	1,910	1,353	3,263
Changes in scope	541	8	549
Other changes	790	(1,819)	(1,029)
Sales and scrapped goods	(657)	0	(657)
At 31 December 2020	134,414	27,272	161,686
Depreciation, amortisation and impairment	Software	Others intangible fixed assets	Total
At 31 December 2018	124,692	13,795	138,487
Allocations	4,077	30	4,107
Changes in scope	129	16	145
Other movements	(809)	(1)	(810)
Reversals and sales	(386)	(64)	(450)
At 31 December 2019	127,703	13,776	141,479
Allocations	3,478	3,374	6,852
Changes in scope	391	8	399
Other movements	(91)	(89)	(180)
Reversals and sales	(643)	0	(643)
At 31 December 2020	130,838	17,069	147,907
Net book values	Software	Others intangible fixed assets	Total
At 31 December 2019	4,127	13,954	18,081
At 31 December 2020	3,576	10,203	13,779

14.2

Tangible fixed assets

Accounting policies

Tangible fixed assets mainly comprise cold stores, platforms, transport vehicles, ferries and office buildings. With regard to fixed assets revalued prior to 1 January 2004, the date of transition to IFRS, their restated values were presumed to correspond to their purchase cost on this date.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life. The depreciable amount is the acquisition cost, except for recent warehouses and platforms, for which the depreciable amount is 90% of the acquisition cost. Where some construction components have a useful life that is less than the useful life of the whole construction, they are depreciated over their own useful lives. Land is not depreciated. The useful lives, which are estimated from new delivery, are as follows:

● warehouses and platforms:	25 to 30 years
● later extensions:	20 years
● office buildings:	40 years
● equipment and production facilities:	10 years
● fixtures and fittings:	6 to 10 years
● vessels:	20 years
● equipment for transport:	5 to 9 years
● office furniture:	7 to 10 years
● computer equipment:	3 to 5 years

The borrowing costs directly attributable to the purchase, construction and production of an eligible asset are incorporated into the cost of the asset. Eligible assets are vessels bought new, where the duration of construction greatly exceeds 12 months.

Investment grants are assistance received from the public authorities to contribute to the financing of certain investments. In accordance with the option offered by IAS 20, the Group has opted to present investment grants as a deduction to the cost of the fixed assets financed, which has the effect of reducing the depreciation bases and depreciation and amortisation.

Change in the net book value

The change in tangible fixed assets, including the rights of use under leases, is as follows:

Gross values	Land and buildings	Equipment for transport	Vessels	Others	Total
At 31 December 2018	1,364,955	199,430	291,268	639,643	2,495,296
Acquisitions	80,662	58,546	0	75,259	214,467
Changes in scope	12,349	5,042	0	7,947	25,338
Sales and scrapped goods	(16,161)	(28,440)	0	(14,752)	(59,353)
Other changes (including fixed assets under construction)	123,466	53,188	1,085	(26,157)	151,583
At 31 December 2019	1,565,271	287,767	292,353	681,940	2,827,331
Acquisitions	83,997	61,886	30,649	79,198	255,730
Changes in scope	6,567	1,758	0	6,334	14,659
Sales and scrapped goods	(15,161)	(87,915)	0	(18,700)	(121,775)
Other changes (including fixed assets under construction)	12,604	1,769	160	(14,853)	(320)
At 31 December 2020	1,653,279	265,264	323,162	733,919	2,975,624
Depreciation, amortisation and impairment	Land and buildings	Equipment for transport	Vessels	Others	Total
At 31 December 2018	524,896	121,689	197,721	400,910	1,245,216
Allocations	62,331	47,257	7,842	47,621	165,051
Changes in scope	1,995	3,948	0	4,739	10,682
Sales and scrapped goods	(11,052)	(21,542)	0	(13,992)	(46,586)
Other changes	2,090	389	0	2,698	5,177
At 31 December 2019	580,260	151,741	205,563	441,976	1,379,540
Allocations	63,638	48,526	9,977	48,557	170,698
Changes in scope	1,913	1,520	0	5,052	8,485
Sales and scrapped goods	(8,667)	(82,528)	0	(16,774)	(107,969)
Other changes	(1,018)	2	1	(579)	(1,594)
At 31 December 2020	636,126	119,260	215,541	478,232	1,449,159
Net book values	Land and buildings	Equipment for transport	Vessels	Others	Total
At 31 December 2019	985,011	136,026	86,790	239,964	1,447,791
At 31 December 2020	1,017,153	146,004	107,621	255,686	1,526,465

Changes in scope primarily concern the assets acquired from the companies Nagel Italia S.r.l. (now STEF Nogarole S.r.l.) in Italy and Nagel Belgium BVBA (now STEF Transport Nazareth) in Belgium.

In addition, acquisitions for the period, listed in the "Others" column, include fixed assets under construction for €41.9 million (compared with €34.6 million at 31 December 2019) corresponding in particular to sites being built or redeveloped.

14.3

Leases

Accounting policies

Lease obligation

On the start date of the lease, the Group recognises the liabilities under the lease, measured at the present value of the lease payments to be made over the term of the lease. The present value of the leases is primarily calculated using:

- the contract rate when this is available;
- or otherwise, the Group's incremental borrowing rate to which a spread is added to take account of the risk appropriate to each country. This rate is adjusted to the contract term (residual term for existing contracts at the first application date) taking account of its duration.

The lease payments include fixed lease payments (less any lease incentives receivable), variable lease payments that depend on an index or rate, amounts that should be paid under residual value guarantees and the exercise price of a purchase option and termination penalties if it is reasonably certain that these options will occur. The service component is separated from the lease payment and is recorded as an expense for the period.

The book value of the liability for leases is re-evaluated in the event of the contract's re-estimation or modification (for example, change in the lease term, change in the lease payments, application of annual indexation, etc.).

Right of use relating to leases

The Group recognises the assets related to the right of use on the lease start date (i.e. the date on which the underlying asset is available). The assets are measured at cost and adjusted depending on the re-evaluation of the lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities, the initial direct costs incurred and the lease payments made on the effective date or before, less the lease incentives received.

These assets are amortised on a straight-line basis over the shortest duration represented by either the estimated useful lifetime of the underlying asset or the lease term unless the Group is reasonably certain to become the owner of the leased asset at the end of the lease term.

Contracts where the original term is less than 12 months and/or where the asset has a low unit value (less than or equal to €5,000) do not give rise to the recognition of an asset and a liability.

Right-of-use assets are subject to impairment ("transition method" applied).

Determining contract terms

The lease term to be used to determine the present value of the lease payments is the non-cancellable term of the lease adjusted to reflect:

- the options to extend the contract that the Group is reasonably certain to exercise;
- the early termination options that the Group is reasonably certain not to exercise.

The Group's contract terms vary depending on their type and the geographical areas.

The term used for leases other than real estate leases generally corresponds to the term defined in the contract.

In terms of real estate leases, some real estate leases present unilateral contract termination options (particularly in France with 3-6-9 leases, emphyteutic leases and Temporary Occupation Permits. Thus, in order to determine the term to be used to calculate the lease obligation, the Group determines the enforceable contract term (maximum term) and takes into account the termination options if it is not reasonably certain that the lease will continue beyond the termination option. This assessment is made in partnership with the Group's Real Estate Division which determines the real estate strategy. Non-amortised inseparable fixtures held by the Group are also taken into account.

Income tax

A deferred tax is recognised based on the net amount of temporary taxable and deductible differences. On the initial recognition date of the right of use and lease obligation, no deferred tax is recorded if the asset amount is equal to the liability amount.

Net temporary differences that could result from subsequent changes in the right of use and the lease commitment give rise to the recognition of deferred tax.

Change in the net book value of the rights of use related to leases

The rights of use relating to leases are presented by underlying asset type below:

	Real estate	Rolling stock	Other assets	Total
At 31 December 2019	136,065	105,763	3,136	244,964
Increases	6,190	46,407	284	52,881
Changes in scope	0	0	0	0
Depreciation and amortisation	(16,051)	(37,525)	(746)	(54,322)
Terminations	(460)	(1,424)	(54)	(1,938)
Reclassifications and other changes*	(17,030)	(1,763)	0	(18,793)
At 31 December 2020	108,714	111,458	2,620	222,792

* including the transfer of fixed assets for which stock options were exercised.

14.4

Impairment of goodwill and fixed assets

Accounting policies

IAS 36 sets out how to ensure that the book value of intangible (including goodwill) and tangible fixed assets does not exceed their recoverable value.

This verification is made at least once a year for goodwill, intangible items with an indeterminate lifetime and those under development. Impairment tests are also carried out when there is any indication of impairment in value.

Furthermore, the Group regularly analyses whether its tangible fixed assets are subject to indications of impairment and, where necessary, establishes impairment tests.

Indications of impairment monitored by the Group are:

- the fall in profitability of the Cash Generating Units (hereafter "CGU") which correspond to the three operational segments as defined in note 4 and/or the fall in profitability of a geographical area;
- the non-use/vacancy of a site or platform;
- a specific regulatory change that may significantly impact profitability.

The recoverable value of an asset is the highest value between its value in use and its fair value, net of costs to sell. The value in use of an asset is the discounted value of future cash flows expected from its use. Fixed assets that do not produce sufficiently autonomous cash flows are grouped into CGU, which correspond to the smallest groups of fixed assets producing autonomous cash flows. Goodwill is assigned to the CGU that benefit from the synergies of the corresponding business combinations.

The forecast future cash flows of a fixed asset or CGU are determined on the basis of a 5-year budget projection and a final value determined by capitalising a normative cash flow obtained by extrapolating the most recent cash flow from the business plan and assigning a growth rate specific to the activity concerned, except for the Maritime CGU for which the value of the vessels is determined by experts.

The cash flows thus obtained are discounted at a determined rate of return on the basis of the weighted average cost of capital.

An impairment charge is recognised if the book value of a fixed asset or cash-generating unit is greater than its recoverable value. This impairment is first assigned to reducing the book value of any goodwill recognised for the CGU, then to reducing the book values of the unit's other assets. An impairment recognised under goodwill cannot be reversed.

Impairment tests for CGUs

Impairment tests were performed at the 2020 balance sheet date. These tests were conducted by geographical area. The values in use of CGUs, which correspond to discounted future cash flows, are determined based on the following main assumptions:

	France	International	Maritime
Discount rate	6.9%	6.9%	6.9%
Growth rate for a specific term	1.8%	3.0%	

The discount rate corresponds to the weighted average cost of capital including the generally accepted parameters (beta, market risk premium). This rate takes account of the tax impact.

Breakdown by segment of goodwill and assets with an indeterminate useful life

	France	International	Maritime	Total
Goodwill and intangible assets with an indeterminate useful life	123,202	85,305	6,816	215,323

Sensitivity analysis

The table below shows, for each CGU, the test margins that correspond to the difference between the recoverable value and the book value resulting, on the one hand, from a change in the growth rate (decrease of 1 percentage point), and, on the other hand, from a change in the discount rate (increase of 1 point):

Assumptions used

Normative growth rates vary from:

France: 1.5% to 0.5%

International: 2% to 1%

The discount rate (WACC) varies from 6.9% to 7.9%.

Test results

The discount rate that would give recoverable values equal to the net book values is 16.44%.

In millions of euros 31/12/2020	Margin of resistance to change in:	
	Normative growth rates (decrease of 1pt)	Discount rates (rise of 1pt)
France	1,334	1,268
International	525	494
Maritime	64	63
Total	1,923	1,825

Note 15

Non-current financial assets

Accounting policies

The financial assets representative of non-consolidated shares are measured at fair value through the other comprehensive income. Assets where the fair value cannot be determined reliably are measured at the acquisition cost for simplification and given their generally insignificant amounts.

Loans and receivables mainly comprise loans paid to staff under the employers' contribution to construction investments for the amount of €24.4 million in 2020 (€23.7 million in 2019). These interest-free loans granted to organisations as part of the mandatory contribution of employers to the construction effort are recorded initially at their discounted value on the date the loans are paid. The difference between the discounted value and the sum paid is charged as an expense at the time of payment.

Change over the period

Non-current financial assets are broken down as follows:

	31 December 2020	31 December 2019
Financial assets at fair value through other comprehensive income	815	725
Other financial assets at amortised cost	39,074	30,332
Total	39,889	31,057

Note 16

Investments in associated companies

The data from the financial statements of associated companies consolidated by the equity method appears below:

31 December 2020	Attributable to Group shareholders	Total turnover	Total assets	Company's net assets	Equity value	Net profit (loss)	Net profit (loss) attributable to Group	Dividends paid to the Group
GROUPE PRIMEVER	40%	348,087		37,004	15,500	7,103	2,841	0
MESSAGERIES LAITIÈRES	39%	81,567	42,997	16,612	7,763	2,778	1,075	893
NORFRIGO	38%	8,748		24,273	6,262	(593)	(223)	0
FROID COMBI	25%	20,224	15,398	6,150	1,568	3,107	792	306
OLANO SEAFOOD IBERICA	32%	42,456		5,078	1,971	556	178	0
OLANO VALENCIA	40%	5,139		2,936	2,069	655	262	0
SNC NORMANDIE EXPORT LOGISTICS	39%	2,937	12,061	7,206	2,789	(149)	(57)	0
QSL STEF	49%	319,041		2,709	1,327	17	8	0
LIA	49%	34,786	11,914	4,633	8,992	979	442	0
MEDSEALOG	40%	15,727	11,560	1,728	1,210	(774)	(310)	0
Other entities (SSCV)					(869)	313	147	0
Total		878,712	93,930	108,329	48,583	13,992	5,156	1,199

31 December 2019	Attributable to Group shareholders	Total turnover	Total assets	Company's net assets	Equity value	Net profit (loss)	Net profit (loss) attributable to Group	Dividends paid to the Group
GROUPE PRIMEVER	49%	263,245	184,470	10,784	5,982	(1,257)	(615)	
MESSAGERIES LAITIÈRES	39%	81,319	39,688	16,302	7,643	2,518	974	994
NORFRIGO	38%	9,056	35,206	24,866	6,485	391	147	
FROIDCOMBI	25%	18,629	11,602	4,243	1,082	1,877	479	409
OLANO SEAFOOD IBERICA	32%	44,010	15,043	3,649	1,515	(796)	(255)	
OLANO VALENCIA	40%	4,575	12,479	2,086	1,807	223	89	
SNC NORMANDIE EXPORT LOGISTICS	39%	2,955	12,196	7,358	2,847	(410)	(159)	
QSL STEF	49%	389,300	66,081	2,692	1,319	1,188	582	
STEF RAALTE (ex-NETKO) (1)	40%					617	247	
Other entities (SSCV)					144	(44)	(22)	0
Total		813,089	376,765	71,980	28,824	4,307	1,468	1,403

(1) company fully consolidated at 100% on 1 March 2019.

The Group is not a stakeholder in any joint venture.

Note 17

Inventories

Accounting policies

The main inventories comprise fuel, spare parts, commercial packaging, consumable materials and goods from the out-of-home foodservices business. They are valued at their purchase cost, primarily using the first-in/first-out method (FIFO). Damaged stocks are subject to impairment charges, which are determined on the basis of their probable realisable values.

Change over the period

	31 December 2020	31 December 2019
Raw materials and supplies	50,630	48,998
Foodservice goods	30,897	25,198
Others	0	70
Total	81,527	74,266
Depreciation	(374)	(16)
Total	81,153	74,250

The change in this item corresponds primarily to the increase in out-of-home foodservices goods stocks due to new international customers.

Note 18**Customers****Accounting policies**

Trade receivables with short maturities are recorded on the asset side of the balance sheet at their nominal value, which is close to their fair value. In the event of failure by debtors and an objective indication of a loss in value, trade receivables are subject to an impairment charge, so that their net amounts reflect expected cash flows.

Change over the period

This item is presented as follows:

	31 December 2020	31 December 2019
Gross amount of trade receivables	524,197	545,067
Depreciation	(13,683)	(11,917)
Total	510,514	533,150

Changes in depreciation in the trade receivables recognised in the income statement for 2020 and 2019 are referred to in Note 9. There are no significant trade receivables in the sense of IFRS 8.

Note 19**Other receivables and current financial assets**

This item is comprised as follows:

	31 December 2020	31 December 2019
Advances and deposits paid	9,608	15,019
Social charges	2,601	2,927
Tax expenses excluding corporate tax	81,972	88,926
Active current accounts	11,255	5,919
Prepayments under assets	7,076	8,550
Other accounts payable	27,596	19,206
Total	140,109	140,547

Other receivables with short maturities are recorded on the asset side of the balance sheet at their nominal value, which is close to their fair value. In the event of failure by debtors and an objective indication of a loss in value, these receivables are subject to an impairment charge, so that their net amounts reflect expected cash flows.

Note 20

Cash and cash equivalents

Accounting policies

Cash equivalents are short-term, highly liquid investments that are easily convertible to a known amount of cash and which are subject to a negligible risk of a change in value. The Group opted to manage these assets at fair value, subsequent changes in fair value are recorded in profit and loss.

Change over the period

	31 December 2020	31 December 2019
Marketable securities and investments	2,264	2,433
Cash assets	52,149	58,766
Total cash and cash equivalents	54,413	61,199
Bank overdrafts and short-term loans	(47,026)	(22,450)
Total net cash	7,387	38,749

Note 21

Equity and earnings per share

The Group's policy is to maintain a strong capital base to preserve the confidence of investors, creditors and the market and to allow the future growth of the business and ensure the liquidity of STEF shares. To ensure a certain trading volume in STEF shares, the Group signed a liquidity contract with a financial institution.

21.1

Share capital

The number of shares comprising the share capital is 13,000,000 shares with a nominal value of €1 at 31 December 2020 as at 31 December 2019.

The Board of Directors meeting on 11 March 2021 set the dividend to be paid for the 2020 financial year at €4 per share. The balance to be paid in 2021 stood at €2.50 per share given the interim dividend of €1.50 per share distributed in November 2020.

For the record, the Group did not pay dividends under the 2019 financial year.

21.2

Treasury shares

The amounts disbursed by the Group to buy STEF shares (treasury shares) are accounted for as a deduction from equity. Where the treasury shares are sold or put back into circulation, the amounts collected offset the equity. The disposal of treasury shares as a transaction between shareholders does not generate any profit.

21.3**Earnings per share**

The non-diluted earnings per share is determined by dividing the net profit attributable to STEF shareholders by the weighted average number of shares in circulation during the year.

The weighted average number of shares in circulation is determined by taking into account shares issued as a result of the exercising of stock options by the beneficiaries of these options, treasury shares acquired by the Group that are cancelled and treasury shares allocated to beneficiaries who exercise their share purchase options.

The diluted earnings per share is calculated based on a number of shares increased by the effect of exercising all these instruments.

The reconciliation between the existing shares at the beginning of the financial year and the weighted average number of shares in the calculations of the earnings per share is as follows:

	31 December 2020	31 December 2019
Group share profit	72,767	100,332
Number of shares comprising share capital at 31 December (a)	13,000,000	13,000,000
Number of treasury shares at the end of the financial year (b)	623,404	636,915
Weighting of financial year's treasury share movements (c)	(4,692)	(11,252)
Weighted average number of shares in the financial year for calculating the non-diluted earnings (a) - (b) + (c)	12,371,904	12,351,833
Number of treasury shares assigned to the performance action plan (d)	(36,177)	(41,077)
Weighted average number of shares used for calculating the diluted earnings per share (a) - (b) + (c) - (d)	12,408,081	12,392,910
Earnings per share in euros:		
- non-diluted	5.88	8.12
- diluted	5.86	8.10

Note 22**Staff benefits****22.1****Accounting policies****A. Post-employment benefits**

Post-employment defined benefits granted by the Group are recorded in liabilities, as and when rights are acquired. They are evaluated using the actuarial projected unit credit method, applied to an estimate of the salaries when indemnities are paid. The actuarial gains resulting from changes in assumptions, differences between the forecasts and the paid amounts are recorded in other comprehensive income.

The fair value of the ring-fenced funds managed by insurance companies to cover the commitment are deducted from the liabilities. The differences between actual return on ring-fenced funds and financial income recorded in profit and loss, based on the actuarial rate selected for calculating the actuarial liability are recorded in other comprehensive income.

B. Other long-term benefits

The other long-term benefits are remunerations paid more than one year after the end of the period during which the service was provided by the employee. They are recorded as and when employees acquire rights and are determined in the same way as retirement bonuses. However, the resulting actuarial gains are immediately recorded in profit and loss.

Post-employment benefits and other long-term benefits are determined by an independent actuary.

22.2

Assumptions used

The main assumptions used to measure the actuarial liability of commitments of length-of-service awards payable on retirement, are as follows:

		Eurozone	Switzerland
Discount rate	2020	0.60%	0.35%
	2019	1.00%	0.50%
Inflation rate	2020	1.75%	0.75%
	2019	1.75%	0.75%
	2020	1.75%	0.75%
	2019	1.75%	0.75%
Forecast rate of increase of workforce	2020	2.25% or 1.75%	1.00%
	2019	2.25% or 1.75%	0.75%
Average duration (in years)	2020	12	28
	2019	12	27
Retirement age	2020	60 to 66 years	
	2019	60 to 66 years	
Mortality table	2020	TGH/F 05 and RGM/RGF 48	BVG 2015
	2019	TGH/F 05 and RGM/RGF 48	BVG 2015

The retirement age depends on the employees' classification and the sectors of activity in which they are employed. Moreover, it is assumed that employees leave the Group based on a request for voluntary departure. The benefits paid to them in France are therefore subject to social security contributions in accordance with the Fillon law of 2003 and subsequent social security financing laws.

A sensitivity test was performed with discount rates differing by 0.25% compared to the above rates. This results in a decrease in the commitment of 3.2% or an increase of 3.4% depending on whether the discount-rate increments are added or subtracted.

22.3

Change over the financial year

Net debts relating to these post-employment benefits are detailed below:

	2020	2019
Actuarial liability	71,209	70,715
Hedge assets	(43,323)	(41,389)
subtotal Length-of-service awards payable on retirement	27,886	29,326
Long-service awards	11,441	10,948
Total	39,327	40,274

Change in net values reported in the balance sheet are as follows:

	2020	2019
Amount at 1 January	29,326	23,223
Expenses for the year	4,886	4,065
Change in scope	(306)	550
Change in actuarial gains	(1,536)	9,711
(Premiums paid)/payments received from insurance companies	852	1,306
Contributions paid by employees/employer	(487)	(5,070)
Benefits paid	(4,848)	(4,459)
Amount at 31 December	27,886	29,326

The change in actuarial liability is presented below:

	2020	2019
Amount at 1 January	70,715	58,696
Rights acquired during the year and financial cost of undiscounting the actuarial liability	5,286	4,660
Benefits paid	(4,848)	(4,459)
Projected actuarial liability at 31 December based on the assumptions at the start of the financial year	71,153	58,897
Change in scope	(306)	799
Contributions paid by employees	1,307	2,147
Actuarial gains related to:		
- demographic assumptions	0	1,616
- financial assumptions	3,048	6,193
- experience adjustments	(3,993)	1,063
Amount at 31 December	71,209	70,715

The change in the fair value of hedge assets is detailed in the table below:

	2020	2019
Amount at 1 January	41,389	35,473
Change in scope		249
Expected financial return	400	595
Actuarial gains	592	(839)
Contributions paid by employees	1,307	2,147
Contributions paid by the employer	487	5,070
Repayments on services received of funds	(852)	(1,306)
Fair value of assets at 31 December	43,323	41,389

The details of expenses for the year are as follows:

	2020	2019
Rights acquired during the year	4,617	3,667
Financial cost of undiscounting the actuarial liability	670	993
Forecast return on ring-fenced funds	(400)	(595)
Expenses for the year	4,886	4,065

The payment schedule for theoretical benefits is as follows:

Schedule of theoretical benefits to be paid per year	2021	2022	2023	2024	2025
Payment of theoretical benefits	4,220	2,904	3,898	4,432	5,625

Expenses for the year were recorded as operating expenses. Ring-fenced funds, managed in euros, are deposited with institutional investors in France and Switzerland. They benefit from a capital guarantee and, for the most part, from a minimum return guarantee. The ring-fenced funds with insurance companies are comprised of assets in euros (main component) and diversified assets, some offering a minimum rate guarantee and in all cases a capital guarantee.

Note 23

Provisions

Accounting policies

Provisions are liabilities where the maturities or the amount entail a certain amount of uncertainty. They are recognised when the Group has to deal with an actual, legal or implicit obligation arising from past events and when the obligation can be reliably estimated and when it is likely that this will result in an outflow of funds. They are created at an amount equal to that which is most likely to be disbursed.

The provisions for commercial disputes after damage occurring during the execution of transport and logistics services are measured on a case by case basis through claims received or known at the balance sheet date of each financial year.

Change over the period

The detail of the provision for risks and expenses on the balance sheet is as follows:

	31 December 2020	31 December 2019
Length-of-service awards payable on retirement	27,886	29,326
Long-service awards	11,441	10,948
Dispute provisions	13,764	15,490
Other provisions	10,653	8,050
Total	63,744	63,814

The change in provisions, other than those relating to length-of-service awards payable on retirement, developed in note 22, is presented as follows:

	Long-service awards	Disputes	Others	Total
At 1 January 2020	10,948	15,490	8,051	34,489
Changes in scope and other changes	11	0	596	607
Allocations	1,090	12,145	6,321	19,556
Reversals used	(608)	(9,999)	(4,303)	(14,910)
Reversals not used	0	(3,872)	(12)	(3,884)
At 31 December 2020	11,441	13,764	10,653	35,858
Non-current	11,441	4,726	3,776	19,943
Current	0	9,038	6,877	15,915
At 31 December 2020	11,441	13,764	10,653	35,858

	Long-service awards	Disputes	Others	Total
At 1 January 2019	9,729	16,637	8,820	35,186
Changes in scope and other changes	14	(1)	172	185
Allocations	1,983	13,680	3,757	19,420
Reversals used	(778)	(6,935)	(4,512)	(12,225)
Reversals not used		(7,891)	(186)	(8,077)
At 31 December 2019	10,948	15,490	8,051	34,489
Non-current	10,948	3,600	2,712	17,260
Current		11,890	5,339	17,229
At 31 December 2019	10,948	15,490	8,051	34,489

The provision for disputes covers, for the current portion of the income statement, the costs incurred from loss or damage occurring during transport, handling or storage services and for the non-current portion of the income statement, the consideration of risks arising from various disputes.

The other provisions mainly cover tax and social risks.

Note 24

Financial liabilities

Accounting policies

Financial liabilities include loans, financial debt and liabilities generated by operations (trade account payables and other). At the time of their initial recognition, they are valued at their fair value, net of transaction costs. In the case of operating liabilities, because their maturities are very short, their fair value equals their nominal value. Financial liabilities are subsequently amortised by the effective interest method.

At 31 December 2020, the Group had no compound instruments.

Derivatives are used by the Group to manage its exposure to the interest rate risk associated with its debt. These instruments are initially stated at fair value. Even where the Group's objective is to hedge a risk financially, some derivatives do not fulfil the conditions imposed by standard IFRS 9 to qualify as accounting hedges. In this case, subsequent changes in value are recorded in profit and loss.

Where a derivative could be qualified as a hedging instrument, the subsequent changes in fair value are accounted for as follows:

- where they are fair value hedges (exchange of fixed interest payments for floating interest payments), they are stated in profit and loss, under the same heading as adjustments in fair value of the hedged liability;
- where they are future cash flow hedges (exchange of floating interest payments for fixed interest payments), they are recorded in other comprehensive income, for the efficient portion of the hedge, and are subsequently transferred to the income statement when the interest rates being hedged are recognised. The inefficient portion is stated in profit and loss.

Change over the period

The detail of the current and non-current financial liabilities is comprised of the following classes of liabilities:

	31 December 2020	31 December 2019
Non-current financial liabilities		
Bank borrowings and drawdowns of confirmed credit lines of more than one year	356,679	320,793
Lease obligations	159,244	164,280
Fair value of financial derivatives	5,431	5,742
Total	521,354	490,815
Current financial liabilities		
Portion at less than one year of:		
- bank loans and spot lines of credit	50,869	49,676
- lease obligations	57,002	54,977
- other miscellaneous financial liabilities	3,739	3,077
- commercial papers	277,000	262,000
Fair value of financial derivatives	2,221	2,555
Bank overdrafts and short-term loans	47,026	22,450
Total	437,857	394,735
Total financial liabilities	959,211	885,550
Net debt	904,799	824,351
Debt/equity ratio	1.11	1.08

The Group mainly used bank loans and issued commercial papers to finance its real estate investments.

The maturities of financial liabilities at 31 December 2020 and 31 December 2019 are shown below:

2020	Total	Less than one year	Maturities of more than one and less than five years	Over 5 years
Bank borrowings and drawdowns (including fair value of derivatives)	415,201	53,090	241,990	120,121
Lease obligations	216,246	57,002	96,372	62,872
Commercial papers	277,000	277,000		
Bank overdrafts	47,026	47,026		
Miscellaneous financial liabilities	3,739	3,739		
Total	959,211	437,857	338,362	182,993

2019	Total	Less than one year	Maturities of more than one and less than five years	Over 5 years
Bank borrowings and drawdowns (including fair value of derivatives)	378,766	52,231	196,383	130,152
Lease obligations	219,257	54,977	96,269	68,011
Commercial papers	262,000	262,000		
Bank overdrafts	22,450	22,450		
Miscellaneous financial liabilities	3,077	3,077		
Total	885,550	394,735	292,652	198,163

The Group's exposure to exchange rate, interest rate and liquidity risks due to its financial liabilities is analysed in Note 26.

Changes in financial activities detailed by cash and non-cash flows appear below:

2020	Cash flows			Non-cash flows					
	31 December 2019	New loans	Repayments	Changes in scope	Change in fair value	Impact of foreign exchange	New lease obligations (IFRS 16)	Reclassification and other changes*	31 December 2020
Bank loans and credit line drawdowns	370,469	94,900	(57,939)	0	0	119	0	0	407,549
Lease obligations	219,257	0	(53,215)	0	0	50	52,931	(2,777)	216,246
Commercial papers	262,000	15,000	0	0	0	0	0	0	277,000
Miscellaneous financial liabilities & accrued interest	3,077	406	(127)	0	0	48	0	335	3,739
Bank overdrafts and short-term loans	22,450	24,576	0	0	0	0	0	0	47,026
Fair value of financial derivatives	8,297	0	0	0	(645)	0	0	0	7,652
Total	885,550	134,882	(111,281)	0	(645)	216	52,931	(2,442)	959,211

* Reclassifications and other changes include lease terminations.

Note 25

Other current liabilities

Other current liabilities include the following elements:

	31 December 2020	31 December 2019
Advances and deposits received	15,113	23,414
Social debt	178,302	183,883
Tax debt	101,231	112,781
Deferred income	7,342	3,034
Current accounts in debit	25	966
Debt on asset acquisitions	4,953	7,080
Other liabilities	9,865	5,580
Total	316,832	336,737

Note 26

Financial risk management

26.1

Credit risk

No customer accounts for more than 5% of the Group's turnover, which limits the risk that the bankruptcy of one customer could have a significant impact on the Group's financial position.

The Group has credit insurance covering it against the risk of bankruptcy of its customers, which is renewed on a regular basis.

Financial investments consist of senior securities and are negotiated with tier one banks.

The Group subscribes to OTC derivatives with tier one banks under agreements that provide for the offsetting of the amounts due and to be received in the event that one of the contracting parties defaults.

These conditional offsetting agreements do not comply with the criteria of the IAS 32 standard to allow the offsetting of derivative assets and liabilities on the balance sheet.

26.2

Interest rate risk

The structure of the financial debt by rate type, after taking account of the hedging instruments in place, is as follows:

	31 December 2020		31 December 2019	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Bank loans	326,320	81,229	341,707	28,762
Commercial papers		277,000		262,000
Lease obligations	216,246		219,257	
Miscellaneous financial liabilities (inc. fair value of derivatives)	3,739	7,652	3,077	8,297
Bank overdrafts and short-term loans		47,026		22,450

Total financial liabilities net of hedges	546,305	412,907	564,041	321,509
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The Group's objective in terms of interest rate risk management is to use micro-hedging as and when new real estate financing contracts are set up either by contracting directly at a fixed rate with lending institutions or by setting up swap contracts. This hedging policy by the Group should optimise the contracting of financial instruments to hedge the underlying liabilities, while improving its effectiveness and complying with accounting requirements in terms of hedge accounting.

In France, 18 swaps were active at 31 December 2020, totalling a hedged notional amount of €84 million. Interest rate swaps were contracted with regard to long-term financing in terms of duration and amortisable notional principal amount. Their maturity depends on the duration of the underlying financing, i.e. between 9 and 15 years at the start.

In Italy, two interest rate swaps were contracted to hedge the Tavazzano and Mairano platforms for a notional principal amount of €7 million. In 2018, an interest rate swap was set up to hedge the financing of the buildings in Fidenza (Marconi) for a notional principal amount of €52.5 million at 31 December 2020.

In Belgium, the subsidiary STEF Logistics Saintes contracted an interest rate swap to hedge the Saintes platform for a notional principal amount of €1 million; the contract ends in 2024.

Analysis of interest rate risk sensitivity

A change of 50 basis points in the interest rates at the balance sheet date would have impacted equity and profit (before tax) up to the amounts shown below. For the purposes of this analysis, all other variables are assumed to be constant.

(-) Debit / (+) Credit	Impact on profit and loss		Impact on comprehensive income	
	Rise of 50 bps	Fall of 50 bps	Rise of 50 bps	Fall of 50 bps
Floating rate interest charges on assets/liabilities	2,027	(2,027)	0	0
Change in fair value of derivatives	0	0	2,394	(2,472)
Net impact	2,027	(2,027)	2,394	(2,472)

Balance sheet exposure to rate risk

At 31 December 2020	Current		Non-current	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Financial liabilities*	82,329	353,307	319,439	196,484
Non-current financial assets (note 15)			(37,547)	(2,342)
Cash and cash equivalents (note 20)		(54,413)		
Net exposure before taking account of derivatives	82,329	298,895	281,892	194,142
Notional amounts of derivatives	27,848	(27,848)	116,456	(116,456)
Net exposure after taking account of derivatives	110,177	271,047	398,348	77,686

* Excluding market value of derivatives.

At 31 December 2019	Current		Non-current	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Financial liabilities*	73,181	318,999	314,863	170,210
Non-current financial assets (note 15)			(28,933)	(2,124)
Cash and cash equivalents (note 20)		(61,199)		
Net exposure before taking account of derivatives	73,181	257,800	285,930	168,086
Notional amounts of derivatives	31,693	(31,693)	144,304	(144,304)
Net exposure after taking account of derivatives	104,874	226,107	430,234	23,782

* Excluding market value of derivatives.

26.3

Exchange rate risk

Most of the flows outside the Eurozone concern Switzerland, where the business represents less than 1% of the Group's turnover. In this scope, the income and associated costs are mostly accounted for in Swiss francs, which limits the impact of a change in the €/CHF exchange rate on the Group's results.

26.4

Liquidity risk

The Group's cash management is centralised which gives it control over all its subsidiaries' cash flows.

The Group's cash needs are mainly provided by credit lines at parent company level.

At 31 December 2020, STEF had 13 confirmed medium-term credit totalling €247 million.

At 31 December 2020, up to €67.5 million had been drawn down.

Furthermore, the Group has a commercial papers programme of a maximum amount of €350 million.

These papers are issued by STEF SA on maturities ranging from 1 day to 1 year. The outstanding amount of the programme at 31 December 2020 was €277 million.

STEF also has spot loans totalling €14 million, unused at 31 December 2020 and overdraft agreements, with no agreed expiry date, totalling €164 million, of which €47 million was used at 31 December 2020. The current cash needs of the subsidiaries are provided mainly by the parent company through a European centralised cash management agreement.

Confirmed, unused credit lines and available overdrafts and spot loans, together with effective cash flow planning, ensure that the Group has excellent control of its liquidity risk.

Some lines and loans are supported by commitments from the Group, including compliance with financial ratios. The main ratios are as follows: EBITDA/Net financial expenses higher than 6 or 6.5 and Net Debt/Equity less than 2. At 31 December 2020, the Group met all commitments attached to the funding available to it.

26.5

Diesel risk

As a large consumer of diesel, STEF, which is exposed to changes in the price of this fuel, does not currently intend to purchase hedging instruments. Besides the impact of this expense, the Group prefers primarily to optimise purchases with dedicated buyers and implement measures to reduce consumption by vehicles.

26.6

Information on the fair value of financial instruments by category

	Balance sheet value 31 December 2020	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Assets not qualified as financial
Unconsolidated equity instruments	344		344		
Other non-current financial assets	6,547			6,547	
Loans and receivables from financial activities	31,197			31,197	
Marketable securities	1,801		1,801		
Sub-total: non-current financial assets	39,889	0	2,145	37,744	0
Customers	510,514			510,514	
Other accounts receivable	150,629			150,629	
Cash and cash equivalents	54,413	54,413			
Assets	755,445	54,413	2,145	698,887	0

	Balance sheet value 31 December 2020	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Liabilities not qualified as financial
Derivative financial liabilities	7,652	15	7,637		
Debts from financial activities	904,533			688,287	216,246
Current financial liabilities	47,026			47,026	
Sub-total: financial liabilities	959,211	15	7,637	735,313	216,246
Suppliers	461,047			461,047	
Other accounts payable	317,195			317,195	
Liabilities	1,737,453	15	7,637	1,513,555	216,246

	Balance sheet value 31 December 2019	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Assets not qualified as financial
Unconsolidated equity instruments	254		254		
Other non-current financial assets	6,644			6,644	
Loans and receivables from financial activities	23,688			23,688	
Marketable securities	471		471		
Sub-total: non-current financial assets	31,057	0	725	30,332	0
Customers	533,150			533,150	
Other accounts receivable	141,196			141,196	
Cash and cash equivalents	61,199	61,199			
Assets	766,603	61,199	725	704,678	0

	Balance sheet value 31 December 2019	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Liabilities not qualified as financial
Derivative financial liabilities	8,297	76	8,221		
Debts from financial activities	854,803			635,546	219,257
Current financial liabilities	22,450			22,450	
Sub-total: financial liabilities	885,550	76	8,221	657,996	219,257
Suppliers	477,448			477,448	
Other accounts payable	341,666			341,666	
Liabilities	1,704,664	76	8,221	1,477,110	219,257

The financial assets and liabilities not covered within the scope of IFRS 9 mainly comprise debts concerning leases.

Hierarchy of fair values at 31 December 2020

Financial instruments at fair value are classified according to the following hierarchy levels:

- level 1: financial instruments which are listed on an active market;
- level 2: financial instruments whose evaluation requires the use of valuation techniques based on observable parameters;
- level 3: financial instruments whose evaluation requires the use of valuation techniques based in whole or in part on non-observable parameters.

	Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income		2,145	
Cash and cash equivalents	2,264	52,149	
Assets	2,264	54,294	0
Derivatives		7,652	
Liabilities	0	7,652	0

Derivatives portfolio at 31 December 2020	Fair value	On assets	On liabilities	Ineffective portion recorded in Net Comprehensive Income for the period	Nominal hedged	Average maturity	Reference rate
Swaps	(7,652)		(7,652)	89	144,304	3 years	Euribor

Method for determining fair values

The fair value of interest rate swaps and options is based on quotes made by financial intermediaries. The Group ensures that these quotes are reasonable by valuing the swaps by discounting estimated future cash flows and the options using a valuation model (Black & Scholes type).

The fair value of “trade accounts payable” and “trade receivables” is equal to the book value on the balance sheet because the discounting of cash flows has a negligible impact given the short payment and settlement deadlines.

The fair value of floating rate debts is very nearly equal to the book value with close credit risk.

Note 27

Operations with related parties

Related parties with regard to STEF are associated companies, STEF's Directors and senior executives. The shareholding structures of managers and senior executives are also in this position, as well as employee investment funds which, acting together, control 85.05% of the voting rights at the STEF Shareholders' Meeting.

27.1

Net remunerations and other benefits

The following net remunerations and other benefits were paid to Directors and senior executives, in euros:

	2020	2019
Salaries and wages	1,224,849	1,574,641
Directors' attendance fees	127,283	128,507
Total	1,352,132	1,703,148
Short-term benefits	1,352,132	1,703,148
Post-employment benefits	0	0
Long-term benefits	None	None
Retirement benefits	None	None
Share-based payments*	89,140	110,657

* Share of IFRS 2 expenses for the financial year for directors and senior executives.

The salaries and wages presented give the annual total of net remunerations and benefits paid to Directors and senior executives.

27.2

Associated companies

These are primarily the companies over which the Group has considerable influence, recognised using the equity method. Transactions with these related parties are carried out at market prices. Over the 2020 financial year, the most significant transactions carried out by the Group, concerned the following companies:

	Balances at 31 December 2020				Transactions for the year	
	Customers	Suppliers	Long-term loans	Current account	Sales of goods and services	Purchases of goods and services
Primever	102	(582)	6,840	4,484	1,135	(7,020)
Messageries Laitières	3,403	0		3,883	28,895	(5)
QSL-STEF	8,736	(240)		2,724	40,469	(202)

In 2019, the most significant transactions involved the following companies:

	Balances at 31 December 2019				Transactions for the year	
	Customers	Suppliers	Long-term loans	Current account	Sales of goods and services	Purchases of goods and services
Messageries Laitières	3,405	(1)		2,990	29,259	(19)
QSL-STEF	10,742	(34)		1,583	47,671	(15)

Furthermore, there were no significant transactions in 2020 and 2019 between the Group and the shareholding structures of managers and senior executives and employee investment funds.

Note 28

Link between the cash flow statement and the notes to the financial statements

28.1

Connection between balance sheet changes and cash flow

	Note	Opening	Non-cash change*	Cash flow statement item			
				Changes in other items of the WC	Disbursed tax	Investment flow	Closure
Inventories and work in progress	17	74,250	(343)	7,246	0	0	81,153
Customers	18	533,150	16,427	(39,063)	0	0	510,514
Other receivables and current financial assets	19	140,547	(2,378)	1,940	0	0	140,109
Current tax assets		649	0	(312)	10,183	0	10,520
Total		748,596	13,706	(30,189)	10,183	0	742,296
Trade accounts payable		477,448	14,258	(30,659)	0	0	461,047
Other current liabilities (including fixed asset suppliers)	25	336,737	1,280	(19,045)	0	(2,141)	316,832
-including in the acquisition of tangible fixed assets (a)						(2,016)	
Current tax liabilities		4,929	0	(4,566)	0	0	363
Total		819,114	15,538	(54,269)	0	(2,141)	778,242
Impact on cash flow				(24,080)	(10,183)	(2,141)	
Tax on the income statement	13				(38,881)		
Cash used in acquiring intangible assets	14.1					(3,263)	
Cash used in acquiring tangible fixed assets (b)	14.2					(202,848)	
Cash flow statement total				(24,080)	(49,064)	(208,252)	
including cash used in acquiring tangible fixed assets (a) + (b)						(204,864)	

* The non-cash changes include in particular the effects of changes in scope, the effects of conversion and reclassification between accounts.

28.2

Details of depreciation and amortisation and provisions presented in the cash flow statement

	Note	2020
Impairment of goodwill	14.1	(7,095)
Amortisation and depreciation of intangible fixed assets	14.1	(6,852)
Amortisation and depreciation of tangible fixed assets	14.2	(170,698)
Net depreciation of reversals on non-current financial assets		(77)
Net depreciation of reversals on current assets		(903)
Net allocations to provisions		(1,041)
Total charges net of reversals		(186,666)

Note 29

Statutory Auditor's fees

	Mazars				KPMG			
	Amounts		%		Amounts		%	
	2020	2019	2020	2019	2020	2019	2020	2019
Audit								
I) Statutory auditors, certification, review of individual and consolidated financial statements	998	1,019	93%	93%	861	821	86%	99%
a) Issuer	116	124	11%	11%	175	169	17%	20%
b) Fully consolidated subsidiaries	882	894	82%	82%	686	652	68%	79%
II) Services other than certification of the financial statements	79	74	7%	7%	143	5	14%	1%
a) Issuer	23	21	2%	2%	141	0	14%	0%
b) Fully consolidated subsidiaries	56	53	5%	5%	2	5	0%	1%
Total	1,077	1,093	100%	100%	1,004	825	100%	100%

Fees for statutory auditors from other firms amounted to €121 thousand for 2020 (€140 thousand in 2019). Services, other than the certification of the financial statements, mainly concern the environmental and social report and specific certifications or additional reports.

Note 30**Off-balance sheet commitments**

	2020	2019
Commitments received		
Financial commitments		
Commitments related to operating activities	4,168	3,429
Commitments related to scope of consolidation	10,180	8,980
Unused available medium-term credit lines	179,500	144,000
Unused spot loans and bank overdrafts	130,774	123,000
Other commitments received		
Total	324,622	279,409
	2020	2019
Commitments given		
Financial commitments	0	0
Commitments related to operating activities	51,759	82,843
Commitments related to scope of consolidation	0	0
Other commitments given	0	0
Total	51,759	82,843

Commitments related to operating activities mainly include firm orders for tangible fixed assets not yet executed which amounted to €45.9 million at 31 December 2020 (compared with €82.8 million at 31 December 2019) particularly due to the removal of the commitment to purchase the Pelagos vessel (formerly Liverpool Seaways) in 2020.

Note 31**Contingent liabilities**

As part of its normal activities, the Group may be a defendant in litigation and disputes. It recognises a provision each time an unfavourable outcome is considered likely to result in an outflow of resources of which the amount can be reliably estimated.

At 31 December 2020 as at 31 December 2019, there was no litigation or dispute likely to have a significant impact on the Group's financial situation and future results with the exception of the Corsica Ferries dispute presented below:

- as a reminder, in February 2018, Corsica Ferries called the Group of companies SNCM (represented by its liquidators) and La Méridionale before the Commercial Court of Marseille. Corsica Ferries believes that the joint response of both companies to the consultation for the awarding of the Public Service Concession for the 2014-2023 period (a Concession now cancelled), was an anti-competitive practice, even though it was authorised by the specifications of this consultation;
- the Group believes that this legal action is not legitimate and is preparing a defence with the assistance of its lawyers. Several procedural hearings have taken place. In December 2019, the Judge of the Commercial Court of Marseille granted the application for suspension pending the decision of the administrative judge as part of the summons of the Corsican Authorities by Corsica Ferries. There has not been any significant progress in 2020.

Note 32**Events subsequent to year-end closing**

- As part of the acquisition of the Nagel Group's operations in Italy and Belgium on 31 December 2020, the Group finalised the acquisition of Nagel in the Netherlands which took place in July 2021.
- In February 2021, the new 22-month Public Service Concession (PSC) (1 March 2021 to 31 December 2022) was awarded by the Corsican Assembly to La Méridionale and Corsica Linéa. La Méridionale will be positioned on the Propriano line and, jointly with Corsica Linéa, on the Ajaccio line.

Note 33

List of consolidated companies

In accordance with the rules shown in paragraph 2.1 above, the following companies are included in the consolidated financial statements:

Fully consolidated companies Company STEF-S.A. (Parent)	Percentage of control	
	31 December 2020	31 December 2019
Atlantique SA (Spain)	100%	100%
Bretagne Frigo	100%	100%
Entrepôts Frigorifiques de Nord et de l'Est (EFNE)	100%	100%
Entrepôts Frigorifiques du Sud-Ouest (EFSO)	100%	100%
FSD	100%	100%
GIE STEF Geodis	50%	50%
Institut des métiers du froid	100%	100%
SLD Aix-en-Provence	100%	100%
SNC STEF-TFE Services	100%	100%
STEF Information et Technologies and its subsidiary:	100%	100%
STEF IT Portugal	100%	100%
STEF Logistics Courcelles (Belgium)	100%	100%
STEF Logistics Saintes (Belgium)	100%	100%
STEF Logistique Plouénan	100%	100%
STEF Switzerland	100%	100%
STEF Nederland (The Netherlands) and its subsidiaries:	100%	100%
STEF Bodegraven BV	100%	100%
STEF International Bodegraven BV	100%	100%
STEF Eindhoven BV	100%	100%
STEF RAALTE	100%	40%
Société des Glacières et frigorifiques de St Nazaire (SGN) and its subsidiary:	100%	100%
SNC Loudéac Froid	100%	100%
IMMOSTEF and its subsidiaries:	100%	100%
Blue EnerFreeze	100%	100%
Blue Enersun	75%	0%
Entrepôts Frigorifiques de Normandie Loire (EFNL)	100%	100%
Frigaurice	100%	100%
GEFA	100%	100%
IMMOSTEF Italia Srl	100%	100%
IMMOSTEF Espana SLU and its subsidiary:	100%	100%
Friomerk SAU and its subsidiary:	100%	100%
Euromerk SAU	100%	100%
IMMOSTEF Portugal SLU (5% owned by STEF IBERIA)	100%	100%

Fully consolidated companies Company STEF-S.A. (Parent)	Percentage of control	
	31 December 2020	31 December 2019
Frigorifiques du Périgord	100%	100%
Normandie Souchet	100%	100%
SCI BV 18	0%	100%
SCI C2W2	100%	100%
SCI des Pins	100%	100%
SCI des Vallions	100%	100%
SCI Fresh 5	100%	100%
SCI Fresh 7	100%	100%
SCI Immo	100%	100%
SCI Immotrans 42	100%	100%
SNC Adour Cap de Gascogne	100%	100%
SNC Agen Champs de Lassalle	100%	100%
SNC Allonnes Entrepôts	100%	100%
SNC Atton Logistique	100%	100%
SNC Bondoufle la Haie Fleurie	100%	100%
SNC Brignais Charvolin	100%	100%
SNC Burnhaupt les Mulhouse	100%	100%
SNC Carros la Manda	100%	100%
SNC Cavaillon le Castanie	100%	100%
SNC Cergy Frais	100%	100%
SNC Cergy Froid	100%	100%
SNC de la Vesvroise	100%	100%
SNC Donzenac Entrepôts	100%	100%
SNC Donzenac la Maleyrie	100%	100%
SNC France Plateformes	100%	100%
SNC Gap Plan de Lardier	100%	100%
SNC Immotrans 49	100%	100%
SNC Immotrans 56	100%	100%
SNC Immotrans 69	100%	100%
SNC La Pointe de Pessac	100%	100%
SNC Le Mans Faraday	100%	100%
SNC Les Essarts Sainte-Florence	100%	100%
SNC Louverne Les Guichérons	100%	100%
SNC Mâcon Est Replonges	100%	100%
SNC Mions La Perrinière	100%	100%
SNC Plan d'Orgon-sur-Durance	100%	100%
SNC Reims La Pompelle	100%	100%

Fully consolidated companies Company STEF-S.A. (Parent)	Percentage of control	
	31 December 2020	31 December 2019
SNC Saran Les Champs Rouges	100%	100%
SNC Strasbourg Pont de L'Europe	100%	100%
SNC Toussieu Chabroud	100%	100%
SNC Trangé Le Bois Chardon	100%	100%
SNC Valence Pont des Anglais	100%	100%
STEF Logistique and its subsidiaries:	100%	100%
Dyad	100%	100%
STEF Logistique Canejean (ex Gamma 2)	100%	100%
Dyad Solutions	100%	100%
KL Services (KLS)	100%	100%
STEF Logistique Aix-en-Provence	100%	100%
STEF Logistique Alsace	100%	100%
STEF Logistique Arnage	100%	100%
STEF Logistique Atton	100%	100%
STEF Logistique Aulnay-sous-Bois	100%	100%
STEF Logistique Aurice	100%	100%
STEF Logistique Bain-de-Bretagne	100%	100%
STEF Logistique Bondoufle	100%	100%
STEF Logistique Bourgogne	100%	100%
STEF Logistique Bretagne Nord	100%	100%
STEF Logistique Bretagne Sud	100%	100%
STEF Logistique Brignais	100%	100%
STEF Logistique Cergy	100%	100%
STEF Logistique Darvault	100%	100%
STEF Logistique Distribution Cergy	100%	100%
STEF Logistique Distribution Montsault	100%	100%
STEF Logistique Distribution Vitry	100%	100%
STEF Logistique Fuveau	100%	100%
STEF Logistique Givors	100%	100%
STEF Logistique Île-d'Abeau	100%	100%
STEF Logistique Le Plessis-Belleville	100%	100%
STEF Logistique Le Plessis-Pâté	100%	100%
STEF Logistique Lesquin	100%	100%
STEF Logistique Lorraine Surgelés	100%	100%
STEF Logistique Méditerranée	100%	100%
STEF Logistique Midi-Pyrénées Limousin	100%	100%
STEF Logistique Mions	100%	100%

Fully consolidated companies Company STEF-S.A. (Parent)	Percentage of control	
	31 December 2020	31 December 2019
STEF Logistique Montbartier	100%	100%
STEF Logistique Montsault	100%	100%
STEF Logistique Moulins-Les-Metz	100%	100%
STEF Logistique Nemours	100%	100%
STEF Logistique Niort	100%	100%
STEF Logistique Nord	100%	100%
STEF Logistique Normandie	100%	100%
STEF Logistique Pays-de-Loire	100%	100%
STEF Logistique Saint-Pierre-des-Corps	100%	100%
STEF Logistique Tigery	100%	100%
STEF Logistique Vendenheim	100%	100%
STEF Logistique Pessac	100%	100%
STEF Logistique Rhône-Alpes	100%	100%
STEF Logistique Rouen	100%	100%
STEF Logistique Saint-Dizier	100%	100%
STEF Logistique Saint-Sever	100%	100%
STEF Logistique Santé	100%	100%
STEF Logistique Sorgues	100%	100%
STEF Logistique Tours	100%	100%
STEF Logistique Toussieu	100%	100%
STEF Logistique Venissieux	100%	100%
STEF Logistique Vitry	100%	100%
STEF Restauration France	100%	100%
STEF Transport Montsault	100%	100%
STEF TSA	100%	100%
STEF TSA Orléans Nord	100%	100%
STEF TSA Rhône-Alpes	100%	100%
Epsilon	100%	100%
STEF Logistique 1	100%	-
STEF Logistique 2	100%	-
STEF Logistique 3	100%	-
Compagnie Méridionale de Participation (CMP) and its subsidiaries:	100%	100%
La Méridionale and its subsidiaries:	98%	98%
A.M.C	98%	98%
Cie Méridionale de Manutention (CMM)	98%	98%
SNC PIANA	98%	98%
Sigma	100%	100%

Fully consolidated companies Company STEF-S.A. (Parent)	Percentage of control	
	31 December 2020	31 December 2019
STEF Transport and its subsidiary:	100%	100%
Dispack	100%	100%
Ebrex France and its subsidiary:	100%	100%
STEF Logistique Miramas (ex- Logistique Salon-de-Provence)	100%	100%
STEF Transport Lezignan Corbières (ex - Express Marée)	100%	100%
Immotrans 35	100%	100%
Logistique Frigorifique de Bourgogne	100%	100%
STEF Eurofrischfracht	100%	100%
STEF International Strasbourg	100%	100%
STEF International Paris	100%	100%
STEF International Ouest	100%	100%
STEF International Lyon	100%	100%
STEF International Bordeaux	100%	100%
STEF Logistique Caen	100%	100%
STEF Logistique Vannes	100%	100%
STEF Transport Agen	100%	100%
STEF Transport Alpes	100%	100%
STEF Transport Angers	100%	100%
STEF Transport Avignon	100%	100%
STEF Transport Bordeaux Bègles	100%	100%
STEF Transport Boulogne	100%	100%
STEF Transport Bourges	100%	100%
STEF Transport Brive	100%	100%
STEF Transport Caen	100%	100%
STEF Transport Cavillon	100%	100%
STEF Transport Chaulnes	100%	100%
STEF Transport Clermont-Ferrand	100%	100%
STEF Transport Côte d'Azur	100%	100%
STEF Transport Dijon	100%	100%
STEF Transport Epinal	100%	100%
STEF Transport Saint-Lô	100%	100%
STEF Transport Investissement	100%	100%
STEF Transport Landivisiau	100%	100%
STEF Transport Langres	100%	100%
STEF Transport Laval	100%	100%
STEF Transport Le Mans	100%	100%
STEF Transport Le Rheu	100%	100%

Fully consolidated companies Company STEF-S.A. (Parent)	Percentage of control	
	31 December 2020	31 December 2019
STEF Transport Lesquin	100%	100%
STEF Transport Lille	100%	100%
STEF Transport Limoges	100%	100%
STEF Transport Lorient	100%	100%
STEF Transport Lyon	100%	100%
STEF Transport Lyon Est	100%	100%
STEF Transport Mâcon	100%	100%
STEF Transport Marseille	100%	100%
STEF Transport Metz	100%	100%
STEF Transport Metz Nord	100%	100%
STEF Transport Montpellier	100%	100%
STEF Transport Mulhouse	100%	100%
STEF Transport Nantes Carquefou	100%	100%
STEF Transport Narbonne	100%	100%
STEF Transport Niort 1-La Crèche	100%	100%
STEF Transport Niort 2-La Crèche	100%	100%
STEF Transport Orléans	100%	100%
STEF Transport Paris Athis	100%	100%
STEF Transport Paris Distribution	100%	100%
STEF Transport Paris Plessis-Belleville	100%	100%
STEF Transport Paris Rungis	100%	100%
STEF Transport Paris Vitry	100%	100%
STEF Transport Pilotage France	100%	100%
STEF Transport Plan-d'Orgon	100%	100%
STEF Transport Quimper	100%	100%
STEF Transport Reims	100%	100%
STEF Transport Rennes	100%	100%
STEF Transport Châteaubourg	100%	100%
STEF Transport Rethel	100%	100%
STEF Transport Rouen	100%	100%
STEF Transport Saint-Amand	100%	100%
STEF Transport Saint-Brieuc	100%	100%
STEF Transport Saintes (Belgium)	100%	100%
STEF Transport Saint-Sever	100%	100%
STEF Transport Seafood Lyon	100%	100%
STEF Transport Sens	100%	100%

Fully consolidated companies Company STEF-S.A. (Parent)	Percentage of control	
	31 December 2020	31 December 2019
STEF Transport Strasbourg	100%	100%
STEF Transport Tarbes	100%	100%
STEF Transport Toulouse	100%	100%
STEF Transport Tours	100%	100%
STEF Transport Valence	100%	100%
STEF Transport Nazareth	100%	-
STEF Transport 1	100%	-
STEF Transport 2	100%	-
STEF Transport Vannes	100%	100%
STEF Transport Velaines	100%	100%
STEF Transport Vendée	100%	100%
STEF Transport Vire	100%	100%
STEFOVER	100%	100%
TFE International Ltd (United Kingdom)	100%	100%
Tradimar Bordeaux	100%	100%
Transport Frigorifique Normandie	100%	100%
Transports Frigorifiques des Alpes (TFA)	100%	100%
Transports Frigorifiques Spadis and its subsidiary:	100%	100%
STEF Transport St-Etienne	100%	100%
STEF Italia Holding Srl. and its subsidiaries:	100%	100%
STEF Logistics Italia Srl	100%	100%
STEF Italia SpA and its subsidiaries:	100%	100%
CDL Srl	51%	51%
STEF Frozen	100%	100%
Orlando Marconi Trasporti Srl	0%	100%
SLF Sicilia Srl	0%	97%
STEF Trento Srl	0%	100%
STEF International Italia Srl	100%	100%
STEF Seafood Italia Srl	100%	100%
STEF Nogarole Srl	100%	-
STEF Iberia and its subsidiaries:	100%	100%
Logirest SLU	100%	100%
STEF Los Olivos SAU	100%	100%
STEF Olot Distribucion (ex-Transportes Badosa SAU)	100%	100%
STEF Portugal-Logistica E Transporte, Lda	100%	100%

Equity-accounted associates	Percentage of control	
	31 December 2020	31 December 2019
Shareholdings of STEF Transport:		
Froidcombi	25%	25%
Messageries Laitières	39%	39%
Stefover Tunisie (subsidiary of Stefover)	49%	49%
Groupe Prim@ever	40%	49%
Olano Seafood Iberica	32%	32%
Normandie Export Logistics	39%	39%
Logistique Internationale Alimentaire	49%	-
Shareholdings of STEF Logistique:		
QSL – STEF	49%	49%
Shareholdings of IMMOSTEF:		
Norfrigo	38%	38%
SCCV Innovespace Corbas	25%	25%
SCCV Parc Dijon Champollion	49%	49%
SCCV SILSA	49%	49%
SCCV NOBEL	49%	49%
Shareholdings of STEF Iberia:		
Olano Valencia (Spain)	40%	40%
Shareholdings of STEF Italia SpA:		
Med'Sealog (18% owned by STEF Seafood Italia)	40%	-

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2020

At the STEF Shareholders' Meeting,

Opinion

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the consolidated financial statements for the Company STEF for the year ended 31 December 2020, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of the Group's operations for the past year and of its financial position and assets and liabilities at the end of the financial year, in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis of the opinion

Audit terms of reference

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

Our responsibilities under these standards are set out in the "Responsibilities of statutory auditors relating to the audit of the consolidated financial statements" section of this report.

Independence

We completed our audit in accordance with the applicable independence rules as set out in the French Commercial Code and the profession's Code of Ethics for auditors, for the period from 1 January 2020 to the publication date of our report and we have not provided services prohibited by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014.

Justification of assessments – Key points of the audit

The global crisis related to the COVID-19 pandemic created specific conditions for preparing and auditing the accounts this financial year. Indeed, this crisis and the exceptional measures taken in the context of the health emergency led to many consequences for companies, particularly on their operations and their financing along with increased uncertainties on their future prospects. Some of these measures, such as the restrictions on movement and remote working, have also had an impact on the internal organisation of companies and the procedures for implementing audits.

It is in this complex and changing situation and pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, that we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional opinion, were most important for the audit of the consolidated financial statement for the financial year as well as our responses to these risks.

The assessments were performed as part of our audit of the consolidated financial statements taken as a whole and the expression of the aforementioned opinion. We do not give an opinion on the elements of these consolidated financial statements taken in isolation.

Valuation of the recoverable value of fixed assets (including goodwill)

(Note 14.4 to the consolidated financial statements)

Risk description

At 31 December 2020, the fixed assets were comprised of the following elements:

- goodwill (€206.2 million);
- intangible fixed assets (€13.8 million);
- tangible fixed assets including the right to use (€1,526.5 million) relating in particular to platforms and warehouses, transportation equipment and vessels.

The Group regularly analyses whether its intangible and tangible fixed assets are subject to the indications of impairment described in note 14.4, and where necessary, performs impairment tests.

The Group also performs an annual impairment test on goodwill and intangible items with an indeterminate lifetime in accordance with the arrangements described in note 14.4 to these consolidated financial statements or as soon as an indication of loss of value is identified. An impairment is recognised when the recoverable value of the tested fixed assets or a Cash Generating Unit (hereafter "CGU") is less than their net book value.

This recoverable value is the highest value between the value in use and its fair value, net of costs to sell. Recoverable value is determined based on calculations of discounted future cash flows designed to establish the value in use of the CGUs. These calculations require important judgements by the management, particularly on the preparation of forecasts and the choice of the long-term discount and growth rates used.

By way of exception, for the Maritime CGU, the market value of the vessels as determined by experts is used as residual value.

In this context, we considered the valuation of the recoverable value of the fixed assets (including goodwill) as a key point of the audit, given the importance of these assets on the balance sheet and the high reliance on management judgement involved in this valuation, particularly on the preparation of forecasts and the determination of the long-term discount and growth rates used.

Our response to the risk

Our works firstly consisted in reviewing the reasonableness of the impairment indicators used by the Group and assessing the extent of the tests performed during the financial year.

For the tests designed to determine the value in use of the CGU, our works involved:

- checking the completeness of the elements comprising the book value of the tested CGUs and the consistency of these elements with the way in which the cash-flow projections have been determined for calculating the value in use;
- assessing the consistency of the cash-flow projections with the latest management estimates as presented to the Board of Directors taking into account the impacts of the Covid-19 pandemic, as part of the budgetary processes;
- assessing, with the help of our evaluation specialists, the consistency of the assumptions made compared to the sector's economic data, particularly with regards the growth rates and discount rates (WACC);
- analysing the appropriateness of the financial information provided in note 14.4 to the consolidated financial statements, especially the sensitivity of the recoverable value of goodwill and tangible and intangible assets to a variation in the main assumptions;
- for the assets of the Maritime CGU, where the residual value is determined based on the market value of the vessels, our works involved obtaining valuation reports on these assets and assessing the competency and objectiveness of the experts sought for these valuations.

Specific verifications

We also verified, in accordance with the professional standards applicable in France, specific verifications regarding the information about the Group contained in the Board of Directors' management report approved, as set out in the laws and regulations.

We have no comment to make as to the fair presentation of this information or its consistency with the consolidated financial statements.

We confirm that the consolidated declaration of extra-financial performance provided for by Article L.225-102-1 of the French Commercial Code appears in the financial information contained in the Group management report, on the understanding that, pursuant to the provisions of Article L.823-10 of this Code, we have not verified the information contained in this declaration in terms of its truthfulness or consistency with the consolidated financial statements and it must be subject to a report by an independent third party organisation.

Other verifications or information provided for by the legal and regulatory texts

Presentation format of the consolidated financial statements intended to be included in the annual financial report

In accordance with the professional standards on the auditors' procedures for annual and consolidated financial statements presented using the European single electronic reporting format, we have also verified compliance with this format defined by the Commission Delegated Regulation 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements intended to be included in the annual financial report as referred to in paragraph 1 of Article L.451-1-2 of the French Monetary and Financial Code, drawn up under the responsibility of the Chairman and Chief Executive Officer. With regard to consolidated financial statements, our procedures include checking that the markup of these financial statements complies with the format set out by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report comply, in all material aspects with the European single electronic reporting format.

We are not responsible for checking that the consolidated financial statements that are actually included by your Company in the annual financial report lodged with the French financial markets authority (AMF) correspond with those on which we have completed our work.

Appointment of the statutory auditors

We were appointed as statutory auditors for the company STEF by the Shareholders' Meeting of 22 June 1994 for KPMG S.A. and that of 18 December 1997 for Mazars.

At 31 December 2020, KPMG S.A. has been a statutory auditor for 26 years continuously and Mazars for 23 years, with both firms engaged for 22 years since the company's securities were listed for trading on a regulated market.

Responsibilities of the management and corporate governance officers relating to the consolidated financial statements

It is the management's responsibility to prepare consolidated financial statements presenting a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union and to implement the internal control that it believes necessary for the consolidated financial statements to be free of material misstatement, whether due to fraud or errors.

When preparing the consolidated financial statements, it is the management's responsibility to evaluate the Company's ability to continue as a going concern and, where appropriate, to present the necessary information on business continuity in these financial statements and to apply the accounting standard for a going concern, unless there are plans to liquidate the Company or cease its activity.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems, and where appropriate, the internal audit with regards the procedures for the preparation and treatment of accounting and financial information.

These consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors' relating to the consolidated financial statements

Audit objective and procedure

We are responsible for preparing a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements, taken as a whole, are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit performed in accordance with professional standards can automatically detect any material misstatement. Misstatements can arise from error or fraud and are considered as material when it can reasonably be expected that they might, taken individually or cumulatively, influence the economic decisions made by users of the financial statements based on them.

As set out in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not guarantee the viability or quality of the management of your Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the Auditor uses his professional judgement throughout this audit. Furthermore:

- the Auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or errors, defines and implements audit procedures for such risks and gathers elements judged sufficient and appropriate to provide a basis for their opinion. There is a greater risk of not detecting a material misstatement from fraud than a material misstatement resulting from an error because fraud can mean collusion, falsification, deliberate omissions, false declarations or circumvention of internal control;
- the Auditor obtains an understanding of the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances and not with the aim of expressing an opinion on the effectiveness of the internal control;
- the Auditor assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- the Auditor assesses the appropriateness of the management's application of the accounting standard for a going concern and, depending on the elements collected, the existence or not of a material uncertainty related to the events or circumstances likely to challenge the Company's ability to continue as a going concern. This assessment is based on the elements collected up to the date of the Auditor's report, remembering that subsequent circumstances or events could challenge business continuity. If the auditor concludes the existence of a material uncertainty, they draw the attention of the report's readers to the information provided in the consolidated financial statements that is subject to this uncertainty or, if such information is not provided or not relevant, the auditor formulates a certification with reservations or refuses to certify;
- the Auditor assesses the presentation of all the consolidated financial statements and evaluates whether the consolidated financial statements reflect the underlying operations and events so as to give a true view.
- in terms of the financial information about people or entities included in the scope of consolidation, the Auditor collects the elements judged sufficient and appropriate for expressing an opinion on the consolidated financial statements. The Auditor is responsible for managing, supervising and producing the audit of the consolidated financial statements and the opinion expressed on these financial statements.

Report to the Audit Committee

We produce a report for the Audit Committee that presents the extent of the audit, the work programme implemented and the resulting conclusions. We also point out, where appropriate, significant weaknesses in the internal control that we have identified with regards the procedures relating to the preparation and processing of accounting and financial information.

The report to the Audit Committee includes the risk of material misstatements that we judge to have been most important for the audit of the consolidated financial statements for the financial year and which consequently form the key points of the audit, which we must describe in this report.

We also provide the Audit Committee with the declaration stipulated in Article 6 of Regulation (EU) no. 537-2014 confirming our independence, in the sense of the rules applicable in France as set out in Articles L.822-10 to L.822-14 of the French Commercial Code and in the profession's Code of Ethics for auditors. Where appropriate, we discuss the risks to our independence and the safeguards applied with the Audit Committee.

Paris La Défense and Courbevoie, 1 April 2021

The Statutory Auditors

KPMG Audit

Department of KPMG S.A.

MAZARS

Jérémie Lerondeau
Associate

Anne-Laure Rousselou
Associate

Results of the parent company – STEF SA

The Company STEF, solely a holding company, comprises the Group functional divisions and owns all buildings, machinery and equipment leased to the Group's operational companies. Turnover, comprising revenue from leases and services provided within the Group, amounted to €18.8 million, compared with €18.1 million in 2019. Income attributable to third parties, reversals of impairments and other income accounted for €53.3 million, compared with €60.7 million for 2019. This mainly comprises Group expenses billed to the Group's subsidiaries.

Financial income of €39.4 million in 2020 compared with €36.3 in 2019 mainly comprised revenue from shareholdings amounting to €35.4 million.

Exceptional items amounted to €1.6 million, compared with €0.5 million in 2019.

In 2020, the Company posted a tax saving of €4.7 million (STEF is the parent of the tax group), compared with an expense of €0.5 million last year. Due to the principle of offsetting between the different net profits (losses) of the Group's companies, this saving is subject to the tax consolidation system provided for by Article 223 A of the French Tax Code.

The parent company posted a net profit of €39.0 million, compared with €21.9 million in 2019.

Proposed appropriation

Net profit for the year _____	€39,042,887
Retained earnings _____	€66,369,100
Giving a total amount available for distribution of _____	€105,411,987

Which shall be appropriated as follows

Payment of a dividend of €4 per share

Which is a total theoretical dividend payment of _____	€52,000,000
Of which interim dividend of €1.50 per share already paid _____	(€19,500,000)
Dividend balance still to be paid _____	€32,500,000
Which is the balance allocated to retained earnings of _____	€72,911,987

The Shareholders' Meeting is required to approve the payment of a dividend of €4 per share. Given the payment of an interim dividend for the 2020 financial year of €1.50 per share decided by the Board of Directors on 12 November 2020 and paid on 19 November 2020, the balance of the dividend to be paid under the 2020 financial year will be an amount of €2.50 per share, which is €32,500,000. The balance will be allocated to the retained earnings account.

If, when this balance is paid, the Company holds certain treasury shares, the sum corresponding to the amount of the dividend not paid under these shares will be credited to the retained earnings account.

The balance of the dividend will be paid out on Thursday 6 May 2021.

Dividends paid out in respect of the past three financial years

Financial year	Number of shares	Dividend paid per share (a)
2017	13,165,649	2.45
2018	13,165,649	2.50
2019	13,000,000	0.00

(a) Payment fully eligible for 40% tax allowance.

In accordance with Article 223d of the French Tax Code, there were no overhead expenses giving rise to add-back to taxable profit under Article 39-5 of the French Tax Code. Furthermore, the Company recorded a charge of €99,914 under article 39-4 of the same code (charge relating to non-deductible amortisation for company vehicles).

The table of STEF's net profit for the last five financial years is shown in the notes to the individual company financial statements.

Regulated agreements

Previous agreements were reviewed by the Board of Directors in accordance with the law.

Research and development

Innovative projects primarily concern the Group's sustainable development policy (alternative fuel for vehicles, systems to reduce energy consumption for operating the platforms (cf. "Environment" section) and the developments of the Group's information and management systems.

The Group did not select any specific projects in terms of the research tax credit for 2020 since the expenses incurred for this item were not significant.

Schedule of invoices received and issued

The "Outstanding invoices received and issued at the end of the financial year which are overdue" table appears in the notes to this document.

CONTACTS

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Marie-Line PESQUIDOUX – General Secretary

www.stef.com

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