2019

Annual Report

STEF | 100 YEARS

Contents

Our mission for 100 YEARS ?

Connecting food producers and retailers to guarantee that everyone can access a diverse range of safe and enjoyable food regardless of their circumstances.

STEF is the European leader in temperature-controlled logistics and transport services (-25°C to +15°C). Every day, our 19,000 employees work to provide agrifood manufacturers, retailers and out-of-home foodservice businesses with tailored solutions that comply with food safety rules and lead times.

We rely on the professionalism of our teams, our management of dynamic flows and the density of our European network to offer services that meet the specific market changes of our various customers in Europe and generate added value.

Conscious of our business' environmental impacts, we are constantly striving to reduce our vehicles' CO_2 emissions and the energy consumption of our sites. Committed to social and societal actions, we carefully monitor our employees' training and their quality of working life and actively support employment and economic growth in the countries and regions in which we operate.

Today, the Group is fully committed to succeeding in the multiple challenges it is facing

How do you assess the Group's performances in 2019?

SL — Overall, 2019 was a good year for the Group, with a good financial and extra-financial performance, a strong commitment from our 19,000 employees and many successful business deals. Our turnover increased by 5.7% to nearly €3.5 billion and, for the first time in its history, the Group exceeded a net profit of €100 million. We have continued to develop our business, our network and our expertise throughout Europe.

Looking to the future, the Group has taken an important new step on the industrial packaging market and continued its very ambitious real estate investment policy. Finally, 2019 was the first full year for Blue EnerFreeze, a cooling energy production company which has a bright future within the Group.

In addition to our operational roadmap, we have made great progress in terms of corporate social responsibility, which is a source of great pride for us all.

2019 was also your first year as Chairman and Chief Executive Officer...

SL — I took over the Group in April alongside Marc Vettard, Deputy Chief Executive Officer who also has an extensive understanding of the Group. We are supported by an experienced Executive Committee and, together, we are going to continue the Group's extraordinary history.

I would like to take the opportunity to thank the STEF Group's founders, who embarked on this adventure with a resolutely, forward-thinking strategic vision and who worked tirelessly to achieve great ambitions. Thanks to them, the Group has been able to grow and develop on solid foundations.

Our mission is to preserve this heritage so that we can pass it on to those who follow us. It is also to make the Group even more agile in order to tackle the many emerging challenges. The current health crisis that is affecting us further confirms this need and only strengthens our determination.

Stanislas LEMOR - Chairman and Chief Executive Officer

The specialisation of the Group's activities was a significant milestone. What benefits do you expect from it?

SL — The food world, and that of distribution are changing and it is natural for STEF to change alongside them. Specialising our activities enables us to develop a vision by market type and provide a better response to our customers' requirements, which are ever more specific and demanding. This firmly establishes our customer focus and enables the Group to offer better customised and more appropriate services. Last year in France, we took an important step, one that is already starting to produce results, and we will gradually be deploying this new model in all other countries.

Does the acquisition of Dyad take the Group away from its established businesses? Is this a new diversification strategy?

SL — Our Group already provides co-packing services for fresh, frozen and ambient and temperature-controlled products. By deciding to acquire the company Dyad, we made the strategic choice to expand our expertise in primary (co-manufacturing) and secondary (co-packing) industrial packaging. STEF has therefore become the only Group in the temperature-controlled sector to be able to offer three business activities — transport, logistics and packaging — across all its markets. A key resource for providing our customers with greater support in marketing their products. I should also add that Dyad, which has been an adapted company specialising in employing individuals with disabilities since its creation, further enhances the Group's social and societal mandate.

What is your analysis of La Méridionale's troubled year?

SL — First of all, I would like to remind people that La Méridionale is comprised of more than 500 committed sailors and employees who are proud of their company, vessels that sail under the French flag, which is quite unusual, and 40 years providing services to Corsica. Our maritime division has indeed experienced a difficult year; it has been impacted by the loss of service to the ports of Bastia and Ajaccio and the postponement of operations to the two ports of Propriano and Porto-Vecchio. This situation will also strongly affect 2020, but we must now focus on looking ahead. The future is the next public service concession for 2021-2027 to which La Méridionale has responded, together with its long-time partner.

What are your ambitions in terms of innovation and digital transformation?

SL — Innovation is nothing new at STEF. You could even say that it has been part of the Group's genes for 100 years... Of course, today, it must include the powerful driver of digital transformation. Our strategy is clear: innovation is only worthwhile if it serves our customers. The creation of an innovation department in 2019, with the aim of being more open to the outside world and facilitating the emergence of grassroots innovation, is part of this focus. I hope that everyone within the Group can become a champion of innovation, feel like the "entrepreneur" of a creative idea or an improvement, working towards collective progress.

Is your CSR policy still central to the Group's strategy?

SL — More than ever because our challenge is to build the future sustainably! Every day, we demonstrate that our social, societal and environmental commitments are sources of performance. For the third consecutive year, STEF has been recognised by the independent experts of EcoVadis as ranking in the top 1% of the most virtuous companies in all sectors. Satisfaction and an incentive to progress further.

How are you inspired by the fact that STEF is now celebrating its 100th anniversary?

SL — Since its creation in 1920, the Group has positioned itself as a pioneer and has constantly developed to offer the best services to its European customers and consumers. STEF has stood the test of time by staying true to its mission: to guarantee populations sustainable access to food products. Whenever necessary, it has successfully anticipated changes due to the commitment of its employees, its ability to reinvent itself and the strong values embedded in its DNA. Today, the Group is fully committed to addressing the many challenges that are emerging, on the one hand, for its customers because they are developing in an ever-changing food ecosystem and on the other, for our societies and our planet. I know I can count on our teams to work together to write the next chapter in our history.

What does the current health crisis highlight for you?

SL — Since its creation, the Group has survived wars, economic crises and technological revolutions by trusting in its relevance and its purpose. Today, we are turning to a new page in its history against the backdrop of an unprecedented health and economic crisis. These exceptional events highlight our responsibility, which goes well beyond that of other companies because we must fulfil our mission as an essential services operator in order to feed people. It is thanks to the unfailing commitment of the men and women throughout the Group in Europe that we are setting an example in dealing with this challenge. They have all stepped up with an outstanding sense of service and I thank them for it. I am proud of their commitment and their loyalty to the values of the STEF Group.

Group's Governance in 2019

Chairman - Executive Management

Stanislas LEMOR
Chairman and Chief Executive Officer

Marc VETTARD
Deputy Chief Executive Officer

Executive Committee

Bertrand BOMPAS
Deputy Chief Executive Officer
France
Marco CANDIANI
Managing Director of STEF Italie
Jean-Yves CHAMEYRAT
Human Resources Director
Vincent FROMAGE
Sales and Marketing
Development Director

Christophe GORIN
Managing Director Northern Europe
Vincent KIRKLAR
Real Estate Director
Managing Director of IMMOSTEF
Ludovic LAPORTE
Financial Director
Ángel LECANDA
Business Director
Stanislas LEMOR
Chairman and
Chief Executive Officer

Marc REVERCHON
Chairman and Managing Director
of La Méridionale
Léon de SAHB
IT Systems and Purchasing Director
Managing Director of
STEF Information et Technologies
Marc VETTARD
Deputy Chief Executive Officer

Board of Directors

Stanislas LEMOR, Chairman
Elisabeth DUCOTTET
Jean-Charles FROMAGE
Alain GEORGES
Emmanuel HAU
Estelle HENSGEN-STROLLER

Bernard JOLIVET
Jean-François LAURAIN
Murielle LEMOINE
Lucie MAUREL-AUBERT
Dorothée PINEAU
Dominique RAMBAUD

ALLIANZ Vie,
represented by Clarisse KOPFF
ATLANTIQUE MANAGEMENT,
represented by François de COSNAC

Our operational segments

1

STEF France

From 1 January 2019, the transport and logistics activities in France have been grouped under the name "STEF France", with a market segmentation of activities in France. This new organisation is a result of the Group's strategy of supporting the changing markets and its customers' requirements for a single point of contact to take better account of their specific requirements. The performances of the businesses are now monitored by customer market segment, through seven business units (BUs): Chilled Consignments/Chilled Supply Chain/Frozen/Ambient and temperature-controlled/Out-of-home foodservice/Retail/Seafood.

2

STEF International

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

Maritime

La Méridionale transports passengers and freight between Corsica and the continent.

Key figures 2019

2019 consolidated turnover (in millions of euros)	**2019 consolidated income** (Group share in millions of euros)	**2019 consolidated equity** (Group share in millions of euros)
3,441 M€	100.3 M€	759.2 M€

19,045 **employees in** 7 **European countries**
France, Italy, Spain, Portugal, Belgium, The Netherlands, Switzerland

Customers
over 10,000

Deliveries
over 100,000 **per day**

242 **multi-temperature sites (platforms and warehouses)**
of which **173** in France and **69** in other countries

Refrigerated quay area
515,000 m^2

Storage volume
9,300,000 m^3

Over 4,000 vehicles operated
(of which 2,360 owned)

3 **Ro-ro mixed passenger and cargo vessels**
(4 in 2020)

Business environment: a food ecosystem continuing its transformation

Over the last few years, the agrifood chain has experienced an unprecedented acceleration in the transformations it is experiencing. 2019 confirmed this trend, the pace of growth in food consumption in European countries contracted, forcing manufacturers and retailers to find new drivers for growth.

Change in GDP in 2019 vs 2018 (source: IMF).

Euro Zone	FR	BE	IT	ES	PT	NL	CH
+1.17%	+1.2%	+1.2%	+0.01%	+2.2%	+1.9%	+1.8%	+0.8%

Organisations in the food ecosystem are demonstrating that future consumption and production models will differ significantly from those of the past.
Resolutely focused on the future, STEF is working alongside its customers to address the challenges of these transformations by optimising existing logistics plans, offering comprehensive solutions and designing tailored solutions.

83%

of Europeans are interested in the geographical origin of products

Informed and demanding consumers

Consumers are at the centre of the transformations that the food world is experiencing. Their buying behaviours are changing radically. In 2019, 83% of Europeans were interested in the geographical origin of the products that they were consuming: "eating locally" has become a positive action for "expressing values".[1] However, their eating habits are still not consistent and their requirements are at times paradoxical: ever-increasing consumption of snack products with individual packaging; demand for immediate delivery without taking account of the associated economic and ecological costs.

[1] Source Observatoire Cetelem 2019.

New consumption habits are contributing to a steady decline in volumes sold in stores and consumers' interest in organic, plant-based and local products, which are better promoted in stores, has only just offset this trend.

Changes in household food consumption by value in 2019
(source Eurostat: cumulative change in value — data not seasonally adjusted and corrected for calendar effects).

Euro Zone	FR	BE	IT	ES	PT	NL	CH
+0.9%	+0.7%	-1.4%	-0.1%	+1.5%	+4.1%	+0.2%	-0.1%

Retailers rethink the buying experience

In the Group's operating countries, the fall in buying volumes accelerated in 2019, with consumers preferring quality food, even if it means consuming less. E-commerce has continued to gain market share and has gradually established itself as a new essential component of the food distribution landscape.

However, the battle for the food trade is still being played out in store and over retailers' ability to attract consumers to their stores. In 2019, retailers continued their transition by offering their customers new consumer experiences (the inclusion of in-store eating areas "distriration",[2] or the digitalisation of these spaces in order to make physical stores more attractive).

Retailers are rethinking their business models and switching from a mass consumption model to a more fragmented distribution model. Retailers must therefore find a new balance between the different distribution channels and facilitate the customer's omnichannel experience. Logistics has therefore become an essential criterion of performance for which service providers must design increasingly-sophisticated, tailored solutions. Whether through mechanisation, optimising the order preparation process or digitalising services, STEF is establishing itself as the reference partner for retailers.

[2] Definition of "distriration": a contraction of the French terms for retail and foodservice relating to a trend of offering eateries within stores.

Manufacturers closer to meeting consumer expectations

Industrial brands have had to reinvent themselves in order to offer consumers packaging suited to new consumer trends and innovative products in terms of taste quality and the customer experience.

In 2019, it was the multi-national giants who surpassed expectations in Europe and alliances are increasing in the face of the growing importance of private brands. By offering highly optimised supply patterns, STEF contributes to the overall performance of this sector which is constantly searching for productivity gains. Faced with the growing demand for transparency from consumers, it seems that a new relationship needs to be established between manufacturers and retailers for greater traceability throughout the supply chain, for which logistics organisations are the link.

Out-of-home foodservices driven by innovation

In 2019, the out-of-home foodservice sector confirmed its good growth. This highly competitive market is driven by innovation. Indeed, this sector's success is still dependent on the ability of organisations to adapt to the changes and attract fickle customers influenced by technology and broader, renewed offers.

In 2019, "ghost kitchens"[3] in particular gained ground, generating €256 million[4] of income in Europe. The development of this activity illustrates the new dynamic of a food delivery industry which is growing faster than the traditional restaurant market.

Traceability, last mile delivery, accelerated delivery and urban logistics are just some of the complex challenges that such new models must overcome. STEF intends to respond to these new requirements by offering its restaurant customers end-to-end digital services such as real-time "Track & Trace" and even digital delivery documents.

[3] Ghost kitchens: professional kitchens for preparing home delivery meals without a dining area.
[4] Source Agromedia.

Major challenges from 2020

In 2019, two challenges emerged which, in the future, will guide the decisions of agrifood organisations:

- collective and individual awareness of environmental concerns and their impact on the food system;
- the inclusion of new digital practices at all stages of the agrifood chain.

Transport and logistics companies will be central to these changes.

STEF's business model

In this context, STEF's business model is to connect food market players[5] and provide tailored solutions to agrifood manufacturers, retailers and out-of-home foodservice businesses. As a European leader in temperature-controlled logistics and transport services, 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.

In 2020, the STEF Group will celebrate its 100th anniversary. Since its creation in 1920, it has stayed true to its role as a pioneer and has constantly developed to offer the best services to its customers.

[5] Group business model – see "Declaration of Extra-Financial Performance" section.

Group's operations

At 31 December 2019, the STEF Group posted a turnover of €3,441 million, an increase of 5.7% compared with the first half of 2018 (+3.9% at comparable scope) and an operating profit up by 18.7%.

The Group's key performance drivers in 2019

A year of development and transition for STEF with:

- the successful implementation of the Group's new structure in France focused on the specialisation of its activities by customer market segment (business units);
- strong organic growth for international activities;
- the contribution of external growth operations
in France, Transports Frigorifiques Grégoire Galliard (now STEF Transport Sens), acquired in January 2019;
in the Netherlands, Netko (now STEF Raalte) which the Group took over in March 2019, finally in France, the company Dyad, specialising in industrial packaging and integrated in October 2019. This last acquisition paves the way for a diversification of the Group's activities and allows it to offer additional services to transport and logistics;
- the continued recruitment plan to support the Group's growth (workforce increased by over 1,000 employees – including external growth);
- a challenging environment for La Méridionale, following the loss of the service to the ports of Bastia and Ajaccio from the fourth quarter 2019.

STEF France

STEF France operates on the logistics and mass consolidated deliveries market for temperature-controlled food products, a demanding market governed by time and temperature constraints.

2,055 M€

STEF France Turnover

In order to meet these challenges, STEF distinguishes itself through:

1

the density of its network of platforms and warehouse, 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 temperature and types of consignee customers;

4

technologies and innovative information systems enabling it to organise the preparation, monitoring and management of its customers' consignments;

5

the commitment and sense of service of its teams.

The year at a glance

With a turnover of €2,055 million, STEF France posted a growth of 5.1% (3.4% at constant scope), galvanised by its strengthened market share, the favourable effect of fuel prices and good customer support in terms of controlling additional costs and logistics parameters. The new Business Unit (BU) structure was implemented smoothly; the year's performances show the relevance of the new structure for the business and encourage the Group to continue its actions to specialise its activities.

STEF France's operating profit amounted to €127.5 million, up by 25%, driven by the Chilled Consignments, Chilled Supply Chain and Frozen businesses.

- **53%** Chilled (flows and supply chain)
- **16%** Retail
- **11%** Frozen
- **8%** Ambient and Temperature-controlled
- **6%** Out-of-home foodservice
- **6%** Seafood

Analysis by segment

Chilled consignments

Retail activities in France experienced a steady growth with a change in turnover of 2.9% (+2.1% at constant scope). Net profit increased by +8.6% due to the combined effects of a marked improvement in quality and effective control over production resources.

In order to support its growth and that of its customers, the BU improved its operational system with the integration of the company Transports Frigorifiques Grégoire Gaillard, now STEF Transport Sens, the opening of a new site at Névian (Narbonne) and the extension of the Chambéry site.

In 2019, the BU continued its policy of integrating new employees with the recruitment of 700 full-time employees, which is a net job creation of over 200 full-time positions.

The Chilled Consignments BU is now equipped to support changes in the market and its environment as closely as possible with innovative projects:

- development of new digital tools for customers and their consignees;
- deployment of new offers: Daily Food, Daily Supply and STEF Europe;
- reduction of CO_2 emissions, through technological initiatives (see "Environment" section).

Chilled Supply Chain

The BU's turnover increased by 5%. This growth was driven by the sites of Darvault (+16.6%) and Chaponnay (+7.4%), which achieved occupancy rates close to 70%, just two years after they became operational.

The finalisation of the structuring of new sites and work to improve quality and productivity made 2019 a year of transition which has created favourable conditions for economic performance.

Frozen

For STEF Frozen, 2019 was a year of satisfactory growth (+2.5%). The occupancy coefficient and the frozen warehouses activity achieved an all-time record high.

Operations at the Brittany and Normandy sites benefited from pork exports to China and a dynamic ice cream season, which was profitable for the BU's establishments in northern and eastern France. The bakery and pasty industry also grew.

Market share with frozen food manufacturers across all products, for both logistics and transport, has increased. A relative slowdown in activities with retailers should be noted due to a trend among independent stores and the hard discounters to re-internalise operations.

Ambient and temperature-controlled

The ambient and temperature-controlled BU experienced a mixed year marked by a downturn in the first quarter followed by a gradual acceleration of its development to post the second highest growth rate for STEF France (excluding external growth) by the end of the year. This growth was the result of restructuring work and a structured and aggressive sales campaign. The outlook is such that the Group has committed to extensions on the sites of Orléans Nord (+100% of capacity) and l'Isle-d'Abeau (+25%) which will be finalised in 2020.

Out-of-home foodservices

The turnover of the out-of-home foodservices business rose by 6.2% confirming the momentum of the commercial restaurant market, particularly for fast food customers. The growth in volumes handled contributed to the improvement in performances.

The deployment of the Group's dedicated out-of-home foodservices warehouse network continued with:

- the opening of the Lyon/Mions site;
- the relocation of the Salon-de-Provence site to a new site at Miramas (Bouches-du-Rhône).

The deployment of the Group's IT and application tools (order preparation checks and traceability of deliveries) has improved the quality of customer service, but also the logistics productivity of the teams, contributing to better performances.

In a very demanding market in terms of service quality, the BU is continuing its innovation efforts, confirming its role as a laboratory for the Group's other activities.

Retail

Closely linked to the changes in food consumption behaviours, this market is undergoing radical change. For the second consecutive year, the dedicated activity of the Retail BU experienced strong growth (+12.3%).

The B to B activity posted an increase of 8.3% driven by operations on the Aix-en-Provence site, opened in 2019 and dedicated to the specific needs of a particular retailer. At constant scope, B to B growth remained limited.

The B to C activity is changing rapidly (+39%). The Aulnay-sous-Bois site, configured in early 2018 to meet the needs of the Île-de-France drive-in services for a retail customer, continues to grow in importance. The mechanisation phase is currently being finalised and expected to become operational in the first quarter of 2020 which will increase the site's capacity.

For 2020, the prospects for retail activities are promising (across all formats and all channels). Two site openings are scheduled in the first half-year, one with one of the Group's long-time customers and the other with a retailer specialising in organic products to operate chilled and dried activities in the Lyon region.

Seafood

The growth in the BU's turnover (+26.6% and 7.6% at constant scope) mainly resulted from the integration of the company Express Marée, acquired in July 2018. However, the BU's performance was impacted by changes in the retail sector.

The streamlining of the collection system in France will be completed with the construction, started in late 2019, of a new site at Lorient which will be used to group the activities of STEF and Express Marée in Brittany.

Industrial packaging

Due to their synergy with the Group's traditional businesses, the industrial packaging activities offered by the company Dyad are a development opportunity. Dyad's co-packing and co-manufacturing services enable us to be involved further upstream in the value chain of the Group's customers and support them in marketing and promoting their products.

With 20 years' experience, Dyad is proficient in the market's technologies and enjoys a strong reputation among its customers.

Dyad is an adapted company with special facilities for providing employment for individuals with disabilities and consequently over 55% of its workers have a disability of some kind.

With a turnover of €12 million in 2019, the industrial packaging business will be subject to structuring actions to prepare for the future:

- continue to develop its activities on its historical site in the French Nord administrative department, particularly in the luxury/cosmetics sector, benefiting from the Group's expertise in logistics and transport;
- provide its teams' expertise to the Group's entities throughout Europe so that customers can take advantage of a packaging-to-order offer that meets the required industrial standards.

STEF International

The Group’s transport and logistics operations in Italy, Spain, Portugal, Switzerland, Belgium and the Netherlands are brought together under STEF International which also includes the international consignments business from all these countries as well as Germany and Eastern Europe. This division also handles relationships with the Group's partners in the United Kingdom, Scandinavia and Eastern Europe. STEF therefore has the necessary capabilities to handle its customers’ consignments across fifteen European countries.

860 M€

STEF International Turnover

The year at a glance

In 2019, with a turnover of €860 million, STEF International posted a growth of 11% (7.6% at constant scope). In addition to strong organic growth, there was the delayed full year effect of the acquisition of the refrigerated activities of Marconi in Italy and the takeover of Netko (STEF Raalte) in the Netherlands. Performances increased, with the exception of two countries, Switzerland and the Netherlands, which are subject to an adjustment plan.

+11%

Growth for STEF International

Italy

+10.9% Increase in turnover

2019 closed with a growth in turnover of 10.9% (+6.1% at constant scope) for STEF's activities in Italy. The transport and logistics activities for fresh products have been particularly buoyant, with an increase in volumes which has optimised occupancy rates.

The adaptation of the real estate continued with the introduction of the second part of the Bologna platform, set over 120,000 m^3, and dedicated to logistics activities at the centre of a strategic zone for agrifood production. The transport operation was complemented by the acquisition of land north of Milan, Italy's main food consumption area.

Dedicated seafood product activities, refocused on the areas of Milan and Rome, saw their operations grow with a new 5,000 m^2 platform at Tivoli, near Rome.

2019 was a year of transformation for the activities arising from Marconi, acquired in 2018, in terms of integrating the Group's IT applications and making the real estate investments needed to bring the Fidenza and Ascoli sites up to the Group's standards.

Spain

+6.3 % Increase in turnover

In Spain, STEF recorded an exclusively organic growth in turnover of 6.3% driven in particular by consolidation activities on the domestic and international markets.

The transport business expanded its offer for international consignments by increasing delivery frequencies across all target countries, which has enabled it to strengthen its position among Spanish agrifood manufacturers.

Mass distribution logistics maintained its good service level. The same was true for retail activities which, faced with retailers' requirements, have made maintaining performance a priority.

Out-of-home foodservices turnover increased sharply, driven by the development of its main customers.

Improved quality and performance across all activities have resulted in a marked increase in profit. The STEF Group's position on the Spanish market emerged stronger.

Portugal

+15.8 % Increase in turnover

In 2019, STEF Portugal recorded a strong acceleration in its growth (+15.8%), boosted by its commercial development, based on particularly well-suited real estate facilities and a highly dense network.

STEF continued with the specialisation of its activities and strengthened its real estate investment programme with the construction of a new 6,000 m^2 transport platform to the north of Lisbon and an extension of the negative cold area in Porto, bringing its total storage capacity to 18,000 pallets.

The Netherlands

+33.5 % Increase in turnover

In March 2019, the Group acquired 60% of the shares in the company Netko, now STEF Raalte, bringing its shareholding to 100% of the capital. STEF Raalte is the Group's third operating site in the Netherlands.

The implementation of STEF information systems and business applications across the Group's operating sites in the Netherlands (Bodegraven, Raalte and Eindhoven) provides coordinated flow management since these sites are now connected to the same transport network. The Eindhoven site has been extended to handle the new consignments generated by these changes.

Belgium

+3.9 % Increase in turnover

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

The rescue plans for the transport and logistics sites in Saintes, near Brussels, were successful in 2019. The Group has begun to create a national distribution network, the first step of which was setting up a partnership with a transport company in Liège.

Switzerland +23.6% Increase in turnover

In 2019, STEF Suisse gained new momentum, driven by the transformation of its transport organisation and a renewed management structure.

With an occupancy rate greater than 80%, 2019 saw the successful introduction of the Givisiez warehouse, near Fribourg. This consolidates the links with Swiss retailers, but also develop activities with large national agrifood organisations.

The increased use of the Kölliken warehouse was confirmed and the chilled activity began successfully in the first half-year for agrifood customers.

European consignments

From a capacity of 15,000 m² of storage in Strasbourg, STEF 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.

The subsidiary continued to grow, especially in processing consignments on its historical north-south axis. Partnerships with European transport companies have enabled it to adapt to the scarcity of rolling stock, still a current issue in Europe.

Maritime

La Méridionale provides a public maritime passenger and freight service based on the use of ro-ro mixed passenger and cargo vessels between Corsica and Marseille.

These sea links are traditionally provided using three ro-ro mixed passenger and cargo vessels out of Marseille: the PIANA, KALLISTE and GIROLATA, with a total capacity of 6,800 linear metres, which is the equivalent of 500 trailers and 1,900 passengers with their cars. The current activity represents just over 1,000 annual crossings to Corsica.

● In 2019, the company operated under a public service concession which ended on 30 September 2019. La Méridionale's activities and performances have been impacted by the loss of the service to the ports of Bastia and Ajaccio from 1 October 2019. Indeed, it was not selected for the 15-month bridging PSC from 1 October 2019 on the Bastia, Île-Rousse and Ajaccio lines. Its activity has been maintained at the two ports of Propriano and Porto-Vecchio (through the chartering of a vessel).

● However, the summer period was satisfactory for freight, with a significantly higher volume transported compared with 2018. Passenger activity is slowing, given the competition from air transport and a less promising start to the tourist season. In terms of quality, La Méridionale maintained a very high level of customer satisfaction.

● Despite these uncertainties, La Méridionale stayed on track and took advantage of 2019 to strengthen its means of action. It now has its own booking system and will acquire a new vessel, LIVERPOOL SEAWAYS, which will be delivered in April 2020. In relation to the environment, the particulate filter system became operational on the PIANA and is producing very good results in reducing the amount of sulphur and fine particles discharged into the sea.

For 2020

La Méridionale will provide the service at the ports of Porto-Vecchio and Propriano from February to April 2020. It has applied to provide the service for these two lines for the period from May to December 2020.

In addition, in partnership with Corsica Linéa, it responded to the call for tenders for the 7-year public service concession due to start on 1 January 2021.

In 2020, La Méridionale is focusing on alternative market diversification solutions and external chartering of its available vessels such as the GIROLATA, chartered by an Italian shipowner for a Mediterranean line.

Outlook 2020

In the current context of the health crisis related to the COVID-19 pandemic, the Group's business and its outlook will necessarily be impacted in 2020. The scale will depend on the duration of the lockdown measures in the Group's operating countries, their development and the ability of economies to recover after this period. Even though it is currently under stress due to the major disruption to flows in its transport and logistics activities, the Group is keeping to its strategy of supporting its agrifood and retail customers and is playing its role in ensuring the continuity of food chain logistics in Europe.

→ The Group has a solid financial structure. STEF has decided not to request the deferral of expenses from the public authorities.

In addition to the effects related to the health crisis, 2020 will be unusual for the Maritime division. The specific challenge for La Méridionale will be to confirm its role, beyond the year's transitional period, in the new 7-year public service concession. To do so, it has used 2019 to give itself new means of action and can count on the commitment of its employees.

→ For all its activities, in a context of fast-changing consumption and distribution behaviours, STEF will prioritise innovation and digital transformation. Calculated offers that are designed to satisfy the new requirements expressed by its customers will be the differentiation levers which will allow it to improve both their satisfaction and the Group's performances.

Other activities

The Real Estate division manages the Group's real estate assets in Europe, through the dedicated subsidiary, IMMOSTEF.

The Real Estate division

In 2019, with 8 new platforms and the closure of 2 sites, the Group's real estate assets totalled 242 sites, representing a total warehouse volume of 9.3 million m^3 and a surface area of 515,000 m^2 of temperature-controlled quay areas and business premises.

STEF favours a policy of owning its real estate assets.

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 2019, to strengthen its acquisition procedure, the Group also incorporated land developers.

The Real Estate Division of IMMOSTEF is responsible for the technical and environmental maintenance standards for the buildings and facilities throughout Europe. This team provides and maintains all the information systems related to real estate and facilities. Finally, it manages and coordinates continuous improvement and innovation projects.

Since 2019, there has been an energy management subsidiary, Blue EnerFreeze. This is tasked with controlling energy costs and the risks of a break in the cold chain as well as reducing the carbon footprint of STEF's operations. It therefore contributes to improving the operational performance of the Group's subsidiaries with a view to sustainable development.

Blue EnerFreeze will continue its development in 2020 with the creation of European subsidiaries that will benefit from optimised cooling energy production.

Main projects delivered in 2019

IMMOSTEF supports the Group's development through regular acquisitions, new buildings and re-engineering and renovation projects.

Building projects delivered in 2019

IMMOSTEF constructed and delivered 4 new sites:

- a transport platform at Névian (Narbonne), comprising 3,750 m² of refrigerated quay and a negative cold transit chamber;
- a tri-temperature warehouse for out-of-home foodservice operations at Miramas (Bouches-du-Rhône), with a total net floor area of 11,900 m², including a 36,000 m³ negative cold room;
- a 4,400 m² warehouse for STEF Suisse in Givisiez (Fribourg) and 27,000 m³ of positive and negative cold;
- a Seafood transport platform at Tivoli, near Rome, with a total net floor area of over 5,500 m².

Site extensions and re-engineering projects:

- extension to the Essarts chilled consignments site in the Vendée region, with a refrigerated warehouse of over 32,000 m³ and the extension of the transport platform;
- extension to the STEF Bologna site in Italy, with 2 positive cold units of 7,000 m² and over 1,700 m² of mezzanines;
- re-engineering of the Chilled Supply Chain site at Aix-en-Provence to accommodate retail activities and part of the Montsoult (Val-d'Oise) site for frozen activities;
- renovation of part of the Corbas site in the Lyon region.

Building projects started in 2019

The Group's investments will continue in 2020 with the delivery of new buildings, including:

- a Seafood platform at Brandérion (Lorient);
- two chilled consignments transport platforms in Italy, at Basiano (east Milan) and Longiano (Cesena-Rimini);
- a chilled consignments platform at Alenquer (north Lisbon);
- a tri-temperature site for out-of-home foodservices activities at Pessac, near Bordeaux;
- the creation of two new negative cold chambers at Porto, bringing the capacity of this site in Portugal to 100,000 m³;
- the creation of a new negative cold chamber at Saint-Sever (Landes) for the Frozen BU;
- extensions to the ambient and temperature-controlled sites of Poupry (Orléans Nord), L'Isle-d'Abeau (east Lyon) and the Burnhaupt site (Mulhouse), but also Rennes, Vannes, Gap, Sorgues, Donzenac and Tours.

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 100 ha in 2019.

In 2019, four platforms were added to STEF's real estate assets in France following the acquisition of Dyad.

Other activities

The Information systems division brings together specialist teams responsible for software and digital tools under the subsidiary STEF Information et Technologies (STEF IT).

Information Systems division

STEF Information et Technologies (STEF IT) 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 divisions.

STEF IT provides the changes to the SAP tool, used by the support functions.

STEF IT supports the Group in its digital transformation through innovative projects.

STEF IT produces applications for STEF's industrial and retail customers.

Business performance support for the Group

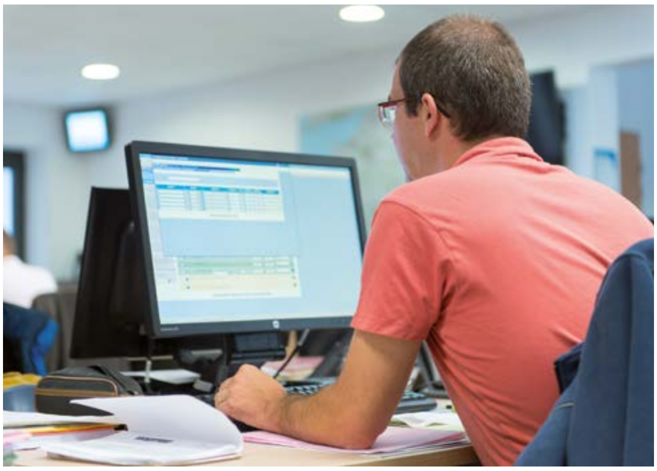
In 2019, STEF IT implemented next-generation software solutions.

Transport:

- negotiating contracts for commercial offers for the chilled consignments business and tracking them in the operational tools;
- deployment of a secure portal for customers in France, Belgium, Spain, Italy and Portugal, including the real-time tracking of deliveries and digital transport documents;
- redesign of the transport information system: setting up pilot sites for management solutions for advance information and management of direct flows;
- use of the smartphone mobile delivery tracking application (m-Track) extended to Italy;
- improved real-time integration between the Group IS solutions TMS & WMS, which allowed the deployment of the quay management tool (InfoQuai) within the Chilled Supply Chain activity;
- integration of subsidiaries from external growth into the Group's Transport IS.

Logistics:

- enhancements to the version of WMS warehouse management software with paperless picking functionalities, returns management, the integration of transport backward planning and real-time management;
- deployment of real time, voice-activated picking in France;
- out-of-home foodservices: financial and operational management of activities using performance indicators.



Digital transformation

STEF IT conducts innovative pilot projects which are part of the Group's digital transformation:

- application to inspect the state of lorries leaving and returning from distribution rounds (Check truck);
- sensors (internet of things) measuring energy consumption combined with recommendations through artificial intelligence;
- management of fuel consumption and eco-driving;
- information and alerts on arrival times at quays using connected labels;
- the use of drones and geolocation for warehouse inventories;
- analysis and anticipation of disputes using Machine Learning and Big Data;
- information sharing for drivers on the safety conditions at consignee sites using a corporate social network and chatbots to provide assistance to Group IS users.

Administrative productivity support

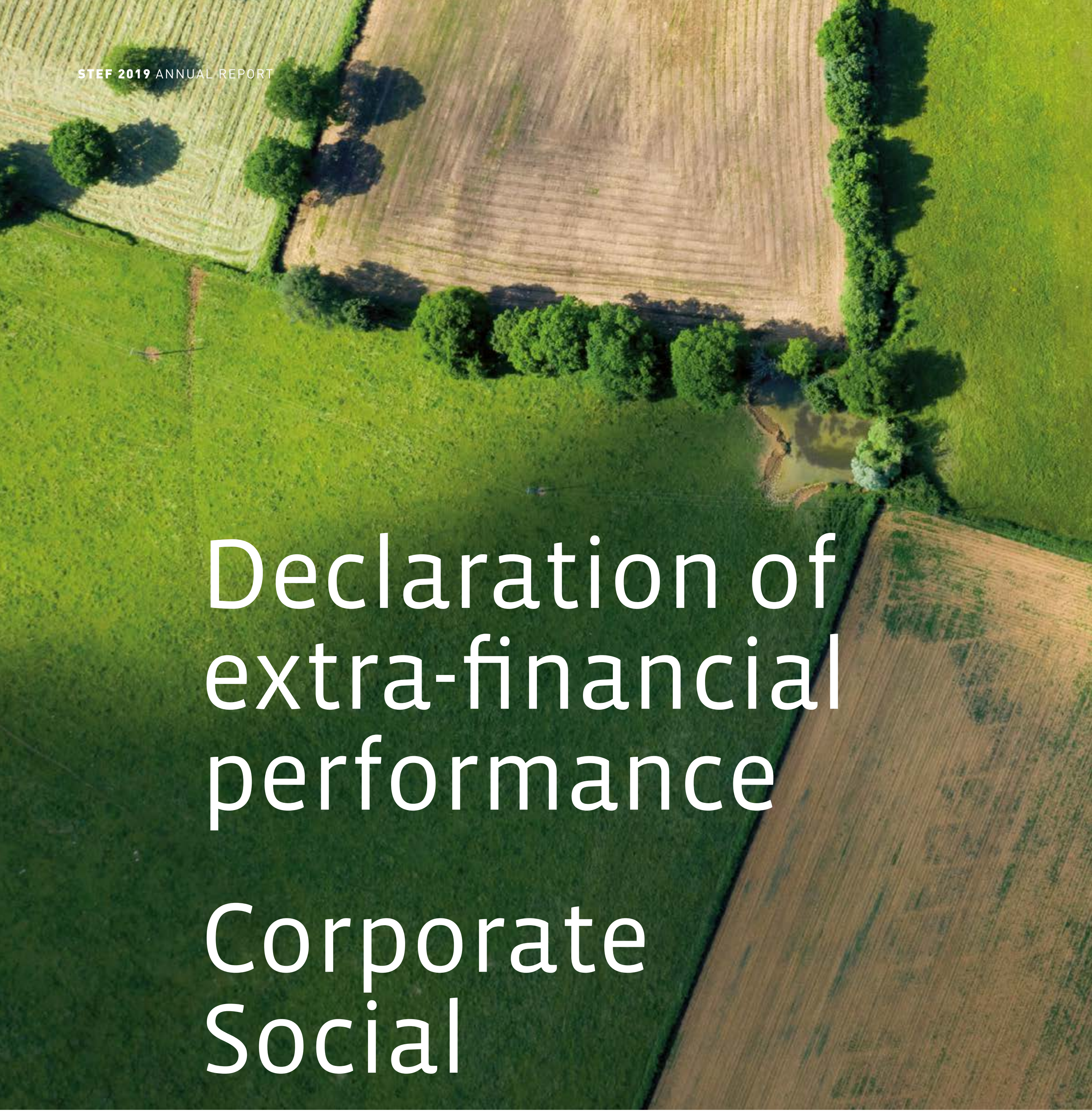
STEF IT's responsibilities also cover the deployment of tools for the Group's support functions:

- continued improvement of the productivity of administrative operations within the Group with cash flow and interbank flow management and a paperless tax solution for customer and supplier invoices in Italy and Belgium; launch of the payroll management simulation within the budgetary framework;
- support for human resources management with the digitalisation of the recruitment process and the implementation of payroll in the Netherlands;
- implementation of the temporary worker management project in France, including a self-invoicing component for temporary employment agencies;
- implementation of optimised management for the maintenance of vehicles, real estate assets and handling equipment across a solution incorporating digital mobile applications.

The Group's tools comply with the European GDPR regulation. The infrastructures supporting the business IS and support functions have been made more secure and been updated. Managed services providers are challenged regularly.

Services for the Group's customers

STEF IT also produces specific applications for its customers, manufacturers and retailers (solutions for forecast management and supply and logistics decisions dedicated to the traditional chilled products sector).



Declaration of extra-financial performance

Corporate Social Responsibility

The actions taken by the Group under its corporate social responsibility enable it to position itself as a responsible leader with respect to all its stakeholders, across all of the countries and territories where it operates.

Reporting methodology

Information on the social, environmental and societal impacts of STEF's business is published in accordance with the obligations arising from Article 225 of the Grenelle 2 law and Article R.225-105-1 of the French Commercial Code. All information identified by the sign [6] has been verified with a reasonable level of assurance by the independent third party organisation.

1

Scope: quantitative and qualitative information, including social information, the workforce at 31 December and the breakdown thereof is provided about the Group. Where appropriate, the differences in scope are specified for the relevant indicators.

2

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 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 food waste and food insecurity, respect for animal welfare and responsible, fair and sustainable food production.

3

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

4

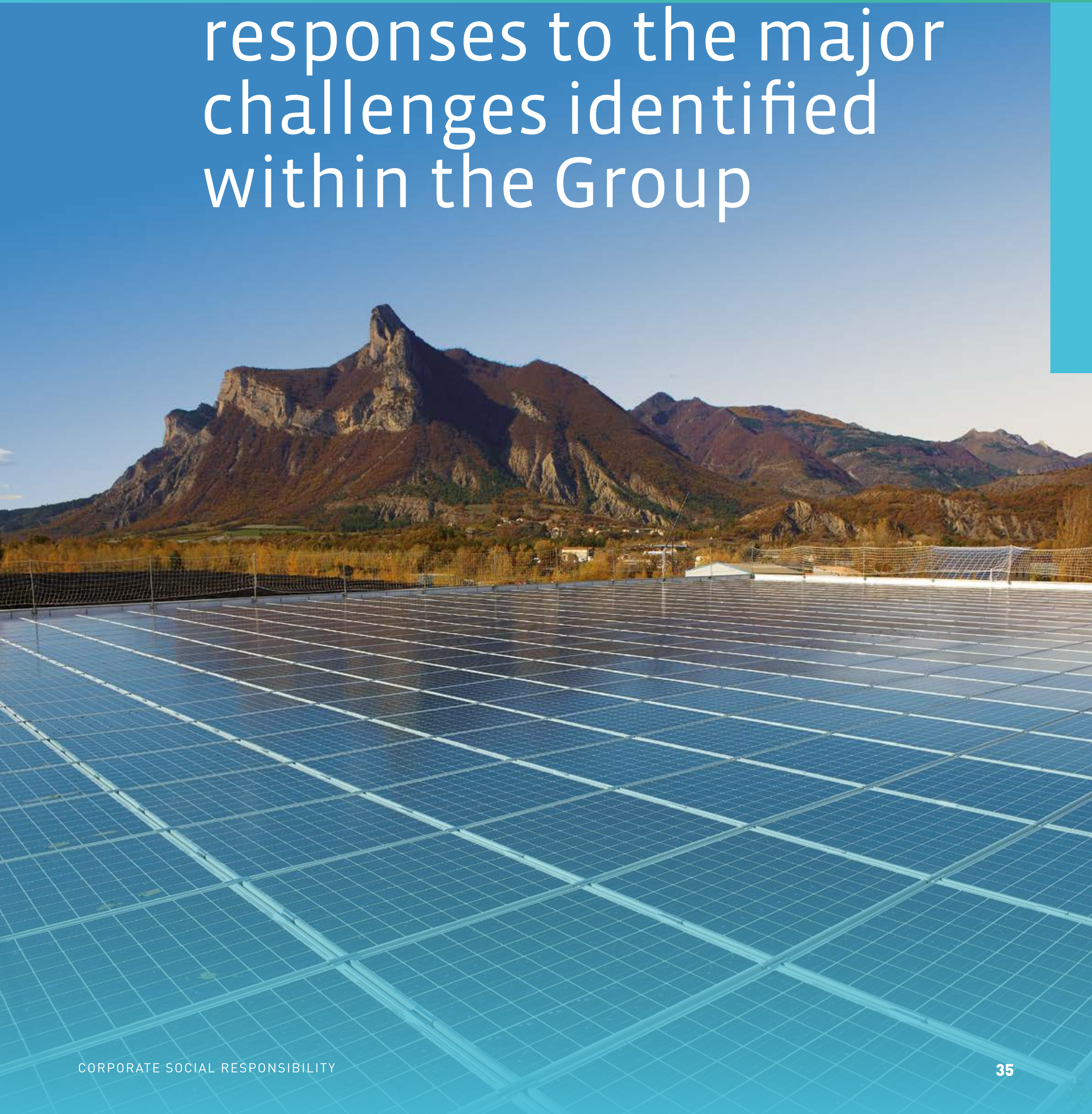
External audit: the information related to the requirements of Article 225 of the Grenelle 2 law and Article R.225-105-1 of the French Commercial Code was audited by an independent third party organisation.

5

STEF's business model: the company's business model is set out in the introduction to this report at the end of the "Business Environment" section. "Connecting food market players", "Guaranteeing access to food products for everyone" is the Group's mission.

[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 third party organisations than that implemented within the framework of limited assurance.

STEF'S commitments in terms of CSR and responses to the major challenges identified within the Group



Mapping of social, societal and environmental risks

STEF has analysed the social, societal and environmental risks to which the company may be exposed.

The method described was used to map the different topics, assess their respective importance in STEF's operations and their level of severity in terms of social and societal impacts using a scale:

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

These assessments were cross-referenced in order to grade the subjects to be addressed in order of priority, without eclipsing those with a lesser impact. Five main challenges emerged:

human capital
management of health and safety at work
climate change
air quality
food safety

Food safety is a major concern for STEF. The cross-analysis of the internal risk assessment and the stakeholders' perception highlighted this issue as a major challenge for STEF.

Noise pollution, previously considered as a priority, is still a significant issue within the Group and its control is a subject of ongoing and systematic attention. These issues are addressed by taking account of the contexts specific to each of the Group's activities and the relevant geographical areas.

Reference systems used

The mapping produced was based on ISO 26000 and more specifically its French version in the "CSR logistics reference system", produced by the Directorate-General for Transport, Infrastructure and the Sea (DGITM).

Risk analysis methodology

The risk mapping is the result of the cross-analysis of two elements: the risk analysis conducted by STEF and the perception of risks by the Group's identified stakeholders.

In 2018, STEF analysed the social, societal and environmental risks to which the company may be exposed. This analysis was updated in 2019, based on:

- the results achieved at the end of 2018 (indicators);
- changes in its activities and scope (development of new markets and external growth);
- the change in the external context (stakeholders).

This update was finalised after discussions with various actors of the Group: experts in the human resources and technical functions (real estate, vehicles and equipment) operational and functional managers.

These elements are also contained in the Monitoring Plan appended to the Declaration of Extra-Financial Performance.

Human resources

Key social figures

Group workforce at 31 December 2019

At 31 December 2019, the Group's workforce (permanent and fixed term employment contracts) totalled 19,045 employees, higher when compared to 2018 (+992 people or +5.5%).

This change comes from all the Group's scopes. In France, the workforce grew by 4.6% following the acquisition of the companies Transports Frigorifiques Grégoire Galliard – now STEF Transport Sens – (130 employees) and Dyad (135 employees). In other countries, the workforce increased following promotions and the recruitment of drivers and sedentary workers. In Spain, the change in workforce (+10.2%) was the result of promotions and recruitment. In the Netherlands, the change in workforce (+50.2%) was a result of the integration of the company Netko (82 employees).

These figures do not take into account assisted contracts (primarily apprenticeship and professionalisation contracts) which accounted for 515 people at 31 December 2019 or temporary staff (4,903 in full time equivalent)[7].

Including all contract types, the increase was 7.3% over the period.

Workforce by division

Permanent and fixed term employment contracts	31/12/2017	31/12/2018	31/12/2019
STEF France	11,978	13,064	13,689
STEF International	3,571	3,817	4,150
Maritime (La Méridionale)	556	547	537
Other activities and central functions	628	625	669
GROUP TOTAL	**16,733**	**18,053**	**19,045**

Workforce by country

	31/12 2017	31/12 2018	31/12 2019	Change 2018 2019
Workforce France	13,224	14,306	14,968	4.6%
Workforce outside France, of which	3,509	3,747	4,077	8.8%
- Spain	1,624	1,682	1,854	10.2%
- Portugal	479	537	554	3.1%
- Italy	726	834	856	2.6%
- Belgium	373	377	379	0.5%
- The Netherlands	195	207	311	50.2%
- Switzerland	112	110	123	11.8%
GROUP TOTAL	**16,733**	**18,053**	**19,045**	**5.5%**

The overall workforce of the STEF International division increased, with a particularly substantial change in the Netherlands.

N.B. The tables below do not include data about the companies Dyad and Transports Frigorifiques Grégoire Galliard.

Workforce by gender

The number of women remained stable, accounting for 20.2% of the workforce at the end of 2019. It varied depending on the country:

% of women in the workforce – Entire Group

France	Spain	Portugal	Italy	Belgium	The Netherlands	Switzerland	Total
19.2%	25.4%	26.5%	32.1%	11.9%	11.3%	8.9%	**20.2%**

Workforce by category

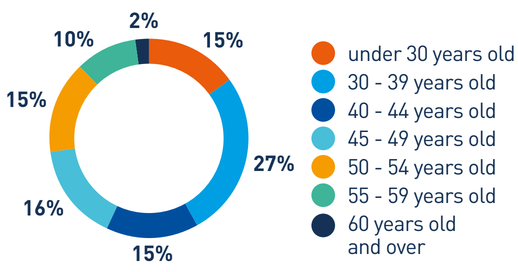
The structure of the workforce by category has remained steady over the last three financial years.

Categories (EUROPE)	2017	2018	2019
Executives	11.0%	11.0%	11.0%
Advanced and Proficiency skills	16.7%	16.1%	15.7%
Employees	15.3%	14.5%	14.4%
Manual workers	57.0%	58.4%	58.9%
- of which transit staff	21.0%	20.5%	21.1%
- of which sedentary workers	34.0%	36.0%	36.1%
- of which seagoing workers	2.0%	1.9%	1.7%

[7] Number of temporary hours worked in December 2019/151.67 hours.

Workforce by age bracket

At 31 December 2019, the Group's workforce (permanent and temporary employment contracts) was broken down as follows:



This breakdown, which was stable compared with the previous year, proves that the renewal of the workforce has been conducted in a consistent manner.

Staff turnover

In 2019, staff turnover[8] was 13.9% and stable compared with 2018:

- permanent appointments[9]: 2,869 new appointments or promotions, including 2,124 in France;
- permanent contract departures: 2,089 departures including 720 redundancies or negotiated terminations and 263 retirements and early retirements.

Remuneration

In addition to basic pay, revised annually within each subsidiary, STEF's remuneration policy may include variable remuneration components depending on the achievement of qualitative and quantitative objectives (incentive bonuses and profit sharing within each subsidiary in France) as well as non-salary items like health benefits.
In 2019, compared with 2018, payroll[10] increased by 5.5% (including profit sharing and incentive bonuses).

Work organisation

The Group complies with the principles laid down by International Labour Organisation conventions.

Work organisation at STEF is consistent with the business. In 2019, 18.5% of hours worked were at night (compared with 18.4% in 2018), particularly within the transport business, where deliveries must be completed before stores open[11].

Rate of night hours	
France	19.9%
Spain	12.5%
Portugal	22.1%
Italy	4.7%
Belgium	15.4%
The Netherlands	11.8%
Switzerland	3%
TOTAL	18.5%

There is no shift work.

Absenteeism due to illness or accident at work[12] was steady at 5.9%.

[8] Permanent employees (new appointments and departures)/2/ workforce at 31 December 2019, including takeovers and transfers.
[9] Takeovers are included.
[10] The "Staff remuneration" account, no. 641 of the General accounting plan, which includes salaries, leave, bonuses and benefits (excluding length-of-service awards payable on retirement).
[11] Excluding La Méridionale, where working time is governed by specific rules and shift work.
[12] 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.

Human capital

Having an engaged and motivated human capital is a major issue for the Group allowing it to meet two objectives: to provide an effective service to customers and to support medium-term growth.

As a B to B service company, STEF's employees are its primary asset. The Group's wealth lies in the diversity of its teams and their expertise across the seven countries in which it operates.

Those involved in Human Resources work around five priority areas:

1

Identify human resources requirements to support the business objectives

Based on the development plans produced by each of the scopes, the human resources functions and operational managers forecast the requirements in terms of positions and skills. These requirements are compared against the resources identified and validated during the "people reviews" and are used to draw up targeted action plans (recruitment, training, etc.).

2

Prepare the company's men and women to succeed and support the Group's transformations

Through its social model committed to its employees and its specific activity, STEF has one objective: to fill 70% of executive and senior positions through internal promotion. This objective has become a reality due to the initiatives conducted at all levels of the organisation through talent and training management.

Talent management

At all levels, employees are supported in their professional career. This support ensures that their aspirations match STEF's needs and creates the conditions for a strong commitment.

STEF has set up career management schemes and a digital platform to manage the main development processes for human resources in all countries. Annual appraisals have therefore become a real basis for developing skills and careers for all employees. "People reviews" are conducted in all areas so as to identify talent at all levels of the organisation and thus support the company's development. STEF also uses professional evaluation experts who reveal each person's potential and help accelerate their development.

Equality (Law 2018-771 of 05/09/2018)

The key post review and talent management scheme, referred to previously, is used to identify women with potential in the Group's organisation and support them in their development and therefore, increase the number of women within the various management bodies in France and Europe. Special attention is paid to the progress of young women in the "Graduates" programme.

Furthermore, the Group is working within the provisions of the "Professional Future" Law which relate to compliance with measures promoting gender equality. In 2019, Group companies with over 250 employees published their rating and, where applicable, set out action plans. All the Group's companies will publish their rating on 1 March 2020.

Training

STEF University aims to transfer knowledge but also to train employees in the skills of the future. Organised by campus, the university is based around an internal training body, the IMF (Institut des Métiers du Froid), created in 2006 and certified by Bureau Veritas' Vérisélect. It delivered 220,776 hours of training in 2019.

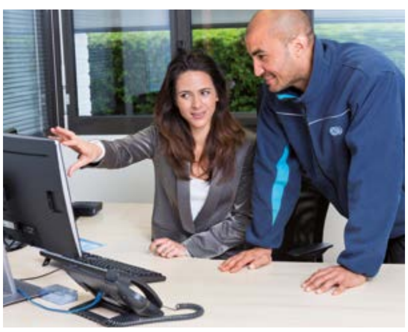
There are three main objectives underpinning the Group's training policy:

- train employees through courses focused on current and future skills.

The "Sales Campus" course aims to improve sales techniques. The objectives of this course, which combines classroom-based and digital, internal and external training, include enhancing our services in increasingly competitive marketplaces, with new organisations and creating a true European culture. Training courses can be tailored to the individual and adapted to the culture of each country.

- train to prepare for career development. Potential identified during the "people reviews" is supported through individual or group programmes (Devenir programmes) in order to strengthen or complement our employees' talents and move them towards a job with greater responsibility.
- develop foundation or cross-cutting training courses (command of basic knowledge, certified, multi-cultural courses, diversity). For example, the certified "team leader" course contains 13 training modules and covers all aspects of this demanding, field-based role. The training is delivered, over 18 months, by the internal body, IMF and by external providers for the communication and management aspects. It ends with the defence of a project and is subject to an externally recognised qualification. In addition to improving skills, this training course is source of fulfilment for the participants.

Training in basic knowledge has existed since 2012. 900 of the Group's employees have benefited from over 24,000 hours of training in total, through a bespoke programme (written expression, calculation, etc.), communicated through the CléA certificate and its seven key skills. Through it, the employees involved discover a desire to learn, become more confident in their interactions with others and benefit from the satisfaction of obtaining a recognised certification.



3

Attract talents

The Group recruits people for jobs that range from order pickers and drivers to local managers, from experienced executives to young graduates.

In order to support its growth and reduce instability, in 2019, STEF recruited 2,869 employees. This large volume, which has been constant since 2017, makes STEF one of the 25 largest recruiters in France (L'Usine Nouvelle Survey — January 2020).

In order to address this challenge, the Group has innovated and invested in four areas:

- **raise its visibility:** in order to convey a powerful and consistent image in all countries where the Group operates, in 2018, STEF launched its employer branding. Using the strapline, "Build your future at the heart of the food world" and shared communication tools, managers and employees can promote the brand to all audiences.

- **ensure an effective presence in the right channels:** STEF has a digital presence on many job sites and social networks across Europe, selected according to the target audiences (drivers, order pickers, maintenance technicians, local managers, subsidiary directors).

In addition to its digital presence, in 2019, STEF developed an ambitious school relations programme. STEF has trained around one hundred "Talent Spotters" (HR and operational staff) who act as genuine ambassadors for the Group at the target schools, identifying and attracting future talents, across all study levels. Since young graduates are one of the recruitment targets, STEF took part in the Coup2Boost event designed to finance student projects proposed by over 250 campuses in Europe.

- **develop specific programmes for certain, highly-challenging jobs:**

Two specific programmes have been developed since 2018. The first targeted young graduates with more than 2 or 3 years of higher education with the aim of guiding them into middle management positions. The second was created to deal with the shortage of drivers using an appropriate programme, through one-year apprenticeship or professionalisation contracts.

Furthermore, STEF has developed a "graduate programme" designed for young graduates with at least 5 years of higher education motivated to be enterprising and make decisions. Around one hundred young people are following a two-year course on the Group's sites, at the end of which they will be offered management positions eventually leading to a director's position in a profit centre.

- **manage applications effectively:** through its new application management tool, in which 193 employees have been trained, the Group has improved the visibility and legibility of its job adverts on its job site, www.stef-jobs.com

4 Involve the teams

Employee involvement in the Group's capital

STEF has made the principle of employee investment in its capital a unique model in its business sector. Today, 71.7% of the Group's capital is held by its management and employees, including 16.95% through the dedicated company mutual fund (FCPE). Employee shareholding is one of the key priorities of the people/work/capital foundation on which the Group is built. It is a powerful uniting force and a true lever for economic performance. It is also an important factor of competitiveness and economic differentiation for the Group's customers: nearly two out of three employees are Group shareholders through the FCPE, across all socio-professional categories. The FCPE has been put in place in almost all of the countries where STEF operates.

5 Encourage a calm social climate

A policy of regular social dialogue

There are legal bodies in the Group's subsidiaries and establishments, in accordance with the regulations appropriate to each country. At higher levels of the organisation, there are supra-legal bodies (union coordinators) in addition to the legal systems of the European Works Council and Group committee. These promote a rich social dialogue at every relevant level of the organisation. At STEF, ongoing dialogue is the basis for staff relations.

Health and safety at work (HSW)

Due to its temperature-controlled business and predominantly manual roles, HSW has long been a major social issue for the Group.

The Health and Safety at Work policy is based on the Group's values:

- respect the physical and mental well-being of employees;
- rigorous in the application of the rules;
- passionate about incorporating employee discussions;
- people-focused, because they are central to the performance.

The Group deploys its "Health and Safety at Work" roadmap under three themes that have seen notable progress in 2019:

1

Supervision of the process by management:

- coordination of HSW roadmaps in the countries and monitoring the progress of priority projects by organisation;
- deployment of the "HSW Golden Rules" in each of the operating countries.

Suitable communication tools have been used to reinforce the process (educational films, information booklets) and raise employee awareness.

2

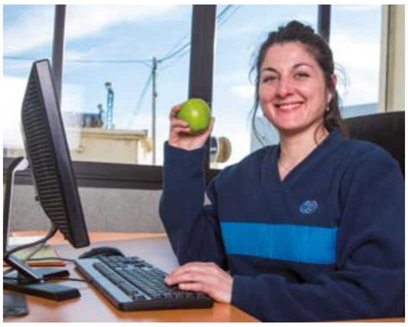
Risk control and prevention:

- the Group has developed a participatory approach to prevention and HSW is integrated upstream in the operational processes. Thus, the standards relating to building construction or the manufacture of materials and equipment are adjusted in order to take into account risk prevention right from their design. For example, through working groups, employees are involved in changes to handling equipment and vehicles.
- to limit the risks and reduce accidents, the Group has developed a programme based on four identified risks:
  - vehicle manoeuvres: deployment of procedures reminding employees of the basic issues for manoeuvring vehicles and the circulation of handling machines (concerning the unexpected departure of vehicles, the key collection procedure is now established on all sites);
  - musculoskeletal issues: tests on innovative solutions to assist with handling developed by activity type. Nearly 10 systems were tested (harness, exoskeleton, waistcoats, etc.) automatically involving employees. In 2020, a multi-year, methodical procedure will be launched in pilot subsidiaries to identify the principal constraints, challenge the organisation and tools and propose organisational, technical and human solutions;
  - circulation of machines: cooperation with suppliers to find technical solutions that can be integrated directly into the machines (braking systems, illuminated alerts, etc.);
  - addictive behaviours: launch of a process to develop a prevention plan which will focus on 6 pilot subsidiaries. This will involve raising awareness, training and defining the Group position and provide the tools to support employees in difficulty.

In addition, the operating sites have identification and management tools:

- risk evaluation documents;
- accident monitoring indicators (frequency and severity rates).

In 2019, the entire Group showed a frequency rate for occupational lost-time accidents of 46.5 (1,367 lost-time accidents) and the severity rate was 2.63.



3

The health and quality of working life procedure

STEF's health and quality of working life policy (QWL) is designed to take employees into account as an individuals and involve them in the choices and decisions affecting their work. By encouraging employees' commitment, it contributes to the company's overall performance and is based on four levers:

a better work-life balance
the development of collaborative processes
the promotion of good health practices
listening to and supporting employees

To illustrate these priorities, in 2019, the STEF Group worked on:

- negotiations to renew the QWL agreement in France, which aim to strengthen the Group's commitment in this area. The issues cover occupational health, the development of collaborative processes and supporting a better work-life balance;
- the deployment of actions promoting a better work-life balance, through:
  - a school support platform, which provides support to employees' children. Nearly 3,000 families were registered at the end of 2019;
  - a sports application for all European employees. Nearly 3,000 employees are involved in the STEF Heroes programme which encourages employees to practice a sports activity, by including a citizen initiative. The Group was recognised for this initiative on 10 April 2019 at the French National Assembly when it was presented with the Business Award at the Sport & Management Trophies event;
  - an online medical consultation solution for a target employee population.
- prevention of psycho-social risks. This approach is implemented by safeguarding the processes with three levels of prevention, the identification of service providers to support the subsidiaries in performing diagnoses, the training of managers and those involved in the human resources function.
  In France, a network of social workers or occupational psychologists may intervene at the request of the sites in the event of difficulties or an individual or collective emergency among employees.
- The redesign of the range of work clothes across all temperatures and Group activities (frozen/positive cold/specific uniforms for the Seafood activity/high-visibility uniforms for drivers). Work is in progress for the temperature-controlled environment.

In addition to these two major challenges, the Group maintains a proactive policy on other issues:

Diversity and equal opportunities

2019 saw STEF's commitments in the areas of diversity and equal opportunities recognised by various awards and accreditations. The Financial Times awarded the STEF Group the title of "Diversity Leader 2020" in its new annual European ranking for diversity and inclusion in companies.

The Group maintained its commitment to employ individuals with disabilities with a consolidated employment rate of 4.54% across the Group (compared to 4.31% in 2018). Across France, the employment rate rose from 4.78% to 5.04%. 2019 marked the renewal of the agreement for the 2019-2021 period and the Group signed the manifesto for the inclusion of people with disabilities in economic life.

The acquisition of the adapted company Dyad, which employs 74 people with disabilities is also a demonstration of the Group's commitment to strengthen its impact among sensitive audiences in its operating countries.

In order to break down stereotypes and promote the inclusion of people with disabilities, the Group's sites have deployed training initiatives among employees. In 2019, around twenty sites followed the national "Duoday" operation which, over the course of a day, created partnerships between people with disabilities and volunteer employees.

Other initiatives in 2019 included:

- the launch of a pilot action to accommodate autistic profiles, with the integration of a young person on an apprenticeship contract, leading to a fixed-term contract as a logistics agent;
- the extension of the assistance measures to secure the professional careers of people looking for internal or external mobility.
50 employees benefited from this support in 2019;
- funding for sporting equipment for two child amputees, supported by the Lames de Joie association.

Educational responsibility

The Group is continuing to support young people in the fields of career counselling and professional integration.

In 2019, approximately 400 young people were welcomed to different sites to find out about the Group's jobs, meet the employees and secure an internship or apprenticeship.

In 2019, in France, the "Tecknik" programme was launched in partnership with "Face" (Fondation Agir Contre l'Exclusion). This aims to encourage Group employees to work with middle and upper secondary students and introduce their jobs using innovative presentation methods. This partnership is bringing the corporate world and the educational sector closer together through classroom interventions at key moments to provide guidance for young people and, also, to support priority education areas. In 2019, 45 STEF employees were trained in their role as ambassadors.
STEF's commitments were recognised by the audience award at the 7th Nuit de la RSE, awards ceremony for CSR initiatives.

Solidarity commitments

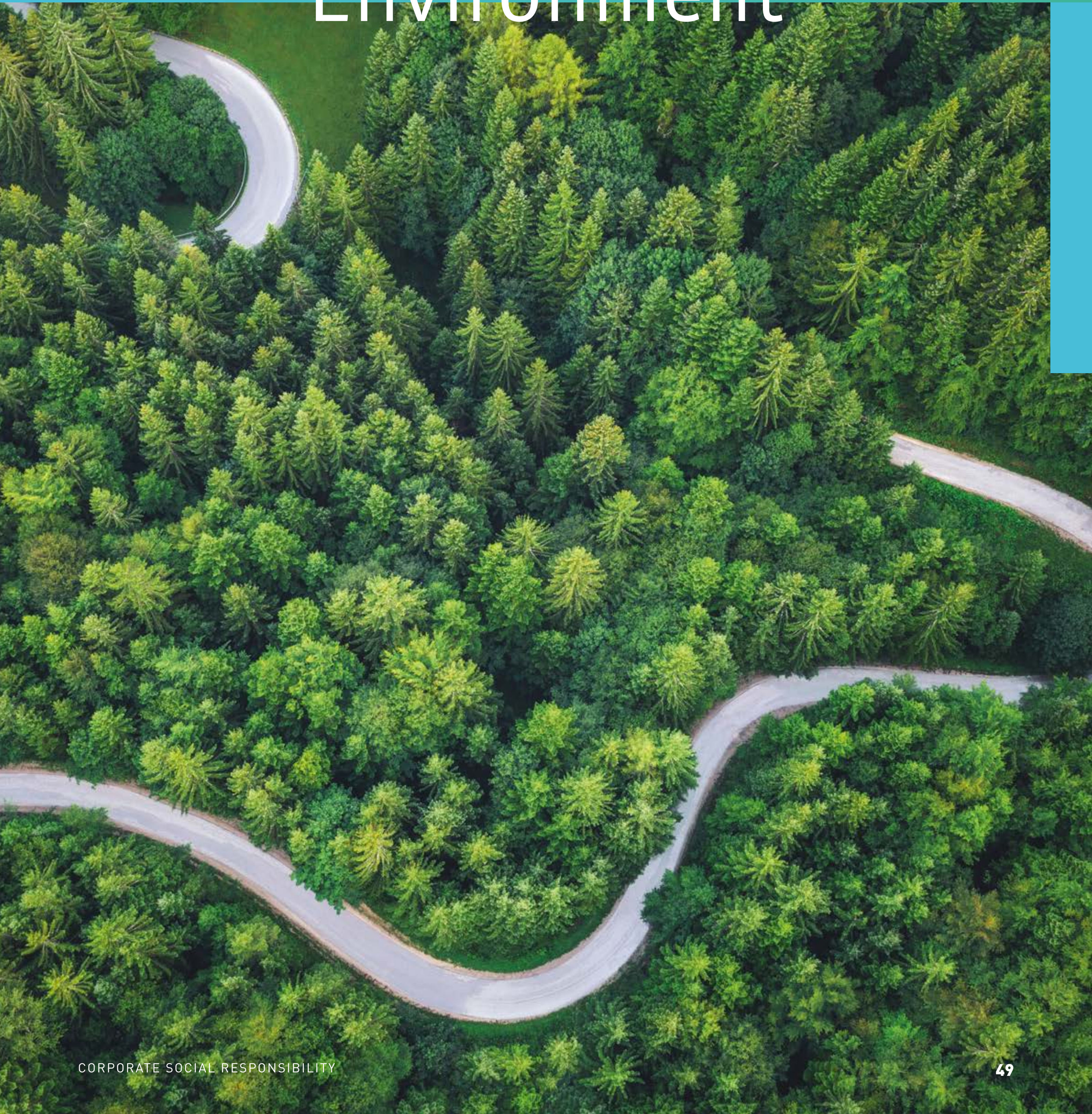
STEF has worked with the Restos du Cœur association in France for over 10 years. Formalised by a sponsorship agreement, this partnership results in initiatives related to the professional integration of beneficiaries, training of volunteers, skills-based sponsorship and logistics assistance (over 1,100 tonnes of goods transported in 2019).

This context strengthens the Group's, partnerships with associations promoting the professional integration of young people (Sport in the City, Our Districts have Talent EPIDE (Establishment for integration into employment) and Tremplin Handicap associations). STEF's objective is to be an actor and partner in developing its operating regions by working closely with the various stakeholders.

DuoDay	NQT POUR L'ÉGALITÉ VERS L'EMPLOI
SPORT DANS LA VILLE	EPIDE ÉTABLISSEMENT POUR L'INSERTION DANS L'EMPLOI

LES RESTAURANTS DU COEUR LES RELAIS DU COEUR

Environment



STEF is continuing its proactive policy to limit its impact, with a view to the constant adaptation of this policy to new challenges and new technologies.

Impact on the climate

The analysis of the sources of greenhouse gas emissions (GHG) related to logistics operations showed that:

- 92% are due to fuel consumption (diesel for traction and off-road diesel for the operation of onboard refrigerated units);
- 5% are due to electrical energy consumption (cold production for buildings);
- 3% are due to the consumption of certain refrigerants (HFC) used in refrigerated facilities.

In view of this observation, as a priority, STEF is acting on:

- technical resources (regular replacement of the vehicle fleet, choice of real estate fixtures);
- working with vehicle manufacturers (design and experimentation) and equipment suppliers;
- organisation (consolidation and optimising distribution rounds);
- training employees (eco-driving, cold management and managing facilities).

Transport subcontractors are involved in the process, since their emissions are included in the indicators.

Reduce GHG emissions related to hydrocarbon consumption

Long-term commitments

For several years, STEF has been committed to:

- the systematic replacement of vehicles, with a fleet that complies with the latest standards (94% of tractors and 66% of semi-trailers meet the Euro VI standard);

● developing CSR criteria for referencing regular transportation subcontractors through:
- the inclusion of an "Ethics – Environment" clause in contracts that complies with the STEF sustainable purchasing charter;
- a minimum environmental quality requirement for vehicles for service providers responding to calls for tenders in Europe, with specific, more virtuous provisions for preferred partnerships;
- encouraging regular service providers to commit to accreditation processes.

● the use, on certain urban distribution services, of onboard cryogenic cold as a replacement for traditional vapour compression units in order to reduce the off-road diesel consumption used to operate these units and their emissions;

● including the consumption of fuels in France (89% of the total consumption of the Group's fleet) in the ISO 50001 certification, with the objective of reducing consumption by 1% per year;

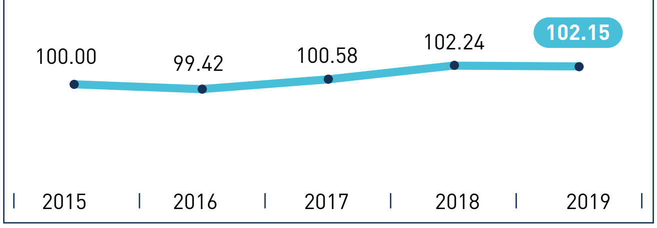
● applying a real-time consumption monitoring system to its entire fleet (lorries and tractors). Through these actions, the Group has had convincing results, backed by an ISO 50001 certification and the ADEME "Objective CO_2 Environmentally-friendly transport" accreditation (renewed in 2019).

Indicators related to hydrocarbon consumption emissions

The Group is continuing its policy of reducing the impacts related to its activities by improving the performance of and constantly adapting its operating facilities and organisation schemes. The stable level of the gCO_2/t.km indicator is linked to the constant change in the demand of the market and consumers who require service providers to increase the number of delivery points. This fragmentation of the market has been reflected by a decrease in shipments with reduced unit loads, in more limited time slots, combined with city centre traffic and access restrictions.

Group transport carbon footprint in gCO_2/t.km

Change in gCO_2/t.km - base 100 in 2015

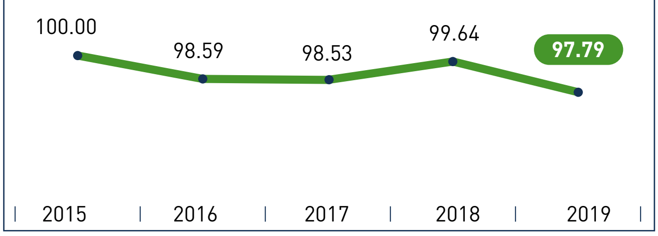


In response to these challenges, STEF is working with its customers and various local authorities to share its industry expertise and propose more virtuous distribution schemes.

Furthermore, the long-established policy of controlling fuel consumption has proved successful. Thus, across the French fleet, which is most representative of the Group (88%), after a slight rise in consumption in 2018 related to the integration of Express Marée, the gCO_2/t.km indicator has resumed its downward trend.

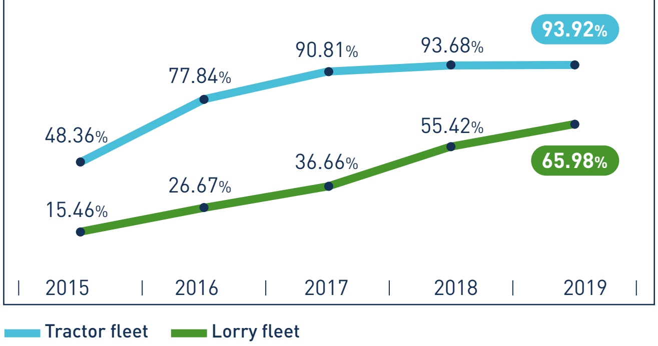
France transport carbon footprint (own fleet) in gCO_2/km

Change in gCO_2/km - base 100 in 2015



Breakdown of the vehicle fleet by Euro standards

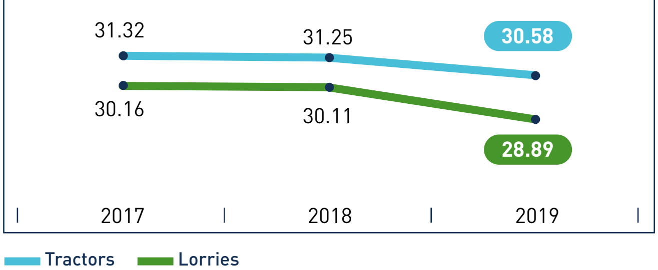
% of Euro VI fleet - Group - Own fleet



The regular replacement of the fleet means STEF has the latest generation vehicles: the difference between the two curves is explained by the lower frequency of replacement for the lorry fleet compared with the tractor fleet.

Consumption of vehicles (tractors and lorries) in litres/100 km

Changes in consumption for tractors and lorries – STEF France - Own fleet



The inclusion of fuel consumption monitoring under the ISO 50001 certification, the deployment of the "Alertgasoil™" consumption tracker and the ongoing replacement of vehicles are enabling STEF to continue to reduce its consumption per kilometre.

Reduce GHG emissions related to electricity consumption

Long-term commitments

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 sites.

This Energy Management System was recognised by ISO 50001 certification in France in 2014 (71% of the Group's total consumption) with an objective to reduce consumption by 4% over 3 years.

These actions have resulted in a constant reduction in total electricity consumption over time.

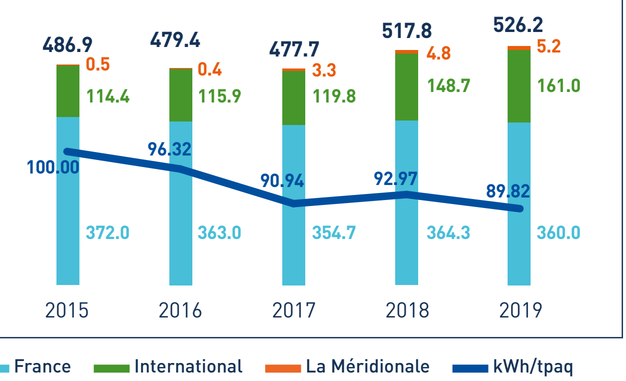
Going even further

The establishment of the Group's energy subsidiary, Blue EnerFreeze, dedicated to cold production for the Group's buildings (80% of total consumption) has enabled the development of a smart management system for facilities taking into account several parameters (including outside temperature, operating forecasts and consumption history).

Indicator related to electricity consumption

Total electricity consumption in GWh

Change in energy performance in kWh/docked tonne (base 100 in 2015 - Group)



The integration of the "frozen" business from Marconi in Italy in 2018, which was then reflected by an increase in electricity consumption, was optimised in 2019, enabling the Group to continue to reduce electricity consumption per docked tonne.

Reduce greenhouse gas emissions (GHG) related to the consumption of certain refrigerants (HFC)

For all its new projects, STEF incorporates the impact of refrigerants on GHG emissions in its selection criteria. Consequently, it favours natural refrigerants over HFC, which have a larger GWP (Global Warming Potential). Experiments with new refrigerants with lesser greenhouse effects are also being carried out (propane and HFO).

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 of refrigerants with a high GWP.

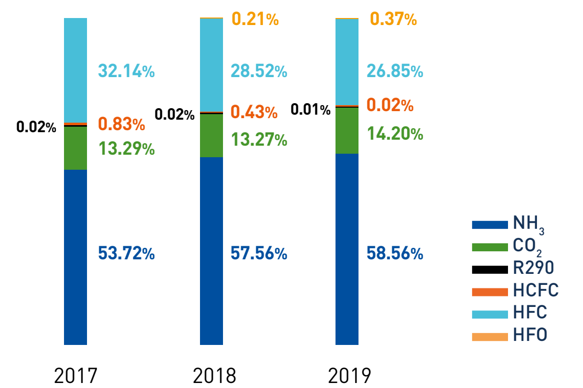
Maintenance protocols

In addition to the planned conversion investments, strict cleaning and maintenance plans for facilities and detection equipment are being widely deployed in order to limit emissions related to refrigerant leaks. The personnel concerned follow ongoing training modules on handling such leaks.

Indicators related to the consumption of refrigerants

Breakdown of Group refrigerants

% in load tonnage by refrigerant type



In accordance with its impact reduction policy, STEF continues to invest in natural refrigerants (NH_3, CO_2) and synthetic refrigerants with a low global warming potential (HFO).

Air quality

Due to the nature of its business, STEF emits pollutants into the atmosphere. The main pollutants are nitrogen dioxide (NOx), hydrocarbons and fine particles. Most of these emissions come from the thermal engines used by vehicles (engine power and refrigerated units).

In order to reduce these emissions, STEF is deploying initiatives in several areas:

- involvement in interprofessional working groups on innovative technologies for transport and cold production;
- partnerships and experiments conducted with vehicle manufacturers regarding engine power, chassis and bodywork (particularly in terms of weight reduction) and onboard refrigerated units;
- consultation with the regional authorities in order to define transport and distribution schemes that are best suited to the planned local provisions;
- internal deployment of processes to reduce pollutant emissions (development of technical resources, optimisation of distribution rounds, driver training, etc.).

Reduced emissions from vehicle engines

STEF works on different levers to reduce the polluting emissions of its vehicles:

- proactive replacement policy for a vehicle fleet that satisfies the most stringent standards in terms of air emissions;
- implementation of resources dedicated to urban logistics to distribute food products into city centres (electric delivery trikes, natural gas vehicles, etc.);
- the optimisation of distribution rounds and the consolidation of shipments in order to limit the number of vehicles in circulation thus reducing emissions but also congestion;
- training employees in eco-driving.

Reduced emissions from the refrigerated units of vehicles

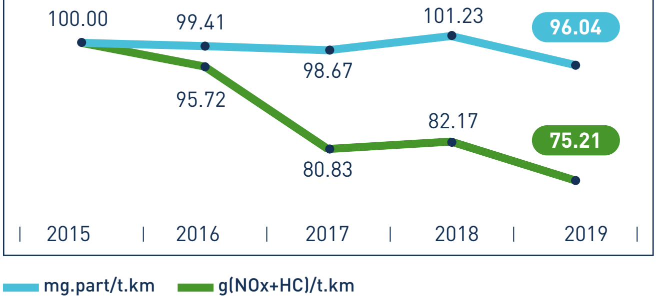
Actions focusing on the onboard refrigerated units help to reduce emissions of air pollutants:

- deployment of cryogenic facilities to replace thermal motor units;
- implementation of electrical power supply areas for refrigerated equipment for parked vehicles at the platforms.

These measures also have a positive impact on the sound pollution generated by these onboard refrigerated units.

Indicator related to pollutant (NOx, HC) and particle emissions

Group change in emissions per t.km



Since 1 January 2019, the use of the latest-generation vehicles and the implementation of new onboard refrigerated units which must comply with the standards for pollutant emissions, have contributed to the reduction in such emissions.

Consumer health and safety

As a stakeholder in the cold chain, STEF has an obligation to guarantee its compliance and the traceability of the products entrusted to it. This requirement is reflected by the use of technical, human and organisational resources. The Group has a policy and a specific programme designed to ensure the food safety of the goods stored and transported by STEF. These elements are adapted to each site through a Health Control Plan.

Technical measures

Cold production facilities in the storage buildings are sized in order to satisfy all internal (storage temperature for the goods, incoming and outgoing consignments, etc.) and external (climatology) operating constraints. A strict programme of preventative maintenance limits the risks.

However, STEF has deployed a plan to secure the cold production on its sites so that it can attenuate any failure in the power supply by setting up emergency generator units.

Human resources

STEF nurtures cold production expertise and capitalises on its experience using qualified personnel at all levels of the company. The food safety training programme also ensures the proficiency of all those involved in the cold chain, both internally and externally.

Organisational measures

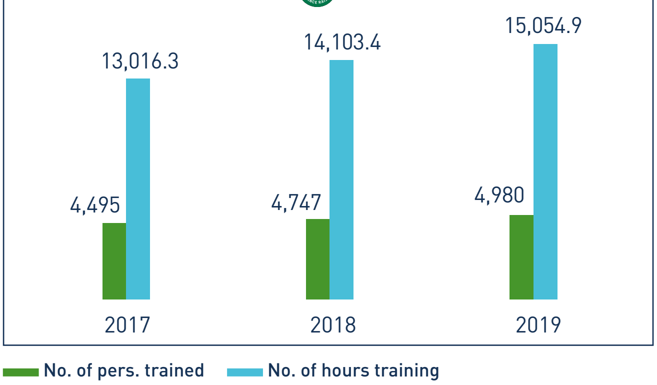
Temperature checks carried out at all stages of the transport and storage of goods are used to guarantee faultless continuity in the cold chain. The continuous monitoring of temperatures, combined with a warning device allows personnel to intervene immediately in the event of an incident. A programme of internal audits guarantees the proper application of the Health Control Plan on each site and the food safety rules are sent to all the Group's suppliers.

If there is an incident, the Group's crisis management system is designed to ensure the proper management of the event in terms of food safety.

Monitoring indicators

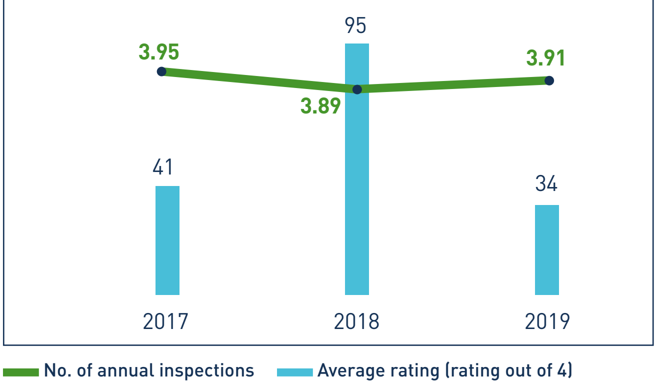
Training in hygiene and food safety

Number of people trained and number of hours training in hygiene and food safety across the Group



Change in the rating

Number of health checks in France and rating obtained



STEF regularly trains all its operating personnel in good hygiene practices using modules specifically adapted to its activities.

In France, STEF's sites that hold health accreditations are visited by the administration services in order to ensure compliance with the procedures implemented. These visits are the subject of a report to the operator, along with a rating published on the "Alim'confiance" website, (4 – highly satisfactory; 3 – satisfactory; 2 – improvement required; 1 – urgent corrective action required).

Alim'confiance

Other issues related to the activities

Noise pollution

The choice of materials and equipment has a major influence on air quality, but also on noise pollution. Delivery methods and times for goods are adapted to the operating constraints (local regulations, customer reception times).

In order to ensure the cold chain is constantly maintained, onboard refrigerated units must be kept running during delivery operations and the resulting noise pollution can be a nuisance for residents living near delivery points.

Actions for city centre deliveries

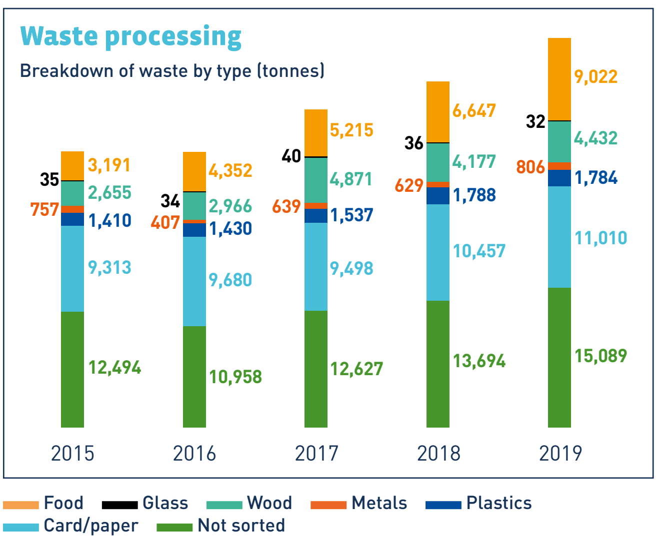
In order to solve these problems, STEF chooses the equipment (particularly for onboard cold production) with the lowest noise emission levels on the market. Similarly, in order to analyse their suitability, cryogenic refrigerated units with liquid nitrogen are being deployed on sites providing urban distribution, particularly at unsociable hours.

Actions for refrigerated warehouses and platforms

Refrigerated warehouses and platforms are mainly located on industrial estates. Before they become operational, they are subject to an impact study which includes noise measures. Most refrigerated facilities are located in machine rooms which substantially mitigate the noise from the compression equipment when operational. Specific developments (containment, bunds) are used to limit noise levels further.

Site monitoring and control

In every operating country, there are strict monitoring procedures for the operation of facilities and compliance with the applicable regulations. These provisions are even more heavily regulated in France because most establishments are covered by the ICPE ("Installations Classées pour la Protection de l'Environnement") scheme for facilities classified for environmental protection. Potential sources of pollution and/or incidents 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. Furthermore, as part of the circular economy, STEF closely monitors other indicators, including waste management.



Issues related to the maritime division

The maritime activities conducted by La Méridionale are subject to a specific environmental process. Since 2009, this has mainly been reflected in the ISO 14001 certification.

The impact of La Méridionale's activities is:

- 99.5% due to fuel consumption (diesel and fuel oil for the propulsion of ships);
- 0.5% due to electricity consumption (quayside supply for ships and offices).

Econavigation charter

La Méridionale was the driving force for the Econavigation Incentive Charter, along with the French Ministry of Ecology and Sustainable Development.

Agreed between La Méridionale and the network of marine protected areas in the Mediterranean for the 2018/2020 period, the charter sets out a large number of commitments, including:

- training personnel in biodiversity issues;
- informing and sharing knowledge with passengers;
- reducing the consumption of fossil fuels;
- reducing discharge and waste recycling;
- technological and regulatory monitoring;
- knowledge enhancement through participatory science schemes.

Technical measures

La Méridionale opts for the most efficient engine specifications in order to reduce its vessels' consumption.
In anticipation of the MARPOL regulation which imposes a sulphur content cap of 0.5%, alongside its industrial partners, it 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 sodium bicarbonate, a natural product which totally eliminates the sulphur contained in the exhaust gases.

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.

Since the vessels cannot use the electrical network in the commercial ports in Corsica, La Méridionale, working with an industrial partner, has tested an innovative solution using liquefied natural gas (LNG) to produce enough energy on site to power the ships with electricity when in port.

Monitoring Plan

Context of the Monitoring Plan

In accordance with Article L. 225-102-4 of the French Commercial Code, 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.

1

Governance of the CSR process Monitoring Plan

STEF has adopted governance policies that 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.
A Health and Safety at Work Steering Committee is responsible for promoting a policy of prevention in managerial practices and operating processes and reports to the Group's Operations Management Committee.
In terms of the environment, the Sustainable Development Department, reporting to the Executive Management, is responsible for designing and deploying the Group's environmental policy.
Management of the entire CSR process, including the monitoring plan and decisions about the deployment of the policy and future challenges are handled within the Operations Management Committee which dedicates at least two plenary sessions per year to this issue.

2

Methodology and drafting of the Monitoring Plan

The drafting of this first Monitoring Plan brought together the Group's main functions (Human Resources, Sustainable Development Department, Purchasing, Business Unit, Internal Audit, 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. In 2019, this dialogue focused on two issues, access and delivery methods in highly urbanised areas and professional integration of young people.

Mapping of stakeholders

Stakeholders	**Associated issues**
Employees	Attract and retain talents, encourage professional development, develop the health, safety and quality of working life culture.
Customers	Provide a service that respects the cold chain, guaranteeing the hygiene of the food products entrusted to the company.
Suppliers	Secure the best services and be a partner for innovation (vehicles, handling machines, cold production, etc.).
Public authorities	Share our industry challenges and develop practices. Examples, for France: • supervisory authorities (ministries and decentralised services); • semi-public bodies (e.g.: ADEME, CARSAT...); • local authorities.
Professional bodies **Regions and communities**	Work together on the sector's impacts (TLF, USNEF...) Share the challenges and work together to find appropriate solutions for each situation.
Employment partners	Take action to promote professional integration, particularly for the most vulnerable individuals: employment structures, temporary agencies, integration bodies, associations and foundations.
Schools and universities	Introduce our jobs and work towards the integration of young people.
Agencies and assessment and inspection bodies	Be assessed on our different issues (Ecovadis CSR rating platform).
Financial partners	Provide access to financing.
Media	Inform about the company and its development.

Construction methodology for mapping the risks and challenges

From this analysis, it emerges that, given STEF's temperature-controlled and maritime activities, the main impacts concern:

- human capital
- management of health and safety at work
- climate
- air quality
- food safety

3

The Monitoring Plan

3.1. Environment

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

- the climate, through greenhouse gas emissions mainly resulting from hydrocarbon combustion and, to a lesser extent, electricity consumption and refrigerant emissions for maintaining the cold production facilities;
- air quality, through emissions into the atmosphere (NOx, HC and particles) during hydrocarbon combustion.

Furthermore, since STEF's principal activity is temperature-controlled logistics, food safety emerges as a major challenge for the company.

In order to reduce its emissions, STEF has implemented a structured process resulting in specific investments combined with voluntary commitments (certifications and accreditations).

3.2. Human resources and fundamental rights

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, the Group has chosen to focus its actions on the health and safety of its employees at work and the development of its human capital.

A Group Health and Safety at Work roadmap is applicable to each country, according to the following model: supervision of process by management, risk control and prevention from the design of tools through to operational use and structured deployment.

In terms of the development of human capital, the Group deploys action plans so that it has the necessary resources to support its growth:

- identification of "people review" requirements and associated action plans;
- preparation of the teams to support the Group's transformations (talent management, training);
- attractiveness: visibility, effective presence in the right channels, adaptation of employer branding.

The Group also guides its other actions in favour of a policy of diversity and equal opportunities.

4

Relationships with suppliers and subcontractors

As a purchaser in various business sectors, including transport subcontracting and construction site management and across many purchasing categories, STEF has a proactive and inclusive policy in these areas with regards its main suppliers and subcontractors. In addition to respecting people's fundamental rights, in terms of the environment, 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;
- the integration of CSR criteria for referencing regular transport subcontractors.

5

Training and information mechanisms

- the Group's Ethics and Business Conduct Charter includes the applicable standards for good business practices;
- combating corruption: the Group complies with the provisions of the Sapin II Law on corruption risk through an awareness and alert system ("STEF Ethics and Business Conduct Charter" section);
- organisation of a community of European colleagues from the HR, Health and Safety at Work and Environment functions on these same issues.

6

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 complemented its alert and whistleblowing scheme with the implementation of an external whistleblowing platform for situations presenting risks of corruption and influence peddling.

Ethics and business conduct charter

The STEF Group's ethics and business conduct charter contains the standards for good business practices applicable in the Group, as well as the provisions of Law no. 2016-1691 of 9 December 2016 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 its prevention and due diligence 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 Middlenext reference system to which STEF has chosen to refer. The Group has complemented its scheme with an external whistleblowing platform.
A training module has been set up using an e-learning format. 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. The ethics and business conduct charter appears on STEF's intranet and internet sites.

Involvement of suppliers and subcontractors

The Group's sustainable purchasing charter sets the main ethical, social and environmental commitments to which the Group's suppliers must adhere. They must also convey these principles among their own suppliers. It is available in all the languages spoken within the Group. The sustainable purchasing charter has been incorporated into the general terms and conditions of sales and into all standarad contracts. The 66 suppliers (excluding transport subcontracting) out of the Top 100 who have signed up to the sustainable purchasing charter represent over 85% of the expenditure of this selection. In total, 235 suppliers (excluding transport subcontracting) have signed the sustainable purchasing charter, which represents over 55% of expenditure.

Strategic and critical suppliers are subject to regular evaluations. This survey is used by internal stakeholders to give their perception of suppliers. These assessments are then analysed with suppliers and the operating functions and result in corrective action plans. One of the criteria of the questionnaire is sustainable development. In 2019, the second edition of the survey saw a participation rate of 80% (500 respondents in 5 countries). This revealed a satisfaction rate of 81% across the 29 purchasing categories surveyed.

Auditors' certificate

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

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 2019 (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;

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

- 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, our work was carried out with the relevant divisions of the parent company and the controlled entities.
- 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;
- 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 must important,[2] we carried out:
  - 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[3] and covered between 65% and 77% of the consolidated data selected for these tests;
- we assessed the consistency of the entire Declaration compared with our knowledge of the Company.

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.

[2] **Social indicators:** end of period workforce; Absenteeism rate; Number of training hours; Staff turnover; Frequency rate; Severity rate.
Environmental indicators: diesel consumption at 100 km for the Group's own fleet; CO_2 emissions – gCO_2/tonne-kilometre; Breakdown of refrigerants by type in fixed facilities; Energy consumption per tonne carried (Group excluding La Méridionale); Pollutant emissions, emitted during land transport operations (Group excluding La Méridionale).
Societal indicators: change in the average rating obtained by sites during inspections by the authorities; number of hours health and safety training; number of employees trained in health and safety.
[3] STEF France, STEF Portugal.

Means and resources

Our work used the skills of 4 people and took place between November 2019 and March 2020 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.

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 77% of the workforce and between 65% and 73% 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 Systems used.

Paris La Défense, 24 March 2020

The Independent Third Party Organisation, MAZARS SA
Anne-Laure ROUSSELOU, Associate
Edwige REY, CSR and Sustainable Development Associate

Corporate Governance Report

Corporate governance report

The Board of Directors and the Executive Management

Chairman and Executive Management

There was a change in the Group's governance in 2019.

From 30 April 2019, the positions of Chairman and Chief Executive Officer were reunited: **Mr Stanislas Lemor** was appointed as Chairman and Chief Executive Officer and took up his position after the Shareholders' Meeting. The challenge has been to move towards a governance which embodies the Group's culture and values and which is also ready to face the challenges and changes of the logistics market in Europe.

The Chief Executive Officer has full authority to act on behalf of the Company in any circumstances. 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.

On the same date, **Mr Marc Vettard** was appointed as Deputy Chief Executive Officer in charge of operations. He assists the Chairman and Chief Executive Officer in managing the Group's business.

Since **Mr Francis Lemor's** Directorship ended after the Shareholders' meeting of 30 April 2019, he retired from his duties as Chairman and Director of STEF. Mr Jean-Pierre Sancier also retired from his role as Chief Executive Officer.
Mr Francis Lemor has been appointed Honorary Chairman of STEF.

The Board of Directors

On the date of the report, the Board of Directors comprises 14 members, one of whom represents employee shareholders and two of whom represent the employees.

Offices and positions held by Directors in 2019

Mr Francis Lemor
Chairman of the Board of Directors until 30 April 2019, appointed to the Board in 1983

- Chairman & CEO of the company Union Économique et Financière (UEF)
- Legal Representative of the UEF, Chairman of Société Européenne de Logistique du Froid
- Director of Atlantique Management and La Méridionale
- Chairman of the Board of Directors of IMMOSTEF
- Director of STEF Iberia (Spain) until 11 April 2019

Mr Stanislas Lemor
Chairman and Chief Executive Officer from 30 April 2019

- Appointed to the STEF board on 30 April 2019
- Director of STEF Transport Saintes, STEF Logistics Saintes and STEF Logistics Courcelles (Belgium)
- Chairman of STEF Italia Holding S.R.L., STEF Logistics Italia S.R.L. and STEF Italia S.P.A., Director of STEF International Italia S.P.A. (Italy), Orlando Marconi Trasporti S.r.L. and STEF FROZEN ITALIA S.r.L. (Italy)
- Director of STEF Iberia (Spain)
- Director of STEF Suisse
- 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 Jean-Michel Delalande
Appointed to the Board in 2015

◗ Retired on 30 April 2019

Ms Elisabeth Ducottet
Appointed to the Board in 2014

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

Mr Jean-Charles Fromage
Appointed to the Board in 2005

◗ Director of Atlantique Management and La Méridionale
◗ Director of STEF Iberia until 11 April 2019 (Spain)
◗ Permanent representative of STEF on the Board of Directors of IMMOSTEF until 30 April 2019
◗ Permanent representative of STEF Transport on the Board of Directors of Prim@ever, Director of Prim@ver

Mr Alain Georges
Appointed to the Board in 2015

Mr Emmanuel Hau
Appointed to the Board in 2007

Ms Estelle Hensgen-Stoller
Appointed to the Board in 2013

Mr Bernard Jolivet
Vice-Chairman, appointed to the Board in 1996

◗ Chairman & CEO of Atlantique Management

Mr Jean-François Laurain
Appointed to the Board in January 2016

◗ Managing Director of Unigrains, terms as Chairman and Corporate Manager in companies belonging to the Unigrains Group (Director and Managing Director of Unigrains Diversification, Unigrains Développement, Director and Chairman of Messis Finances)
◗ Director of SAIAM, permanent representative of the company Unigrains
◗ Director of Atlantique Management

Ms Murielle Lemoine
Appointed to the Board in 2011

◗ Director of Crédit Agricole Assurances
◗ Director of Pharnext and of the company IMMOSTEF

Ms Lucie Maurel-Aubert
Appointed to the Board in 2017

◗ Vice-Chairperson of Rothschild Martin Maurel Associés and member 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
◗ Director of Axa Lard SA
◗ Co-manager of the company DP Conseil Sarl
◗ Corporate Manager of the Vérigny and Heyrault SCIs (real estate investment company) and Corporate Manager of D2P Conseil

Mr Dominique Rambaud

◗ Appointed to the board on 12 December 2019, after the term of office of Mr Delalande

Allianz Vie, represented by Ms Clarisse Kopff, appointed to the Board in 1997

◗ Ms Clarisse Kopff holds offices as Chairperson and Corporate Manager in the member companies of the Allianz Vie Group

Atlantique Management, represented by Mr François de Cosnac, appointed to the Board in 2010

◗ Mr François de COSNAC is Director of IMMOSTEF and UEF, Permanent representative of the company UEF, Director of Atlantique Management
◗ Chairman of Gerignac SAS, and Géribourg, Corporate Manager of FDC Conseil Patrimoine
◗ Vice-Chairman of the Supervisory Board of Auris Gestion Privée

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 Middlenext Code. The Board of Directors believed that the Middlenext 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 Middlenext 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 Ducottet, Ms Lemoine, Ms Maurel-Aubert, Ms Pineau and Mr Hau.

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 results from a consistent approach, based on objective criteria, consistent with the overall salaries and wages policy applied within the Group.

Equality: the Board of Directors includes six female Directors: Ms Ducottet, Ms Hensgen-Stoller, Ms Lemoine, Ms Maurel-Aubert, Ms Pineau and Ms Kopff. 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, 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 2019 was 81% (93% in 2018).

2 – Board of directors' activities

The Board of Directors met five times in 2019.

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 three members: Mr Hau, Mr Jolivet and Ms Kopff. Mr Hau, 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 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 Lemoine (Chairperson), Mr Laurain and Mr Jolivet. It is responsible for making recommendations to the Board of Directors for determining senior executives' remunerations, namely, the Chairman, the Chief Executive Officer and the Deputy Executive Officers. The Chairman of the Board of Directors participates in the work of the Committee, presenting the elements for achieving the objectives set for the Chief Executive Officer and the Deputy Executive Officers. The Committee also reviews the policy and the draft allocation plan for performance shares.

The Committee met twice in 2019 with an attendance rate of 100%, firstly, in March, to review the draft allocation plan for outperformance shares and formulate an opinion for the Board of Directors, and secondly, in December, to determine the fixed and variable aspects of senior executives' remuneration.

Remuneration of company officers

Offices and positions held by members of the Executive Management in 2019

Mr Jean-Pierre Sancier
Chief Executive Officer of STEF until 30 April 2019

◗ Director of STEF Italia S.P.A. (Italy)
◗ Chairman of STEF Iberia (Spain)
◗ Corporate Manager of STEF Portugal-Logistica e Transporte LDA until 16 December 2019
◗ Director of Atlantique Management
◗ Permanent representative of STEF Transport on the Board of FROIDCOMBI
◗ Vice-Chairman of Union TLF
◗ Director of CNR

As a reminder, the offices held by Mr Stanislas Lemor, Deputy Chief Executive Officer until 30 April 2019, appear under "Offices and positions held by directors in 2019".

Mr Marc Vettard
Deputy Chief Executive Officer from 30 April 2019

◗ Chairman of STEF Logistique and STEF Transport from 1 January 2019
◗ Director of IMMOSTEF from 30 April 2019
◗ Director of STEF Italia Holding S.r.L., STEF Logistics Italia S.r.L., STEF Italia S.p.A., STEF International Italia S.p.A., STEF Seafood Italia S.r.l and IMMOSTEF Italia until 31 December 2019 (Italy)
◗ Director of STEF Iberia (Spain)
◗ Permanent representative of STEF Logistique on the Board of Directors of GEFA from 1 January 2019
◗ Director of PRIM@EVER

The remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers is set by the Board of Directors on advice from the Company Officers Remuneration and Appointments Committee and in accordance with Articles L225-37-2 and L225-100, 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, these include Ms Hensgen Stoller, Key Accounts Director of Logistique France, Mr Georges, Director of Sustainable Development and Mr Rambaud, Administrative Executive.

Report on the remuneration policy for senior executives (Article L.225-37-2 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 senior executives concerned by these provisions are:

◗ Period from 1 January 2019 to 30 April 2019:
Mr Francis Lemor, Chairman of the Board of Directors, Mr Jean-Pierre Sancier, Chief Executive Officer and Mr Stanislas Lemor, Deputy Chief Executive Officer Finance
◗ Period from 1 May 2019 to 31 December 2019:
Mr Stanislas Lemor, Chairman and Chief Executive Officer and Mr Marc Vettard, Deputy Chief Executive Officer

The remuneration of senior executives is comprised of 3 components: a fixed salary, a variable share and, for the Executive Management, 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

A new system was introduced in 2020. This is based on an assessment of the objectives 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.
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 2020 performance plan were set out by the Board of Directors on 12 March 2020. 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 three years' presence in the company from the allocation. The two senior executives benefited from a total maximum number of 8,448 performance shares under the 2020 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 relation to those of the Company and which were to achieve an annual increase of at least 3% (at constant scope and excluding third party revenues) 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.

Mr Jean-Pierre Sancier was Chief Executive Officer until 30 April 2019. Since he retired on 31 January 2020, the provisions relating to payments to be made in the event of termination of the employment contract were not applied.

Remunerations paid to company officers, net of social security contributions, in 2019 - Chairman and Executive Management

In euros	Fixed remuneration 2019	Variable remuneration 2019 [1]	Exceptional remuneration 2019	Directors' remuneration 2019	Benefits in kind 2019
Stanislas Lemor [2] Chairman and Chief Executive Officer from 30 April 2019 Deputy Chief Executive Officer until 30 April 2019	298,624	131,000		12,743	7,746
Marc Vettard [2] Deputy Chief Executive Officer from 30 April 2019	248,750	105,307		1,449	6,103
Francis Lemor Chairman of the Board of Directors until 30 April 2019	62,572	80,000		7,383	1,340
Jean-Pierre Sancier Chief Executive Officer until 30 April 2019	259,655	150,000			6,900

[1] Paid in 2019 under the 2018 financial year.
[2] Messrs S. Lemor and Vettard received an effective allocation of 660 and 440 performance shares respectively under the Group's general long-term profit sharing policy, given the achievement of criteria referred to in the "Long-term profit sharing plans" section.

Remunerations paid to other company officers, net of social security contributions, in 2019 – Directors

In euros	Directors' remuneration 2019	Fixed remuneration 2019	Variable remuneration 2019[1]	Exceptional remuneration 2019[2]	Benefits in kind 2019
Jean-Michel Delalande (term of office ended 30 April 2019)	4,657	11,548			
Elisabeth Ducottet	3,105				
Jean-Charles Fromage	10,591				
Alain Georges	7,762	69,675	7,597		3,397
Emmanuel Hau	7,141				
Estelle Hensgen-Stoller	7,762	51,917	9,791		2,834
Bernard Jolivet	12,980			55,000	4,885
Jean-François Laurain	10,744				
Murielle Lemoine	12,090				
Lucie Maurel-Aubert	4,657				
Dorothée Pineau	6,210				
Dominique Rambaud (term of office began on 12 December 2019)					
Allianz Vie, represented by **Mr Etzenbach**	10,125				
Atlantique Management, represented by **Mr de Cosnac**	9,108				

[1] Paid in 2019 under the 2018 financial year.
[2] The Board of Directors allocated an exceptional remuneration to Mr Jolivet for assignments detailed in the "Agreements with Directors" section.

Equity ratios

Equity ratios	**Stanislas Lemor** Chairman and Chief Executive Officer from 30 April 2019, Deputy Chief Executive Officer until 30 April 2019	**Marc Vettard** Deputy Chief Executive Officer from 30 April 2019	**Francis Lemor** Chairman of the Board of Directors until 30 April 2019	**Jean-Pierre Sancier** Chief Executive Officer until 30 April 2019
2019				
Remuneration compared to the average salary of STEF SA employees	7.4	6.3	2.4	7.0
Remuneration compared to the median salary of STEF SA employees	9.4	8.0	3.1	9.0
2018				
Remuneration compared to the average salary of STEF SA employees	6.4	N/A	4.5	7.0
Remuneration compared to the median salary of STEF SA employees	8.2	N/A	5.7	8.9
2017				
Remuneration compared to the average salary of STEF SA employees	5.6	N/A	4.6	6.6
Remuneration compared to the median salary of STEF SA employees	7.0	N/A	5.8	8.3
2016				
Remuneration compared to the average salary of STEF SA employees	5.8	N/A	5.1	7.0
Remuneration compared to the median salary of STEF SA employees	7.3	N/A	6.4	8.8
2015				
Remuneration compared to the average salary of STEF SA employees	6.3	N/A	6.3	8.2
Remuneration compared to the median salary of STEF SA employees	6.8	N/A	6.9	8.9

In accordance with the provisions of Article L225-37-3, amended by Law no.2019-486 of 22 May 2019, (the Pacte Law) and by the ruling on the remuneration of company officers of listed companies of 27 November 2019, the table above presents the level of remuneration of the Chairman and Executive Management 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.

Variable remuneration for company officers, net of social security contributions, under the 2019 financial year – Proposals for approval at the Shareholders' Meeting of 30 April 2020

	Stanislas Lemor	**Marc Vettard**	**Francis Lemor**	**Jean-Pierre Sancier**
In euros	Chairman and Chief Executive Officer from 30 April 2019, Deputy Chief Executive Officer until 30 April 2019	Deputy Chief Executive Officer from 30 April 2019	Chairman of the Board of Directors until 30 April 2019	Chief Executive Officer until 30 April 2019
Net variable remuneration under the financial year 2019	222,000	178,000	80,000	66,000

This variable remuneration is set in accordance with the criteria set out in the "Remuneration policy for senior executives" section, pursuant to Article L.225-37-2 of the French Commercial Code and is subject to approval at the Group Shareholders' Meeting.

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.225-100-paragraph II of the French Commercial Code).

Agreements with Directors

An agreement was signed with Mr Jolivet, who was tasked with advising the Chairman and, where appropriate, acting as the Chairman of the Board of Directors in the absence of the Chairman. This will end on 30 April 2020.

General information

At 31 December 2019, the share capital amounted to €13,000,000, comprising 13,000,000 shares of a nominal value of €1.
At 31 December 2018, it amounted to €13,165,649, comprising 13,165,649 shares of a nominal value of €1. On 12 December 2019, it was subject to a reduction of €165,649 through the cancellation of 165,649 treasury shares of a nominal value of €1, after a decision by the Board of Directors.

Breakdown of share capital and voting rights at 31 December 2019

9,457,269 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	35.65%	8,005,419	36.69%
STEF FCPE [2]	2,203,225	16.95%	4,361,825	19.42%	4,361,825	19.99%
Société des Personnels de la Financière de l'Atlantique (S.P.F.A) [1]	1,296,578	9.97%	2,517,817	11.21%	2,517,817	11.54%
Union Économique et Financière (UEF) [3]	981,345	7.55%	1,931,804	8.60%	1,931,804	8.85%
Société Européenne de Logistique du Froid [4]	771,809	5.94%	1,509,618	6.72%	1,509,618	6.92%
Mr Francis Lemor [5]	60,187	0.46%	120,374	0.54%	120,374	0.55%
Sub-total – concerted action	**9,319,866**	**71.69%**	**18,446,857**	**82.14%**	**18,446,857**	**84.54%**
Treasury shares	636,915	4.90%	636,915	2.84%	0	0.00%
Others (shareholders owning less than 5% of the share capital)	3,043,219	23.41%	3,373,497	15.02%	3,373,497	15.46%
Total	**13,000,000**	**100.00%**	**22,457,269**	**100.00%**	**21,820,354**	**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 63.0% owned by the company Union Économique et Financière with the remainder owned by STEF senior executives.
[5] Chairman of the Board of Directors until 30 April 2019.

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. 225-37-5 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 18 May 2016 decided to award performance shares to employees and/or senior executives of the STEF Group and set the maximum percentage of capital allocated to this plan at 1.5%. It assigned its authority to the Board of Directors to implement the decision within 38 months.

In this context, the Board of Directors allocated the following to Group employees:

- on 1 September 2016, a maximum number of 42,744 performance shares, representing 0.32% of the share capital; the total number of shares having been acquired is 24,576 which is 57.5% of the maximum amount;
- on 15 March 2017, a maximum number of 68,640 performance shares, representing 0.52% of the share capital;
- on 14 March 2018, a maximum number of 75,680 performance shares, representing 0.57% of the share capital.

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, the Board of Directors recorded that 35,957 shares would be allocated at 01/04/2022 depending on the rate achieved for the performance criteria, which is 0.27% of the capital;
- on 12 March 2020, a maximum number of 104,016 performance shares, representing 0.80% 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.

Summary of performance share plan at 12.03.2020*

	Plan "Performance 2016"	Plan "Performance 2017"	Plan "Performance 2018"	Plan "Performance 2019"	Plan "Performance 2020"
Date of the Shareholders' Meeting Date of Board of Directors Meeting	18/05/2016 01/09/2016	18/05/2016 16/03/2017	18/05/2016 14/03/2018	02/05/2018 14/03/2019	02/05/2018 12/03/2020
Maximum performance shares to be allocated	**42,744**	**68,640**	**75,680**	**93,456**	**104,016**
Performance shares actually allocated	**24,576**	**24,320**	**16,720**	**35,957**	
Of which to senior executives to be allocated actually allocated	 5,616 3,456	 7,488 2,880	 7,920 1,100	 8,448 3,464	 8,448
Effective acquisition date French tax residents	01/09/2017	01/04/2018	01/04/2019	01/04/2022	01/04/2023
End of vesting period French tax residents	01/09/2019	01/04/2020	01/04/2021	01/04/2022	01/04/2023
Effective acquisition date and end of vesting period Non-French tax residents	01/09/2019	01/04/2020	01/04/2021	01/04/2022	01/04/2023
Total number of shares having been acquired	24,576	19,680	13,310	0	0
Number of beneficiaries at original grant date	64	80	88	94	106
Number of beneficiaries at 12/03/2020	59	73	79	86	106
Number of invalid shares	18,168	44,320	58,960	57,499	None
Remaining performance shares allocated	0	4,640	3,410	35,957	104,016

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

Acquisition of treasury shares by the Company

Use of treasury shares	Annual accounts at 31/12/2018	Shares acquired in 2019	Shares sold in 2019	Shares transferred in 2019	Shares cancelled in 2019 [4]	Situation at 31/12/2019
Supporting the share price through a liquidity contract	14,372	62,516	-67,756 [1]			9,132
Hedging of shares allocated to employees as part of the company savings plan	30,770			-6,676[2]		24,094
Hedging of the allocation plan for the performance share plan (article L225-197-1 of the French Commercial Code)	70,776			-16,958[3]		53,818
Shares used for payment or exchange as part of an acquisition	650,000				-100,129	549,871
Others	65,520				-65,520	0
Total	**831,438**	**62,516**	**-67,756**	**-23,634**	**-165,649**	**636,915**

[1] Including the sale of 9,000 shares, following their withdrawal from the liquidity contract on 24 July 2019.
[2] Allocation of shares to employees as part of the company savings plan.
[3] Allocation to the beneficiaries of the performance share plan.
[4] On the decision of the Board of Directors on 12 December 2019.

2019 share repurchasing plan

In the 2019 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 2 May 2018 – 15th resolution – maximum purchase price: €90 – maximum share of the share capital to be acquired: 10%;
- Shareholders' Meeting of 30 April 2019 – 18th 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 2019, the balance of treasury shares under the liquidity contract stood at 9,132 shares.

Share price

Between 2 January and 31 December 2019, the share price ranged from a €70.50 low and a €93.90 high.

Over the same period, the daily average number of shares exchanged was 2,428, for an annual average share price of €82.20.

Risk factors

The Company has 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.

Risks associated with the Group's activities

Macro-economic risks related to 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 key accounts and mid-market companies.

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 in the event of risks arising from climate, labour disputes or accidents.

Furthermore, STEF has implemented a 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.

Financial risks from the effects of climate change and measures taken to reduce them.

The Group's Sustainable Development policy is described in the "Declaration of extra-financial Performance – Corporate social responsibility" section. The Group's priority commitments in this area are focused on improving the environmental impact of the Group's operations and on developing innovative business solutions.

The policy implemented 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 global, European, national and local policies in this area, so as to anticipate any developments.

The Company has not identified any specific financial risk related to the effects of climate change.

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 regulation called the "Hygiene Package". 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.

A Health and Safety Division is responsible for standardising the procedures across the entire Group. In February 2020, the Group set up a Coronavirus – Covid-19 epidemic risk management unit, responsible for defining, the information, prevention and protection policies at Group level in order to guarantee the safety of all employees and the continuity of its operations.

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.

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 2019 amounted to 9,958 hours for 1,614 trained drivers and 24 specialised road safety trainers. A specific prevention plan was also implemented. These initiatives have led to a regular improvement in the number of road accidents.

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, namely STEF Information et Technologies. 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.

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 pro-active prevention and training policy, reduces the Group's exposure to the consequences of any large loss.

Maritime – Services to Corsica

La Méridionale was party to a Public Service Concession (PSC) until 30 September 2019 concluded with the Corsican Authorities for the delivery of maritime services to Corsica. A new concession, scheduled to end on 31 December 2020 should have succeeded this concession. La Méridionale's candidacy was not selected for the Bastia, Île-Rousse and Ajaccio lines.

Its activity has been maintained at the two ports of Propriano and Porto-Vecchio until the end of April 2020. It has applied to provide the service for these two lines for the period from May to December 2020. Finally, jointly with Corsica Linéa, it responded to the call for tenders for the 7-year public service concession due to start on 1 January 2021.

La Méridionale is focusing on alternative market diversification solutions and external chartering of its available vessels.

Market risks

Liquidity risk

The Group's cash needs are provided mainly by:
- credit lines at parent company level: at 31 December 2019, STEF had 8 confirmed medium-term credit lines, totalling €169 million. At 31 December 2019, up to €25 million had been drawn down. The applicable interest rate on these credit lines was that of the day of the drawdown. Their initial duration is generally 5 years;
- 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 €262 million at 31 December 2019.

STEF also has spot loans totalling €17 million, unused at 31 December 2019 and overdraft agreements, with no agreed expiry dates, totalling €106 million, of which €22 million was used at 31 December 2019. 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 2019, the floating rate debt component, after hedging, represented 37% of the Group's gross financial debt. The details of the Group's exposure to interest rate risk are presented in note 24.2 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 2019, 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 L225-102-1 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, using random checks, all the accounting entries and carry out any consistency checks.

Consolidated financial statements


STEF

Consolidated financial statements

(in millions of euros)

Cumulative 31/12	2019	2018	Change
Group's operations	**3,035**	**2,866**	**5.9%**
Third party sales*	406	389	4.6%
Group's total turnover	**3,441**	**3,255**	**5.7%**

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

The Group's turnover grew significantly to €3,441 million (+5.7% compared to 2018 and 3.9% at comparable scope).

The increase in turnover was driven by a strong growth in activities, both in France and abroad.

The effect on the scope concerns the following acquisitions:

- **in France:** Transports Grégoire Galliard, now STEF Transport Sens (+€10.7 million) and Dyad (+ €3.4 million). The company Express Marée, acquired in 2018 contributed €18.8 million to the turnover.
- **internationally:** Netko became STEF Raalte (+€9.2 million). The Marconi operation in 2018 contributed €17 million to turnover.

Business segments	Turnover		Operating profit	
	2019	2018	2019	2018
STEF France	2,055	1,956	127.5	101.8
STEF International	860	774	39.2	24.6
Maritime	94	112	(6.2)	7.7
Other activities	432	413	2.3	3.2
Total	**3,441**	**3,255**	**162.9**	**137.2**

STEF FRANCE

For STEF France the growth in activity was driven mainly by the chilled consignments and retail BU.

The improved operational performance primarily resulted from the decrease in the non-quality rate and the increase in warehouse occupancy rates.

INTERNATIONAL ACTIVITIES

International activities grew due to organic growth in all countries, but also external growth.

The operating profit was driven by the good results of Spain and Italy.

MARITIME

The 2019 financial year was marked by the loss of the service from the ports of Ajaccio and Bastia from 1 October, which affected profitability.

Income

(in millions of euros)

	2019	2018	Change (in%)
Turnover	**3,441.0**	**3,255.1**	**5.7**
Operating profit	**162.9**	**137.2**	**18.7**
Financial results	(8.7)	(7.3)	
Profit before tax	**154.1**	**130.0**	**18.6**
Tax expense	(55.4)	(35.7)	
Share in net profit (loss) of companies accounted for by the equity method	1.5	0.3	
Net profit	**100.2**	**94.5**	**5.9**
- of which profit attributable to Group shareholders	**100.3**	**94.4**	**6.2**
- of which profit attributable to minorities	(0.2)	0.1	
Earnings per share in euros (basic)	8.12	7.66	6.1
Earnings per share in euros (diluted)	8.10	7.64	6.0

The Group's operating profit benefited from the growth in STEF France's operating margin and the increased profitability of international activities.

The current operating margin amounts to 5.2% of turnover (excluding third party trading activity).

The Group's financial costs increased slightly but, in 2019, included €1.4 million in interest expenses related to the restatement of leases (IFRS 16 standard).

Tax expense increased significantly between 2018 and 2019, due in particular to the change to the Tax Credit for Competitiveness and Employment (Crédit d'Impôt pour la Compétitivité et l'Emploi) with lower social security contributions.

Based on the preceding items, net profit attributable to Group shareholders is up 6.2% compared to 2018.

In 2019, the Group continued its investments for a total amount of €151 million compared with €296 million in 2018. The 2018 financial year was marked by a significant acquisition in Italy.

Gearing stood at 1.08 at 31 December 2019, including 0.2 linked to the application of the new IFRS 16 standard (it was 0.97 at the end of December 2018).

Change in scope
Acquisitions of shareholdings in 2019

Acquisitions, start-ups, disposals:

France:

- **in January:** acquisition of 100% of the company Transports Frigorifiques Grégoire Galliard (now STEF Transport SENS) and its two subsidiaries;
- **in September:** acquisition of 100% of the shares in the company Dyad and its two subsidiaries.

The Netherlands:

- **in February:** acquisition through its subsidiary STEF Nederland of 60% of the shares in Netko (now STEF Raalte) bringing its holdings to 100% of the capital.

Spain:

- **in December:** acquisition by STEF Iberia of an additional 20% in the company Olano Valencia bringing its holdings to 40%.

Internal restructuring

France:

- universal transfer of assets of the company STEF Logistique Aix to the company SLD Aix-en-Provence.

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

The Group has set up a Coronavirus - Covid 19 epidemic risk monitoring unit, responsible for defining, at Group level, information, prevention and protection policies in order to guarantee the safety of all its employees as well as the continuity of its operations.

At this stage, in view of the general uncertainty, it is difficult to measure the precise impact of this situation on the Group's business or short-term prospects.

Consolidated income statement

(in thousands of euros)

	note	2019 financial year	2018 financial year	change
Turnover	**4**	**3,441,023**	**3,255,143**	**5.7%**
Purchases from third parties	5	(2,147,693)	(2,104,127)	2.1%
Taxes and related expenses		(66,992)	(64,090)	4.5%
Payroll expenses	6	(902,779)	(835,286)	8.1%
Depreciation and amortisation	7	(168,698)	(113,509)	48.6%
(Net charges to) net reversals of provisions	8	1,818	(2,772)	
Other operating income and expenses	9	6,178	1,875	
Operating profit		**162,857**	**137,234**	**18.7%**
Financial expenses		(9,399)	(8,178)	
Financial income		680	913	
Financial results	**11**	**(8,719)**	**(7,265)**	**20.0%**
Profit before tax		**154,138**	**129,969**	**18.6%**
Tax expense	12	(55,445)	(35,717)	
Share in net profit of companies accounted for by the equity method	15	1,468	298	
Profit for the period		**100,161**	**94,550**	**5.9%**
*** of which attributable to Group shareholders**		**100,332**	**94,433**	**6.2%**
* of which profit attributable to minorities		(171)	117	
EBITDA	**10**	**324,139**	**253,515**	**27.9%**
Earnings per share:		(in euros)	(in euros)	(in euros)
- basic earnings per share	20.3	8.12	7.66	6.1%
- diluted	20.3	8.10	7.64	6.0%

Consolidated comprehensive income statement

(in thousands of euros)

	note	2019 financial year	2018 financial year
Profit for the period		**100,161**	**94,550**
Actuarial gains and losses on pension plans	21.3	(9,711)	(274)
Tax expense on non-recyclable items		2,976	70
Other items of comprehensive income, net of income tax which are not subsequently reclassified into income		**(6,735)**	**(204)**
Unrealised foreign exchange gains or losses from activities abroad		994	902
Effective portion of change in fair value of cash flow hedging derivatives		(730)	981
Tax expense on recyclable items		685	(102)
Other items of comprehensive income, net of income tax which are subsequently reclassified into income		**949**	**1,781**
Comprehensive income for the period		**94,375**	**96,127**
*** of which attributable to Group shareholders**		**94,546**	**96,010**
* of which profit attributable to minorities		(171)	117

Consolidated balance sheet

(in thousands of euros)

Assets	note	31 December 2019[1]	31 December 2018[2]
Non-current assets			
Goodwill	13.1	203,824	186,799
Other intangible assets	13.1	18,081	18,367
Tangible fixed assets	13.2	1,202,826	1,250,080
Right of use under leases	13.3	244,964	
Non-current financial assets	14	31,057	31,621
Investments in associated companies	15	28,824	27,892
Deferred tax assets	12.3	6,037	714
Total non-current assets		**1,735,613**	**1,515,473**
Current assets			
Inventories and work in progress	16	74,250	62,939
Customers	17	533,150	508,154
Other receivables and current financial assets	18	140,547	138,570
Current tax assets		649	18,442
Cash and cash equivalents (a)	19	61,199	59,609
Total current assets		**809,796**	**787,714**
Total assets		**2,545,410**	**2,303,187**
Liabilities		**31 December 2019[1]**	**31 December 2018[2]**
Equity			
Share capital	20	13,000	13,166
Share premium account		0	0
Reserves		746,266	679,974
Equity, Group share		**759,266**	**693,140**
Minority interests		1,478	1,894
Total equity		**760,743**	**695,034**
Non-current liabilities			
Non-current provisions	21/22	46,585	37,358
Deferred tax liabilities	12.3	16,188	18,569
Non-current financial liabilities (b)	23	326,535	406,557
Non-current lease obligations (c)	23	164,280	
Total non-current liabilities		**553,588**	**462,484**
Current liabilities			
Trade accounts payable		477,448	446,837
Current provisions	21/22	17,229	21,050
Other current liabilities	24	336,737	352,823
Current tax liabilities		4,929	224
Current financial liabilities (d)	23	339,758	324,735
Current lease obligations (e)	23	54,977	
Total current liabilities		**1,231,078**	**1,145,669**
Total liabilities		**2,545,410**	**2,303,187**
Net debt (b) + (c) + (d) + (e) - (a)		824,351	671,683
Debt/equity ratio		1.08	0.97

(1) The accounts at 31 December 2019 are drawn up in accordance with the IFRS 16 standard using the modified retrospective approach (without restatement of the previous financial year).

(2) The deferred tax assets and liabilities are now offset by tax jurisdiction in the consolidated balance sheet. Consequently, the consolidated balance sheet at 31 December 2018, given as a comparison, has been changed to take account of this change in presentation (for more details refer to note 12.3).

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 2017	**13,166**	**0**	**659,735**	**(1,640)**	**(40,438)**	**(5,001)**	**625,822**	**2,629**	**628,451**
Dividends paid			(30,232)				(30,232)	(65)	(30,297)
Acquisition and disposal of treasury shares					(100)		(100)		(100)
Other share transactions			1,753				1,753		1,753
Transactions with minority interests			(113)				(113)	(787)	(900)
Total transactions with shareholders	**0**	**0**	**(28,592)**	**0**	**(100)**	**0**	**(28,692)**	**(852)**	**(29,544)**
Comprehensive income for the period	**0**	**0**	**94,229**	**902**		**879**	**96,010**	**117**	**96,127**
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							0	(174)	(174)
Total transactions with shareholders	**(166)**	**0**	**(29,338)**	**0**	**1,084**	**0**	**(28,420)**	**(245)**	**(28,665)**
Comprehensive income for the period	**0**	**0**	**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**	**760,744**

Cash flow statement

(in thousands of euros)

	note	2019 financial year	2018 financial year
Profit for the period		**100,161**	**94,550**
+/- Net depreciation, amortisation, impairment of non-current assets and provisions	27.2	161,871	113,785
+/- Gains or losses from the sale of non-current assets		(1,697)	(906)
+/- Share in net profit (loss) of associated companies	15	(1,468)	(298)
+/- Change in market value of derivatives	25.6	(141)	(26)
+/- Other expenses and income, generating no change in cash		134	1,753
- Deferred tax	12.1	(4,392)	(395)
Cash flow from operations (A)		**254,468**	**208,463**
Cancellation of the tax expense (income)	27.1	59,837	36,112
Taxes paid (not including the CICE tax measure)	27.1	(52,861)	(27,450)
Changes in the other items of the WC	27.1	3,686	17,466
+/- Change in working capital (B)		**10,662**	**26,128**
Net cash from operating activities (C) = (A+B)		**265,129**	**234,591**
- Cash used in acquiring intangible assets	27.1	(3,891)	(7,699)
- Cash used in acquiring tangible fixed assets	27.1	(150,544)	(295,697)
+/- Change in granted loans and advances + financial assets		917	(2,612)
- Proceeds and cash used in the acquisition and sale of subsidiaries net of acquired cash (*)	2.3.B	(20,356)	(44,218)
+ Proceeds from sale of tangible and intangible fixed assets		13,021	6,604
+ Dividends received from associated companies		1,431	1,438
Net cash from investment activities (D)		**(159,423)**	**(342,184)**
+/- Acquisition and disposal of treasury shares		354	(100)
- Dividends paid to STEF shareholders		(30,870)	(30,230)
- Dividends paid to minority shareholders		0	(65)
+ Proceeds from new borrowings	23	90,709	255,916
- Repayment of borrowings and lease obligations	23	(172,144)	(67,379)
Net cash from financing activities (E)		**(111,951)**	**158,142**
Net cash position at beginning of period		44,993	(5,556)
Net cash position at end of period		38,749	44,993
= Change in net cash position (C+D+E)		**(6,244)**	**50,549**
Net cash positions at the balance sheet dates are as follows:		31 December 2019	31 December 2018
Cash and cash equivalents	19	61,199	59,609
Bank overdrafts and short-term loans	23	(22,450)	(14,616)
		38,749	**44,993**

(*) -/+ Proceeds and cash used in the acquisition and sale of subsidiaries net of acquired cash	2019 financial year	2018 financial year
Cost of acquiring financial assets of purchased companies	(24,176)	(42,619)
Acquired cash/cash outflow from sold companies	3,820	(1,599)
Net cash paid out	**(20,356)**	**(44,218)**

Notes to the consolidated financial statements at 31 December 2019

Introduction

The main activities conducted by STEF and its subsidiaries (hereinafter referred to as STEF or the Group) are controlled-temperature 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 Malesherbes - 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 2019 were approved by the Board of Directors on 12 March 2020. They shall be subject to shareholders' approval at the Shareholders' Meeting on 30 April 2020. 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 2019 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 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 accounting policies used for the preparation of the consolidated financial statements are those applied by the Group at 31 December 2018, with the exception of the standards, amendments to standards and interpretations applicable for the first time in 2019, and presented below.

IFRS 16 "Leases" standard

The Group applied the IFRS 16 "leases" standard, the application of which became compulsory in the European Union on 1 January 2019. This standard replaces the IAS 17 standard and its interpretations.

The transition method selected is the modified retrospective approach. This considers that the asset under the right of use is equal to the amount of the lease obligations on the transition date. Consequently, the comparative information is not adjusted.

The main changes arising from the IFRS 16 standard are as follows:

- recognition in assets of the rights of use under leases. These rights of use are presented separately from other assets in the consolidated balance sheet;
- recognition of the lease obligations in respect of the lease payment obligation. These are presented separately from the financial liabilities in the consolidated balance sheet;
- recognition of a depreciation expense for the right of use of the asset and a financial cost relating to the interest on the lease debt which partially replaces the lease expense previously recognised under leases;
- on the cash flow statement, the payments in respect of the repayment of the debt affect the financing flows.

The Group favours a policy of owning its own major assets, however it does have a certain number of leased assets mainly comprised of real estate leases relating to land or platforms and warehouses as well as operating vehicles, handling equipment and computer hardware.

For contracts in force on the date of first application, the Group has chosen to apply the simplification measure which avoids applying IFRS 16 to the portfolio of existing contracts on the transition date (retention of the IAS 17/IFRIC 4 analyses). For leases previously classified as finance leases, on the transition date, the right of use and lease obligation are evaluated as the same amounts as under the IAS 17 standard.

Furthermore, the Group applies the following simplification measures:

- contracts where the original term is less than 12 months do not result in the recognition of an asset and a liability;
- lease payments corresponding to an asset with a low unit value (less than or equal to €5,000) are not adjusted and are reported under expenses.

The accounting principles are detailed in the note 13.3 "leases".

The impact of the implementation of this new standard is presented below:

Impact of the first application of IFRS 16 on the opening balance sheet:

	Balance sheet at 31/12/2018	First application of IFRS 16	Balance sheet at 01/01/2019 IFRS 16
Assets			
Goodwill	186,799		186,799
Other intangible assets	18,367		18,367
Tangible fixed assets	1,250,080	(107,033)	1,143,047
Right of use under leases	0	251,064	251,064
Other non-current assets	60,227		60,227
Total non-current assets	**1,515,473**	**144,031**	**1,659,504**
Current assets	728,105		728,105
Cash and cash equivalents (a)	59,609		59,609
Total current assets	**787,714**	**0**	**787,714**
Total assets	**2,303,187**	**144,031**	**2,447,218**
Liabilities			
Total equity	**695,034**		**695,034**
Non-current financial liabilities (b)	406,557	(48,010)	358,547
Non-current lease obligations (c)		154,793	154,793
Other non-current liabilities	55,927		55,927
Total non-current liabilities	**462,484**	**106,783**	**569,267**
Current financial liabilities (d)	324,735	(19,579)	305,156
Current lease obligations (e)		56,827	56,827
Other non-current liabilities	820,934		820,934
Total current liabilities	**1,145,669**	**37,248**	**1,182,917**
Total liabilities	**2,303,187**	**144,031**	**2,447,218**
Net debt (b) + (c) + (d) + (e) - (a)	**671,683**	**144,031**	**815,714**
Debt/equity ratio	**0.97**		**1.17**

The main impacts include:

- recognition of the rights of use under leases;
- the reclassification of assets and liabilities recognised under existing finance leases at 31 December 2018.

Presentation of the 2019 income statement if the Group had continued to apply IAS 17:

	Income statement at 31 December 2019	IFRS 16 impact	Proforma at 31 December 2019 with IAS 17
Turnover	**3,441,023**		**3,441,023**
Purchases from third parties	(2,147,693)	(44,028)	(2,191,721)
Taxes and related expenses	(66,992)		(66,992)
Payroll expenses	(902,779)		(902,779)
Depreciation and amortisation	(168,698)	43,675	(125,023)
(Net charges to) net reversals of provisions	1,818		1,818
Other operating income and expenses	6,178		6,178
Operating profit	**162,857**	**(354)**	**162,504**
Financial results	**(8,719)**	**1,379**	**(7,340)**
Profit before tax	**154,138**	**1,026**	**155,164**
Tax expense	(55,445)	(211)	(55,656)
Share in net profit of companies accounted for by the equity method	1,468		1,468
Profit for the period	**100,161**	**814**	**100,975**
EBITDA	**324,139**	**(43,675)**	**280,464**

Other standards, amendments and interpretations

The Group has applied the following amendments and interpretations:

- IFRS 9 – amendment: prepayment features with negative compensation;
- IAS 28 – amendment: long-term interests in associated companies and joint ventures;
- IAS 19 – amendment: plan amendment, curtailment or settlement;
- IFRIC 23 – amendment: uncertain tax positions;
- IFRS annual improvements - 2015-2017 cycle.

These amendments do not affect the Group's consolidated financial statements at 31 December 2019.

In 2019, the Group opted for the early application of the amendment to the standards IFRS 9, IAS 39 and IFRS 7 published by the IASB in September 2019 as part of the reform of reference interest rates.

The Group has used this amendment to avoid uncertainties about the future of reference rates when evaluating the effectiveness of hedging relationships and/or assessing the highly probable nature of the hedged liability, therefore making it possible to secure existing or future hedging relationships until such uncertainties are removed. Interest rate derivatives documented as coverage of liabilities indexed at a reference rate are presented in note 25.The Group is currently analysing the impacts related to the upcoming modification of the benchmarks.

Furthermore, the Group has not opted to apply the following standards and interpretations for which application is mandatory after 31 December 2019:

- IAS 1 and IAS 8 - amendments: change in the definition for the term "significant";
- IFRS 3 – amendment: definition of a business;
- amendments to references to the conceptual framework in IFRS standards.

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 13.1 and 13.2);
- determination of lease terms (note 13.3);
- determination of the recoverable amount of non-current non-financial assets (note 14);
- valuation of identifiable assets and liabilities acquired as part of business combinations;
- valuation of staff benefits (note 21);
- evaluation of the provisions for risk and expenses (note 22);
- recognition of deferred tax assets.

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

Scope of consolidation

2.1 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 (in general the 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 13.4).

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.

2.2 Change in scope

2.2.1 Changes in 2019

A. Acquisitions, start-ups

● On 4 January 2019, the Group acquired 100% of the company Transports Frigorifiques Grégoire Galliard (now STEF Transport Sens) and its two subsidiaries, Logistique Frigorifique de Bourgogne and SCI Les Pins.

The impact of this acquisition is as follows:

Names of acquired entities	STEF Transport SENS operation (3 companies)
Business activity	Chilled and frozen products transport
Location	Sens (89)
Acquisition date	04/01/2019
Percentage of acquired equity instruments conferring voting rights	100%
Cost of the combination (paid in full in cash)	€2,860 K
Fair value of acquired assets and assumed liabilities	€1,752 K
Goodwill (Profit on acquisition)	€1,108 K
Turnover since acquisition	€10,655 K
Operating profit since acquisition	€173 K

● On 28 February 2019, the Group acquired 60% of the shares in the company Netko (now STEF Raalte) through its subsidiary STEF NEDERLAND. The Group now holds 100% of the share capital in this entity.

The impact of this acquisition is as follows:

Names of acquired entities	STEF Raalte
Business activity	Chilled and frozen products transport
Location	Raalte (the Netherlands)
Acquisition date	28/02/2019
Percentage of acquired equity instruments conferring voting rights	100% including 40% previously owned
Cost of the combination	€1,705 K
Fair value of shares (40%) previously owned	€1,137 K
Fair value of acquired assets and assumed liabilities	(€125 K)
Goodwill (Profit on acquisition)	€2,967 K
Turnover since acquisition	€9,173 K
Operating profit since acquisition	(€1,283 K)

- On 30 September 2019, the Group acquired 100% of the company Dyad and its subsidiaries Optipack and SCI C2W2.

The impact of this acquisition is as follows:

Names of acquired entities	Dyad operation (3 companies)
Business activity	Co-packing and Co-manufacturing
Location	Flers-en-Escrebieux (59)
Acquisition date	30/09/2019
Percentage of acquired equity instruments conferring voting rights	100%
Cost of the combination	€18,000 K
Fair value of acquired assets and assumed liabilities	€5,168 K
Goodwill (Profit on acquisition)	€12,832 K
Turnover since acquisition	€3,423 K
Operating profit since acquisition	€1,096 K

- Furthermore, on 16 December 2019, STEF Iberia acquired an additional 20% in the company Olano Valencia, bringing its shareholding to 40%. This entity is still consolidated in the Group's accounts using the equity method. Finally, as part of its real estate transactions to redevelop old sites that are no longer used, the Group has created the non-trading real estate company (Sociétés Civiles Immobilières de Constructions Vente) SSCV Nobel in partnership with a property developer.

B. Cash used in the acquisition and sale of subsidiaries

	31 December 2019	31 December 2018
Net cash paid out following the acquisition of consolidated shareholdings	(18,745)	(43,489)
Net cash paid out following acquisition of interests not giving control	(1,030)	(729)
Net cash following the sales of subsidiaries		
Other items (additional prices/recapitalisation, etc.)	(581)	
Total acquisitions	**(20,356)**	**(44,218)**

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

In early November, the Group conducted a Universal Transfer of Assets of the company STEF Logistique Aix to the company SLD Aix-en-Provence.

2.2.2 Monitoring of 2018 acquisitions

As a reminder, in 2018, the Group acquired the frozen activities (including the real estate sites) of the Marconi Group in Italy and the company Express Marée in France.

In 2019, the Group finalised the allocation of the purchase price for both these transactions without causing a significant change in the goodwill recorded at 31 December 2018.

NOTE 3 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.

On 1 January 2019, the Group decided to group the "Transport France" and "Logistics France" business sectors under the name "STEF France". This development relates to the Group's desire to support the changing markets and our customers' requirements for a single point of contact within the Group. Consequently, the segment information has been amended to reflect this new organisation and the reporting used by the Group's Management.

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.

3.1 Information by activity

In accordance with IFRS 8, the information relating to previous periods is restated. This new presentation has resulted in a reclassification of €3.7 million in turnover, under the 2018 financial year, from the "STEF International" segment to "STEF France". The impact of the reclassification on the operating profit of "STEF France" in 2018 was negative for €0.7 million.

In addition, investments in associates previously classified in the "Others" sector have been reclassified in "STEF France" and "STEF International" depending on the geographical area in which these companies operate.

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					1,646,294
Total liabilities					**2,545,410**
Depreciation, amortisation recorded in the financial year	(101,539)	(44,242)	(9,231)	(13,686)	(168,698)

2018 restated	STEF France	STEF International	Maritime	Others	Consolidated data
Turnover from activities (inter-segment sales included)	2,089,699	795,689	111,931	487,325	3,484,645
Inter-segment	(134,053)	(21,357)	(3)	(74,089)	(229,502)
Net consolidated turnover	**1,955,646**	**774,332**	**111,928**	**413,236**	**3,255,143**
Profit (loss) from recurring operations	**99,821**	**24,400**	**7,648**	**3,490**	**135,359**
Other operating income and expenses	2,004	171	10	(310)	1,875
Operating profit (loss) of activities	**101,825**	**24,572**	**7,658**	**3,179**	**137,234**
Net financial expenses					(7,265)
Income tax expenses					(35,717)
Profit attributable to shareholders of associated companies					298
Net income					**94,550**
Activities' assets	1,398,609	731,074	126,584	46,920	2,303,187
Unallocated assets					-
Total assets					**2,303,187**
of which goodwill	97,817	79,312	6,816	2,854	186,799
of which associated companies	25,389	2,503			27,892
Activities' liabilities	584,355	319,071	(19,376)	(7,188)	876,861
Unallocated liabilities and equity					1,426,326
Total liabilities					**2,303,187**
Depreciation, amortisation recorded in the financial year	(64,337)	(29,473)	(7,896)	(11,803)	(113,509)

The turnover of the "Others" segment includes goods trading for third parties for €406 million in 2019 compared with €389 million in 2018.

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 4 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 foodservice 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
2019			
Turnover	2,517,186	923,837	3,441,023
Areas' non-current assets	1,180,503	555,110	1,735,613
2018			
Turnover	2,412,632	842,511	3,255,143
Areas' non-current assets	1,037,657	498,385	1,536,042

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

NOTE 5

Purchases from third parties

	2019	2018
Purchases other than energy (including foodservice goods)	(448,745)	(423,117)
Purchases of diesel and other fuels	(151,679)	(149,575)
Purchases of other energy	(45,700)	(54,422)
Transport subcontracting	(1,043,182)	(989,921)
Rent and lease expenses	(25,907)	(75,033)
Maintenance	(95,514)	(85,566)
External staff and intermediaries' wages and salaries	(187,131)	(180,688)
Insurance and losses	(63,652)	(64,204)
External services and miscellaneous	(86,183)	(81,600)
Total	**(2,147,693)**	**(2,104,127)**

The change in this item is primarily explained by the increase in transport subcontracting related to the growth in business. This rise is partially offset by the fall in the "rent and lease expenses" item with the first application of the IFRS 16 standard.

Rents and lease expenses mainly correspond to the expenses for leases that are exempt (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 6

Payroll expenses

The arrangements for evaluating and accounting for the allocation plans for performance share 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.

	2019	2018
Salaries and other compensation	(619,703)	(578,409)
Social security contributions	(248,028)	(225,296)
Net length-of-service awards payable to staff on retirement	(4,065)	(3,813)
Employee incentive bonuses and profit-sharing	(30,983)	(27,769)
Total	**(902,779)**	**(835,286)**

The items "Salaries and other compensation" and "Social security contributions" include the expense relating to the allocation plan for performance shares. In 2019, this amounted to €1.4 million, including employer expenses (€2 million in 2018). The characteristics of the allocation plans for performance shares are described in the "General information" section of the corporate governance report.

Social security contributions include the benefits paid for long-service awards. The items relating to commitments in terms of length-of-service awards payable to employees on retirement are shown in note 21. In 2018, the social security contributions also included €21.4 million for the Tax Credit for Competitiveness and Employment (Crédit d'Impôt pour la Compétitivité et l'Emploi), a scheme not extended in 2019. However, the Group was able to benefit from the reductions in employer expenses provided for under the social security financing law for 2019.

NOTE 7

Depreciation and amortisation

	2019	2018
Amortisation of intangible fixed assets	(4,104)	(4,647)
Amortisation of tangible fixed assets	(109,977)	(108,662)
Amortisation of rights of use*	(54,617)	0
Total	**(168,698)**	**(113,509)**

* Under IFRS 16, the amortisation of finance leases are reclassified as amortisation of rights of use amounting to €9,332 thousand.

NOTE 8

Charges net of reversals to provisions

	2019	2018
Net depreciation of the reversal of trade receivables	1,681	569
Impairment of other financial assets	107	(64)
Net changes in provisions	30	(3,277)
Total	**1,818**	**(2,772)**

Changes in provisions are analysed in note 22.

NOTE 9

Other operating income and expenses

	2019	2018
Gains on fixed asset sales	872	2,249
Gains on sales of rolling stock	1,837	1,079
Others	3,469	(1,453)
Total	**6,178**	**1,875**

The gains on fixed asset sales mainly related to the sites of Saint-Pierre-des-Corps, Redon and Concarneau. The "Others" item was mainly comprised of an insurance payment on a real estate claim relating to a warehouse in Spain.

In 2018, the gains on fixed asset sales were mainly related to the sites of Genas, Bourges and Rots Carpiquet.

NOTE 10 EBITDA

	2019	2018
Operating profit	162,857	137,234
Net depreciation and amortisation of fixed assets	168,698	113,509
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	(7,416)	2,772
Total	**324,139**	**253,515**

NOTE 11 Financial income

	2019	2018
Financial income		
Dividends received from non-consolidated shareholdings	14	0
Income from fair value of financial assets and liabilities recorded at fair value in profit and loss	192	26
Other financial income	474	887
Financial expenses		
Net interest expenses on financial liabilities measured at amortised cost	(6,992)	(8,150)
Interest expenses on lease obligations*	(2,311)	0
Expenses from fair value of financial assets and liabilities recorded at fair value in profit and loss		
Net foreign exchange losses	(96)	(28)
Total	**(8,719)**	**(7,265)**

* Under IFRS 16, the interest expenses for finance leases are reclassified as interest expenses on lease obligations amounting to €932 thousand.

The Group's debt is mainly fixed-rate debt (note 25).

The financial results benefited from negative rates (Euribor 3 month at -0.36% on average in 2019 vs. -0.32% in 2018) 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 1.09%.

NOTE 12

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.

12.1 Breakdown of the income tax expense in the income statement

	2019	2018
Current tax expense	(59,837)	(36,113)
Deferred tax expense/income (note 12.3)	4,392	396
Total	**(55,445)**	**(35,717)**

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

	2019	2018
Profit before tax	154,138	129,969
Current tax rate	34.43%	34.43%
Theoretical tax at the rate of current tax	(53,070)	(44,748)
Income from CICE not subject to tax	0	7,264
Impact of the profits from the maritime business subject to tonnage tax	(2,428)	1,994
Use of previous deficits not activated	130	125
Creation of deficits in the period not activated	(1,606)	(1,207)
Deficits activated in the period	2,588	
Depreciation of activated deficits	(322)	
Difference in foreign tax rates	1,564	545
Effect of rate changes on deferred taxes	(361)	
Other elements and permanent differences	(1,940)	310
Effective tax	**(55,445)**	**(35,717)**
Effective rate of tax	**36.0%**	**27.5%**

In 2019, the removal of the CICE tax measure and the associated tax credit led to an increase in the effective tax rate of 4.7%.

12.3 Deferred tax assets and liabilities

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

2019	France	Belgium	Spain	Italy	The Netherlands	Portugal	Switzerland	Group total
Deferred tax	(14,561)	(799)	(828)	4,771	687	174	405	(10,151)
2018	**France**	**Belgium**	**Spain**	**Italy**	**The Netherlands**	**Portugal**	**Switzerland**	**Group total**
Deferred tax	(16,799)	(636)	(50)	(1,012)	331	182	129	(17,855)

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

2019	At 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)
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)**

2018	At 1 January 2018	Changes in profit and loss	Other changes	Changes in OCI	31 December 2018
Deferred tax assets					
Temporary tax differences	7,258	2,190	278	70	9,795
Fair value of hedging instruments	776	(6)	5	(101)	674
Loss carryforwards	3,137	(797)	(51)	0	2,289
Others	9,125	29	(762)	0	8,392
Effect of the offsetting	(19,641)	0	0	0	(20,436)
Total deferred tax assets	**655**	**1,416**	**(531)**	**(31)**	**714**
Deferred tax liabilities					
Additional depreciation	(17,220)	(1,801)	0	0	(19,021)
Capitalised leases	(14,433)	198	(855)	0	(15,089)
Revaluation of fixed assets	(5,279)	384	0	0	(4,895)
Others	(200)	200	0	0	0
Effect of the offsetting	19,641	0	0	0	20,436
Total deferred tax liabilities	**(17,491)**	**(1,019)**	**(855)**	**0**	**(18,569)**
Net impact	**(16,836)**	**396**	**(1,385)**	**(32)**	**(17,855)**

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 €27.1 million at the end of 2019, primarily in France for €12.8 million and Switzerland for €10.1 million.

From 2019, deferred tax assets and liabilities are subject to offsetting by tax jurisdiction for each country where tax consolidation has been set up. This offsetting represents €23.7 million at 31 December 2019 (€20.4 million at 31 December 2018).

NOTE 13 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 13.4).

13.1 Goodwill and intangible fixed assets

A. Goodwill

The accounting principles relating to goodwill are described in note 2.1D.

The change in goodwill over the period is as follows:

	31 December 2019	31 December 2018
Net value at 1 January	186,799	139,604
Acquisition of subsidiaries and businesses	17,025	47,195
Sale of subsidiaries		
Depreciation		
Net value at 31 December	**203,824**	**186,799**

In 2019, new goodwill for the period mainly comprised €12.6 million relating to the acquisition of the Dyad companies.

In 2018, the change in this item corresponds to the acquisition of the refrigerated activities of the Marconi Group for €38.6 million and the acquisition of the seafood products transport company Express Marée for €8.6 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	Other intangible assets	Total
At 31 December 2017	**124,735**	**24,250**	**148,985**
Acquisitions	4,927	2,772	7,699
Changes in scope	153	2	155
Other changes	666	(197)	469
Sales and scrapped goods	(426)	(28)	(454)
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**
Depreciation, amortisation and impairment	**Software**	**Other intangible assets**	**Total**
At 31 December 2017	**121,143**	**13,066**	**134,209**
Allocations	4,087	759	4,846
Changes in scope	131		131
Other movements	(247)	(3)	(250)
Reversals and sales	(422)	(27)	(449)
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**
Net book values	**Software**	**Other intangible assets**	**Total**
At 31 December 2018	**5,363**	**13,004**	**18,367**
At 31 December 2019	**4,127**	**13,954**	**18,081**

13.2 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 – 30 years
- later extensions: 20 years
- office buildings: 40 years
- equipment and production facilities: 10 years
- fixtures and fittings: 6 – 10 years
- vessels: 20 years
- equipment for transport: 5 – 9 years
- office furniture: 7 – 10 years
- computer equipment: 3 – 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 2017	**1,213,571**	**154,218**	**286,193**	**572,644**	**2,226,626**
Acquisitions	147,357	36,718		113,164	297,239
Changes in scope	5,209	13,737		10,405	29,351
Sales and scrapped goods	(24,383)	(5,291)		(22,807)	(52,481)
Other changes (including fixed assets under construction)	23,201	48	5,075	(33,763)	(5,439)
At 31 December 2018	**1,364,955**	**199,430**	**291,268**	**639,643**	**2,495,296**
Acquisitions	80,662	58,546		75,259	214,467
Changes in scope	12,349	5,042		7,947	25,338
Sales and scrapped goods	(16,161)	(28,440)		(14,752)	(59,353)
Other changes (including fixed assets under construction)	123,466	53,189	1,085	(26,157)	151,583
At 31 December 2019	**1,565,271**	**287,767**	**292,353**	**681,940**	**2,827,331**
Depreciation, amortisation and impairment	**Land and buildings**	**Equipment for transport**	**Vessels**	**Others**	**Total**
At 31 December 2017	**497,253**	**105,660**	**190,200**	**369,079**	**1,162,192**
Allocations	42,601	15,047	7,521	43,494	108,663
Changes in scope	1,671	6,086		9,345	17,102
Sales and scrapped goods	(19,031)	(5,097)		(21,738)	(45,866)
Other changes	2,402	(7)		730	3,125
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		4,739	10,682
Sales and scrapped goods	(11,052)	(21,542)		(13,992)	(46,586)
Other changes	2,090	389		2,698	5,177
At 31 December 2019	**580,260**	**151,741**	**205,563**	**441,976**	**1,379,540**
Net book values	**Land and buildings**	**Equipment for transport**	**Vessels**	**Others**	**Total**
At 31 December 2018	**840,059**	**77,741**	**93,547**	**238,733**	**1,250,080**
At 31 December 2019	**985,011**	**136,026**	**86,790**	**239,964**	**1,447,791**

Changes in scope primarily concern the assets acquired from the companies Dyad, STEF Raalte and STEF Transport Sens.

In addition, acquisitions for the period, listed in the "Others" column, include fixed assets under construction for €34.6 million (compared with €31.8 million at 31 December 2018). Finally, the line item "Other changes" also includes the impact of the first application of IFRS 16 on 1 January 2019 for €144 million.

13.3 Finance leases

- **Accounting policies**

The accounting policies below apply to the financial years beginning from 1 January 2019.

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 leases 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 (Autorisations d'Occupation Temporaires). 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 2018	**0**	**0**	**0**	**-**
First application of IFRS 16 standard	91,686	50,784	1,561	144,031
Increases	24,295	42,710	2,487	69,492
Changes in scope	546	1,125		1,671
Depreciation and amortisation	(18,098)	(35,606)	(913)	(54,617)
Terminations	(870)	(325)	(5)	(1,200)
Reclassifications and other changes*	38,506	47,075	6	85,587
At 31 December 2019	**136,065**	**105,763**	**3,136**	**244,964**

* including the reclassification of assets related to existing finance leases at 31 December 2018 and the transfer of fixed assets for which stock options were exercised.

13.4 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 3;
- 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 2019 balance sheet date. Accordingly, the goodwill is assigned to the CGU, which correspond to the Group's three operational segments.

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	7.0%	7.0%	7.0%
Growth rate for a specific term	5.1%	7.4%	

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	Others	Total
Goodwill and intangible assets with an indeterminate useful life	123,011	84,791	6,816	3,208	217,826

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 7% to 8%.

Test results

The discount rate that would give recoverable values equal to the net book values is 16.55%.

in millions of euros	Margin of resistance to change in	
31/12/2019	growth rates (decrease of 1pt)	discount rates (rise of 1pt)
France	1,669	1,595
International	553	521
Maritime	83	82
Total	**2,305**	**2,198**

NOTE 14 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 €23.7 million in 2019 (€22 million in 2018). These interest-free loans granted to organisations as part of the mandatory contribution of employers to the construction effort are recorded initially at fair value which corresponds to 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 2019	31 December 2018
Financial assets at fair value through other comprehensive income	725	558
Other financial assets at amortised cost	30,332	31,063
Total	**31,057**	**31,621**

NOTE 15 Investments in associated companies

The data from the financial statements of associated companies consolidated by the equity method appears below:

2019	Attributable to Group shareholders	Total turnover	Total assets	Total liabilities	Company's net assets	Equity value	Net income	Net profit (loss) attributable to Group
FROIDCOMBI	26%	18,629	11,602	7,359	4,243	1,082	1,877	479
GROUPE PRIMEVER [1]	49%				10,784	5,982	(1,257)	(615)
MESSAGERIES LAITIÈRES	39%	81,319	39,688	23,386	16,302	7,643	2,518	974
NETKO [2]	40%						617	247
NORFRIGO [1]	38%				24,866	6,485	391	147
SNC NORMANDIE EXPORT LOGISTICS	39%	2,955	12,196	4,838	7,358	2,847	(410)	(159)
OLANO SEAFOOD IBERICA [1]	32%				3,649	1,515	(796)	(255)
OLANO VALENCIA [1]	40%				2,086	1,807	223	89
QUICK SERVICE LOGISTIQUE SARL [1]	49%				2,692	1,319	1,188	582
STEFOVER TUNISIE [1]	49%				76	94	(44)	(22)
SCCV CORBAS [1]	25%				0	0		0
SCCV DIJON CHAMPOLLION [1]	49%				0	0		0
SCCV SILSA [1]	49%				50	25		0
SCCV NOBEL	49%				50	25		0
Total		**102,903**	**63,486**	**35,583**	**72,156**	**28,824**	**4,307**	**1,468**

(1) turnover and balance sheet data not sent.
(2) company fully consolidated at 100% on 1 March 2019.

2018	Attributable to Group shareholders	Total turnover	Total assets	Total liabilities	Company's net assets	Equity value	Net income	Net profit (loss) attributable to Group
FROIDCOMBI	26%	18,868	11,365	7,397	3,968	1,012	1,808	461
GROUPE PRIMEVER [1]	49%				12,049	6,602	(1,625)	(796)
MESSAGERIES LAITIÈRES	39%	81,130	36,489	20,124	16,365	7,668	2,872	1,111
NETKO	40%	13,771	3,186	3,919	(733)	(184)	(890)	(356)
NORFRIGO [1]	38%				24,475	6,338	(34)	(13)
SNC NORMANDIE EXPORT LOGISTICS	39%	824	12,507	4,739	7,768	3,005	(1,099)	(425)
OLANO SEAFOOD IBERICA [1]	32%				4,447	1,769	(2)	(1)
OLANO VALENCIA [1]	20%				1,863	794	222	44
QUICK SERVICE LOGISTIQUE SARL[1]	49%				1,504	737	540	265
STEFOVER TUNISIE [1]	49%				150	128	26	12
SCCV CORBAS [1]	25%				1	0	(17)	(4)
SCCV DIJON CHAMPOLLION [1]	49%				1	0	(1)	(0)
SCCV SILSA [1]	49%				50	25		
Total		**114,593**	**63,547**	**36,179**	**71,908**	**27,892**	**1,800**	**298**

(1) turnover and balance sheet data not sent.

The Group is not a stakeholder in any joint venture.

NOTE 16 Inventories

● Accounting policies

The main inventories comprise fuel, spare parts, commercial packaging, consumable materials and goods from the catering 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 2019	31 December 2018
Raw materials and supplies	48,998	39,559
Foodservice goods	25,198	23,388
Others	70	64
Total	**74,266**	**63,011**
Depreciation	(16)	(72)
Total	**74,250**	**62,939**

The change in this item corresponds primarily to the increase in pallet stocks due to the growth in the transport business.

NOTE 17 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 2019	31 December 2018
Gross amount of trade receivables	545,067	521,729
Depreciation	(11,917)	(13,575)
Total	**533,150**	**508,154**

Changes in depreciation in the trade receivables recognised in the income statement for 2019 and 2018 are referred to in Note 8.

There are no significant trade receivables in the sense of IFRS 8.

NOTE 18 Other receivables and current financial assets

This item is comprised as follows:

	31 December 2019	31 December 2018
Advances and deposits paid	15,019	10,957
Social charges	2,927	2,276
Tax expenses excluding corporate tax	88,926	89,043
Active current accounts	5,919	8,597
Prepayments under assets	8,550	8,066
Other accounts payable	19,206	19,630
Total	**140,547**	**138,570**

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 19

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 2019	31 December 2018
Marketable securities and investments	2,433	2,257
Cash assets	58,766	57,352
Total	**61,199**	**59,609**

NOTE 20

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.

20.1 Share capital

The number of shares comprising the share capital is 13,000,000 shares with a nominal value of €1 at 31 December 2019 compared to 13,165,649 at 31 December 2018 following a cancellation of 165,649 treasury shares.

The Board of Directors meeting on 12 March 2020 set the dividend to be paid for the 2019 financial year at €2.65 per share (€2.50 for the 2018 financial year). This point is subject to approval at the Shareholders' Meeting of 30 April 2020. This dividend was not recognised in the 2019 consolidated financial statements and will constitute a Company liability if approved by the Shareholders' Meeting.

20.2 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.

20.3 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 2019	31 December 2018
Group share profit	**100,332**	**94,433**
Number of shares comprising share capital at 31 December (a)	13,000,000	13,165,649
Number of treasury shares at the end of the financial year (b)	636,915	831,438
Weighting of financial year's treasury share movements (c)	(11,252)	(528)
Weighted average number of shares in the financial year for calculating the non-diluted earnings (a) - (b) + (c)	**12,351,833**	**12,333,683**
Number of treasury shares assigned to the performance action plan (d)	(41,077)	(26,971)
Weighted average number of shares used for calculating the diluted earnings per share (a) - (b) + (c)- (d)	**12,392,910**	**12,360,654**
Earnings per share in euros:		
- non-diluted	8.12	7.66
- diluted	8.10	7.64

NOTE 21

Staff benefits

21.1 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.

21.2 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			
	2019	**1.00%**	**0.50%**
	2018	1.75%	1.00%
Inflation rate			
	2019	**1.75%**	**0.75%**
	2018	1.75%	0.75%
Forecast rate of return of ring-fenced funds			
	2019	**1.75%**	**0.75%**
	2018	1.75%	0.75%
Forecast rate of increase of workforce			
	2019	**2.25% or 1.75%**	**0.75%**
	2018	2.25% or 1.75%	0.50%
Average duration (in years)			
	2019	**12**	**27**
	2018	11	26
Retirement age			
	2019	**60 – 66 years**	
	2018	60 – 66 years	
Mortality table			
	2019	**TGH/F 05 and RGM/RGF 48**	**BVG 2015**
	2018	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 3.1% or an increase of 3.3% depending on whether the discount-rate increments are added or subtracted.

21.3 Change over the financial year

Net debts relating to these post-employment benefits are detailed below:

	2019	2018
Actuarial liability	70,715	58,696
Hedge assets	(41,389)	(35,473)
subtotal Length-of-service awards payable on retirement	**29,326**	**23,223**
Long-service awards	10,948	9,729
Total	**40,274**	**32,952**

Change in net values reported in the balance sheet are as follows:

	2019	2018
Amount at 1 January	23,223	21,710
Expenses for the year	4,065	3,813
Change in scope	550	1,355
Change in actuarial gains	9,711	274
(Premiums paid)/payments received from insurance companies	1,306	640
Contributions paid by employees/employer	(5,070)	(346)
Benefits paid	(4,459)	(4,223)
Amount at 31 December	**29,326**	**23,223**

The change in actuarial liability is presented below:

	2019	2018
Amount at 1 January	58,696	55,225
Rights acquired during the year and financial cost of undiscounting the actuarial liability	4,660	4,289
Benefits paid	(4,459)	(4,223)
Projected actuarial liability at 31 December based on the assumptions at the start of the financial year	**58,897**	**55,291**
Change in scope	799	1,355
Contributions paid by employees	2,147	1,018
Actuarial gains related to:		
- demographic assumptions	1,616	
- financial assumptions	6,193	(1,746)
- experience adjustments	1,063	2,778
Amount at 31 December	**70,715**	**58,696**

The change in the fair value of hedge assets is detailed in the table below:

	2019	2018
Amount at 1 January	35,473	33,515
Change in scope	249	
Expected financial return	595	476
Actuarial gains	(839)	758
Contributions paid by employees	2,147	1,018
Contributions paid by the employer	5,070	346
Repayments on services received of funds	(1,306)	(640)
Fair value of assets at 31 December	**41,389**	**35,473**

The details of expenses for the year are as follows:

	2019	2018
Rights acquired during the year	3,667	3,454
Financial cost of undiscounting the actuarial liability	993	835
Forecast return on ring-fenced funds	(595)	(476)
	4,065	**3,813**

The payment schedule for theoretical benefits is as follows:

	2020	2021	2022	2023	2024
Payment of theoretical benefits	3,310	1,944	2,753	3,069	3,702

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 22 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 2019	31 December 2018
Length-of-service awards payable on retirement	29,326	23,223
Long-service awards	10,948	9,729
Dispute provisions	15,490	16,637
Other provisions	8,051	8,820
Total	**63,815**	**58,409**

The change in provisions, other than those relating to length-of-service awards payable on retirement, developed in note 21, is presented as follows:

	Long-service awards	Disputes	Others	Total
At 1 January 2019	**9,729**	**16,637**	**8,820**	**35,186**
Changes in scope		(1)	137	136
Other changes	14		35	49
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**

	Long-service awards	Disputes	Others	Total
At 1 January 2018	**10,069**	**14,238**	**9,925**	**34,232**
Changes in scope		62	87	149
Other changes	(682)	52		(630)
Allocations	976	14,329	3,011	18,316
Reversals used	(634)	(9,119)	(3,462)	(13,215)
Reversals not used		(2,925)	(741)	(3,666)
At 31 December 2018	**9,729**	**16,637**	**8,820**	**35,186**
Non-current	9,729	2,742	1,665	14,136
Current		13,895	7,155	21,050
At 31 December 2018	**9,729**	**16,637**	**8,820**	**35,186**

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 23

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 2019, 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 2019	31 December 2018
Non-current financial liabilities		
Bank borrowings and drawdowns of confirmed credit lines of more than one year	320,793	354,207
Liabilities associated with finance leases*		48,010
Lease obligations*	164,280	
Fair value of financial derivatives	5,742	4,340
Total	**490,815**	**406,557**
Current financial liabilities		
Portion at less than one year of:		
- Bank loans and spot lines of credit	49,676	49,115
- Liabilities associated with finance leases*		19,579
- Lease obligations*	54,977	
- Other miscellaneous financial liabilities	3,077	2,850
- Commercial papers	262,000	235,200
Fair value of financial derivatives	2,555	3,375
Bank overdrafts and short-term loans	22,450	14,616
Total	**394,735**	**324,735**
Total financial liabilities	**885,550**	**731,292**

* Liabilities associated with finance leases have been reclassified as lease obligations under the 1st application of IFRS 16.

The Group mainly used bank loans and issued commercial papers to finance its real estate investments.

The maturities of financial liabilities at 31 December 2019 and 31 December 2018 are shown below:

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
Finance leases*				
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**

* Liabilities associated with finance leases have been reclassified as lease obligations under the 1st application of IFRS 16.

2018	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)	411,037	52,490	217,514	141,033
Finance leases	67,589	19,579	37,727	10,283
Commercial papers	235,200	235,200		
Bank overdrafts	14,616	14,616		
Miscellaneous financial liabilities	2,850	2,850		
Total	**731,292**	**324,735**	**255,241**	**151,316**

The Group's exposure to exchange rate, interest rate and liquidity risks due to its financial liabilities is analysed in Note 25.

Changes in financial activities detailed by cash and non-cash flows appear below:

2019	31 December 2018	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*	
Bank loans and credit line drawdowns	403,322	63,909	(106,621)	8,908		951			370,469
Liabilities associated with finance leases	67,589							(67,589)	0
Current lease obligations (IFRS16)			(64,005)	3,265		128	212,280	67,589	219,257
Commercial papers	235,200	26,800							262,000
Miscellaneous financial liabilities & accrued interest	2,850		(1,518)	1,386	141	218			3,077
Bank overdrafts and short-term loans	14,616	7,830		4					22,450
Fair value of financial derivatives	7,715				582				8,297
Total	**731,292**	**98,539**	**(172,144)**	**13,563**	**723**	**1,297**			**885,550**

* Liabilities associated with finance leases have been reclassified as lease obligations under the 1st application of IFRS 16.

NOTE 24

Other current liabilities

Other current liabilities include the following elements:

	31 December 2019	31 December 2018
Advances and deposits received	23,414	22,350
Social debt	183,883	191,430
Tax debt	112,781	107,012
Deferred income	3,034	8,756
Current accounts in debit	966	973
Debt on asset acquis.	7,080	14,320
Other liabilities	5,580	7,982
Total	**336,737**	**352,823**

NOTE 25

Financial risk management

25.1 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.

25.2 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 2019		31 December 2018	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Bank loans	341,707	28,762	338,562	64,760
Commercial papers		262,000		235,200
Lease obligations*	219,257			
Liabilities associated with finance leases			63,263	4,326
Miscellaneous financial liabilities (inc. fair value of derivatives)	3,077	8,297	2,850	7,715
Bank overdrafts and short-term loans		22,450		14,616
Total financial liabilities net of hedges	**564,041**	**321,509**	**404,675**	**326,617**

* Liabilities associated with finance leases have been reclassified as lease obligations under the 1st application of IFRS 16.

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 signed while actively monitoring the change in interest rates in order to hedge the Group's other financing when the market conditions are favourable. 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, 20 swaps were active at 31 December 2019, totalling a hedged notional amount of €105 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 Spain, an interest rate swap hedges the financing of the Torrejón platform for a notional principal amount of €1.5 million over a residual period of 1 year.

In Italy, two interest rate swaps were contracted to hedge the Tavazzano and Mairano platforms for a notional principal amount of €8.5 million; the contracts end in 2022 and 2026 respectively. 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 €59.5 million at 31 December 2019. This swap ends in 2028.

In Belgium, the subsidiary STEF Logistics Saintes contracted an interest rate swap to hedge the Saintes platform for a notional principal amount of €1.7 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	1,581	(1,581)	0	0
Change in fair value of derivatives	0	0	3,135	(3,244)
Net impact	**1,581**	**(1,581)**	**3,135**	**(3,244)**

Balance sheet exposure to rate risk

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 14)			(28,933)	(2,124)
Cash and cash equivalents (note 19)		(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.

At 31 December 2018	Current		Non-current	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Financial liabilities*	29,844	291,517	161,530	240,687
Non-current financial assets (note 14)			(28,467)	(3,154)
Cash and cash equivalents (note 19)		(59,609)		
Net exposure before taking account of derivatives	**29,844**	**231,908**	**133,063**	**237,533**
Notional amounts of derivatives	37,171	(37,171)	176,130	(176,130)
Net exposure after taking account of derivatives	**67,014**	**194,737**	**309,193**	**61,403**

* Excluding market value of derivatives.

25.3 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 exchange rate €/CHF on the Group's results.

25.4 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 2019, STEF had 8 confirmed medium-term credit lines, totalling €169 million. At 31 December 2019, up to €25 million had been drawn down.

In February 2016, in order to complement and diversify its lenders' base and make savings on financial expenses, the Group implemented 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 2019 was €262 million.

STEF also has spot loans totalling €17 million, unused at 31 December 2019 and overdraft agreements, with no agreed expiry date, totalling €106 million, of which €22 million was used at 31 December 2019. 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 2019, the Group met all commitments attached to the funding available to it.

25.5 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.

25.6 Information on the fair value of financial instruments by category

	Balance sheet value 31/12/2019	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 31/12/2019	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Assets 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**
Trade accounts payable	477,448			477,448	
Other accounts payable	341,666			341,666	
Liabilities	**1,704,664**	**76**	**8,221**	**1,477,110**	**219,257**

	Balance sheet value 31/12/2018	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	87		87		
Other non-current financial assets	8,893			8,893	
Loans and receivables from financial activities	22,170			22,170	
Marketable securities	471		471		
Sub-total: non-current financial assets	**31,621**	**0**	**558**	**31,063**	**0**
Customers	508,154			508,154	
Other accounts receivable	157,012			157,012	
Cash and cash equivalents	59,609	59,609		0	
Assets	**756,396**	**59,609**	**558**	**696,229**	**0**

	Balance sheet value 31/12/2018	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Assets not qualified as financial
Derivative financial liabilities	7,715	26	7,689		
Debts from financial activities	708,961			641,372	67,589
Current financial liabilities	14,616			14,616	
Sub-total: financial liabilities	**731,292**	**26**	**7,689**	**655,988**	**67,589**
Trade accounts payable	446,837			446,837	
Other accounts payable	353,047			353,047	
Liabilities	**1,531,176**	**26**	**7,689**	**1,455,872**	**67,589**

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 2019

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		725	
Cash and cash equivalents	2,433	58,766	
Assets	**2,433**	**59,491**	**0**
Derivatives		8,297	
Liabilities	**0**	**8,297**	**0**

Derivatives portfolio at 31 December 2019	Fair value	On assets	On liabilities	Ineffective portion recorded in Net Comprehensive Income for the period	Nominal hedged	Average maturity	Reference rate
Swaps	(8,297)		(8,297)	141	175,997	4 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 & Sholes 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 26 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 82.14% of the voting rights at the STEF Shareholders' Meeting.

26.1 Net remunerations and other benefits

The following net remunerations and other benefits were paid to Directors and senior executives, in euros:

	2019	2018
Salaries and wages	1,574,641	1,819,738
Directors' attendance fees	128,507	128,691
Total	**1,703,148**	**1,948,429**
Short-term benefits	1,703,148	1,716,503
Post-employment benefits	0	231,926
Long-term benefits	None	None
Retirement benefits	None	None
Share-based payments*	110,657	155,075

* 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.

26.2 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 2019 financial year, the most significant transactions carried out by the Group, concerned the following companies:

in thousands of euros	Balances at 31 December 2019				Transactions for the year	
	Customers	Trade accounts payable	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)

In 2018, the most significant transactions involved the following companies:

in thousands of euros	Balances at 31 December 2018				Transactions for the year	
	Customers	Trade accounts payable	Long-term loans	Current account	Sales of goods and services	Purchases of goods and services
Messageries Laitières	3,274			1,995	28,525	
QSL-STEF	9,144	(16)		3,552	30,668	(19)

Furthermore, there were no significant transactions in 2019 and 2018 between the Group and the shareholding structures of managers and senior executives and employee investment funds.

NOTE 27

Link between the cash flow statement and the notes to the financial statements

27.1 Connection between balance sheet changes and cash flow

(in thousands of euros)	Note	Opening	Non-cash change*	Cash flow statement item			Closure
				Changes in other items of the WC	Disbursed tax	Investment flow	
Inventories and work in progress	16	62,939	587	10,724			74,250
Customers	17	508,154	10,702	14,294			533,150
Other receivables and current financial assets	18	138,570	1,764	(187)			140,147
Current tax assets		18,442	501	(11,318)	(6,976)		649
Total	12	**728,105**	**13,554**	**13,513**	**(6,976)**	**0**	**748,196**
Trade accounts payable		446,837	6,344	24,266			477,448
Other current liabilities (including fixed asset suppliers) (a)	24	352,823	2,926	(11,772)		(7,240)	336,737
Current tax liabilities		224	0	4,705			4,929
Total		**799,884**	**9,271**	**17,199**	**0**	**(7,240)**	**819,114**
Impact on cash flow				**3,686**	**6,976**	**(7,240)**	
Tax on the income statement	12.1				(59,837)		
Cash used in acquiring intangible assets	13.1					(3,891)	
Cash used in acquiring tangible fixed assets (b)	13.2					(143,304)	
Cash flow statement total				**3,686**	**(52,861)**	**(154,435)**	
including cash used in acquiring tangible fixed assets (a) + (b)						(150,544)	

* The non-cash changes include in particular the effects of changes in scope, the effects of conversion and reclassification between accounts.

27.2 Details of depreciation and amortisation and provisions presented in the cash flow statement

(in thousands of euros)	Note	2019
Impairment of goodwill	13.1	-
Amortisation and depreciation of intangible fixed assets	13.1	(4,107)
Amortisation and depreciation of tangible fixed assets	13.1	(165,051)
Net depreciation of reversals on current assets	15/16/17/18	1,768
Allocations to provisions	20/21	(23,050)
Reversals of provisions	20/21	28,167
Other depreciations and provisions		402
Total charges net of reversals		**(161,871)**

NOTE 28 Statutory auditor's fees

In €K	MAZARS				KPMG			
	Amount		%		Amount		%	
	2019	2018	2019	2018	2019	2018	2019	2018
AUDIT								
I) Statutory auditors, certification, review of individual and consolidated financial statements	**1,019**	**1,022**	**93%**	**93%**	**821**	**837**	**99%**	**100%**
a) Issuer	124	124	11%	11%	169	173	20%	21%
b) Fully consolidated subsidiaries	894	897	82%	82%	652	664	79%	79%
II) Services other than certification of the financial statements	**74**	**72**	**7%**	**7%**	**5**	**0**	**1%**	**0%**
a) Issuer	21	21	2%	2%	0	0	0%	0%
b) Fully consolidated subsidiaries	53	51	5%	5%	5	0	1%	0%
Total	**1,093**	**1,094**	**100%**	**100%**	**825**	**837**	**100%**	**100%**

Fees for statutory auditors from other firms amounted to €140 thousand for 2019 (€110 thousand in 2018). Services, other than the certification of the financial statements, mainly concern the environmental and social report and specific certifications or additional reports.

NOTE 29 Off-balance sheet commitments

In €K	2019	2018
Commitments received		
Financial commitments		
Commitments related to operating activities	3,429	5,362
Commitments related to scope of consolidation	8,980	7,750
Unused available medium-term credit lines	144,000	98,500
Unused spot loans and bank overdrafts	123,000	121,000
Other commitments received		
Total	**279,409**	**232,612**

In €K	2019	2018
Commitments given		
Financial commitments	0	926
Commitments related to operating activities	82,843	50,690
Commitments related to scope of consolidation		
Other commitments given		537
Total	**82,843**	**52,153**

Commitments related to operating activities mainly include firm orders for tangible fixed assets not yet executed which amounted to €80 million at 31 December 2019 (compared with €50.6 million at 31 December 2018) particularly due to the purchase of the Liverpool Seaways vessel.

NOTE 30 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 2019 as at 31 December 2018, 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.

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.

NOTE 31 Events subsequent to year-end closing

In February, the STEF Group acquired 49% of the company Logistique Internationale Alimentaire (LIA), a subsidiary of the NAGEL Group, intended to handle consignments from France to Germany, Eastern Europe and Northern Europe.

The Group has set up a Coronavirus - Covid 19 epidemic risk monitoring unit, responsible for defining, at Group level, information, prevention and protection policies in order to guarantee the safety of all its employees as well as the continuity of its operations.

At this stage, in view of the general uncertainty, it is difficult to measure the precise impact on the Group's business or prospects.

NOTE 32 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	**Percentage of control**	
Company STEF-S.A. (Parent)	**31 December 2019**	**31 December 2018**
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	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%
Entrepôts Frigorifiques de Normandie Loire (EFNL)	100%	100%
Frigaurice	100%	100%
GEFA	100%	100%
IMMOSTEF Italia (27% owned by STEF Italia Holding)	100%	100%
IMMOSTEF Espana (36% owned by STEF Iberia) and its subsidiary:	100%	100%
Friomerk and its subsidiary:	100%	100%
Euromerk	100%	100%
IMMOSTEF Portugal SLU (5% owned by STEF IBERIA)	100%	100%

Fully consolidated companies	Percentage of control	
Company STEF-S.A. (Parent)	31 December 2019	31 December 2018
Frigorifiques du Périgord	100%	100%
Normandie Souchet	100%	100%
SCI BV 18	100%	100%
SCI C2W2	100%	-
SCI des Pins	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 Guicherons	100%	100%
SNC Mâcon Est Replonges	100%	100%
SNC Mions La Perrinnière	100%	100%
SNC Plan d'Orgon-sur-Durance	100%	100%
SNC Reims La Pompelle	100%	100%

Fully consolidated companies	**Percentage of control**	
Company STEF-S.A. (Parent)	**31 December 2019**	**31 December 2018**
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%	-
Gamma 2	100%	100%
OPTIPAK	100%	-
KL Services (KLS)	100%	100%
STEF Logistique Aix	-	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 Montsoult	100%	100%
STEF Logistique Distribution Vitry	100%	100%
STEF Logistique Fuveau	100%	100%
STEF Logistique Givors	100%	100%
STEF Logistique Îsle-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	**Percentage of control**	
Company STEF-S.A. (Parent)	**31 December 2019**	**31 December 2018**
STEF Logistique Montbartier	100%	100%
STEF Logistique Montsoult	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 Montsoult	100%	100%
STEF TSA	100%	100%
STEF TSA Orléans Nord	100%	100%
STEF TSA Rhône-Alpes	100%	100%
Compagnie Méridionale de Participation (CMP) and its subsidiary:	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%
STEF Transport and its subsidiaries:	100%	100%
Dispack	100%	100%
Epsilon	100%	100%
Ebrex France and its subsidiary:	100%	100%
STEF Logistique Salon-de-Provence	100%	100%

Fully consolidated companies	**Percentage of control**	
Company STEF-S.A. (Parent)	**31 December 2019**	**31 December 2018**
Express Marée	100%	100%
Immotrans 35	100%	100%
Logistique Frigorifique de Bourgogne	100%	-
Sigma	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 Cavaillon	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%
STEF Transport Lesquin	100%	100%
STEF Transport Lille	100%	100%
STEF Transport Limoges	100%	100%

Fully consolidated companies	**Percentage of control**	
Company STEF-S.A. (Parent)	**31 December 2019**	**31 December 2018**
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 Logistics Saintes (Belgium)	100%	100%
STEF Transport Saint-Sever	100%	100%
STEF Transport Seafood Lyon	100%	100%
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%

Fully consolidated companies	**Percentage of control**	
Company STEF-S.A. (Parent)	**31 December 2019**	**31 December 2018**
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 and its subsidiary:	100%	100%
Orlando Marconi Trasporti Srl	100%	100%
SLF Sicilia Srl	97%	97%
STEF Trento Srl	100%	100%
STEF International Italia Srl	100%	100%
STEF Seafood Italia Srl	100%	100%
STEF Iberia and its subsidiaries:	100%	100%
Logirest SLU	100%	100%
STEF Los Olivos SAU	100%	100%
STEF Portugal-Logistica E Transporte, Lda	100%	100%
Transportes Badosa SAU	100%	100%
STEF Transport Sens	100%	-

Equity-accounted associates	Percentage of control 31 December 2019	31 December 2018
Shareholdings of STEF Transport:		
Froidcombi	25%	25%
Messageries Laitières	39%	39%
Stefover Tunisie (subsidiary of Stefover)	49%	49%
Groupe Prim@ever	49%	49%
Olano Seafood Iberica	32%	32%
Normandie Export Logistics	39%	39%
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%	-
Shareholdings of STEF Iberia:		
Olano Valencia (Spain)	40%	20%
Shareholdings of STEF Nederland:		
STEF RAALTE	-	40%

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2019

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 2019, as attached to this report. These financial statements were approved by the Board of Directors on 12 March 2020 based on the factors available on this date amidst the changing context of the Covid-19 health crisis.

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, from 1 January 2019 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 or by the profession's code of ethics for auditors.

Observation

Without prejudice to the opinion expressed above, we draw your attention to note 1.1 to the consolidated accounts, "Accounting standards" which sets out the effects of the 1st application of the IFRS 16 standard on leases, in January 2019.

Justification of assessments – Key points of the audit

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, 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, approved under the conditions pointed out above 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 fixed assets (including goodwill)

(Note 13 to the consolidated financial statements).

Risk description:

At 31 December 2019, the fixed assets were comprised of the following elements:

- goodwill (€203.8 million);
- intangible fixed assets (€18.1 million);
- tangible fixed assets including the right to use (€1,447.8 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 13.4, 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 13.4 to these consolidated financial statements. An impairment is recognised when the recoverable value of the tested assets, potentially grouped within the cash generating units (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 evaluation of goodwill and tangible and intangible assets 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 evaluation, 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:

- assessing the relevance of the CGUs selected by the management for the impairment tests on goodwill and, where appropriate, conducting sensitivity tests on a different structure of CGUs;

- corroborating 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 the value in use;

- assessing the consistency of the cash-flow projections with the latest management estimates as presented to the Board of Directors as part of the budgetary processes;

- assessing the consistency of the assumptions made, particularly with regards the growth rates and discount rates (WACC);

- analysing the appropriateness of the financial information provided in note 13.4 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 on 12 March 2020, as set out in the laws and regulations. With regard to the events which have occurred and the factors that have become known subsequent to the reporting dates of the accounts relating to the effects of the Covid-19 crisis, the management has indicated to us that these will be the subject of a communication to the Shareholders' Meeting called to approve the financial statements.

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.

Information resulting from other legal and regulatory obligations

Appointment of the statutory auditors

We were appointed as statutory auditors for the company STEF by the Shareholders' Meeting of 18 December 1997 for Mazars and that of 22 June 1994 for KPMG S.A.

At 31 December 2019, Mazars has been a statutory auditor for 22 years continuously and KPMG S.A. for 25 years, with both firms engaged for 21 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, 26 March 2020

The Statutory Auditors

KPMG Audit	MAZARS
Department of KPMG S.A.	
Jérémie Lerondeau	Anne-Laure Rousselou
Associate	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 €18.1 million, compared with €17.1 million in 2018 due to additional real estate leases. Income attributable to third parties, reversals of impairments and other income accounted for €60.7 million, compared with €49.5 million for 2018. This mainly comprises Group expenses billed to the Group's subsidiaries.

Financial income of €36.4 million in 2019 compared with €31.5 in 2018 mainly comprised revenue from shareholdings amounting to €32.4 million.

Exceptional items amounted to €0.5 million compared with €0.2 million in 2018.

In 2019, the Company posted a tax expense of €0.5 million (STEF is the parent of the tax group), compared with a saving of €3.9 million last year. Due to the principle of offsetting between the different net profits (losses) of the Group's companies, this expense 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 €21.9 million, compared with €30.8 million in 2018.

Proposed appropriation of the results for the financial year

In light of the unprecedented health crisis and its social and economic implications in the countries in which the Group operates, on 3 April 2020, the Company's Board of Directors decided not to propose payment of a dividend at the Shareholders' Meeting on 30 April 2020.

This decision led to the cancellation of the proposal to pay a dividend of €2.65 per share and proposed allocating the entire profit from the 2019 financial year to retained earnings. Retained earnings will therefore be increased from €62,995,495 to €84,931,838.

Reminder of dividends paid out in respect of the past three financial years

Financial year	Number of shares	Dividend paid per share [a]
2016	13,165,649	2.25
2017	13,165,649	2.45
2018	13,165,649	2.50

(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 2019 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.

Appendix 1

STEF SA – Outstanding invoices received and issued at the end of the financial year which are overdue

	Article D.441 I.-1: Outstanding invoices received at the closing date of the financial year which are overdue						Article D.441 I.-1: Outstanding invoices issued at the closing date of the financial year which are overdue					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
A) Late payments												
Number of invoices concerned	50					451	0					35
Total amount of invoices concerned including taxes	€347,763	€1,009,207	€588,519	€229,813	€437,826	€2,265,365	0	€21,548	€6,950	37,717	€261,086	€327,301
Percentage of the total purchase amount including tax for the financial year	0.61%	1.77%	1.03%	0.40%	0.77%	3.98%						
Percentage of turnover including tax for the financial year							0	0.02%	0.01%	0.03%	0.23%	0.29%
(B) Invoices excluded from (A) relating to disputed accounts payable and receivable or not reported												
Number of excluded invoices												
Total amount of excluded invoices												
(C) Reference payment terms used (contractual or legal deadlines – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used for the calculation of late payments	☐ Contractual deadlines ☒ Legal deadlines						☐ Contractual deadlines ☒ Legal deadlines					

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