Annual Report 2013

CLUB MÉDITERRANÉE

REGISTRATION DOCUMENT

AND

ANNUAL FINANCIAL REPORT

2013

AMF AUTORITÉ DES MARCHÉS FINANCIERS

This Registration Document was filed with the Autorité des Marchés Financiers (AMF) on January 31, 2014 in accordance with Article 212-13 of the AMF General Regulations. It may be used in connection with a financial transaction provided that it is accompanied by an information memorandum approved by the AMF. This document was prepared by the issuer and shall be binding on its signatories.

Belek Villas by ClubMed - Turkey

Annual Report 2013

INTRODUCTION

CORPORATE PROFILE
MESSAGE FROM THE CHAIRMAN

1 – GROUP PRESENTATION... p8
1.1 MILESTONES
1.2 BUSINESS SEGMENT
1.3 CORE BUSINESS
1.4 STRATEGY

2 – CORPORATE GOVERNANCE.. p20
2.1 - MANAGEMENT AND ADMINISTRATION BODIES
2.2 - SENIOR MANAGEMENT COMPENSATION
2.3 - RISKS AND RISKS MANAGEMENT

3 - 2013 MANAGEMENT REPORT... p54
3.1 - SIGNIFICANT EVENTS
3.2 - RESULTS
3.3 - OUTLOOK FOR 2014
3.4 - PARENT COMPANY

4 - CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY……..p68
4.1 - INTRODUCTION, MAIN STAKES AND GOVERNANCE CSR
4.2 - SOCIAL REPORT
4.3 - SOCIETAL REPORT
4.4 - ENVIRONNEMENTAL REPORT
4.5 - ADDITIONAL INFORMATION AND INDEPENDENT AUDITOR'S CERTIFICATE

5 - FINANCIAL STATEMENTS... p124
5.1 – CONSOLIDATED FINANCIAL STATEMENTS
5.2 – PARENT COMPANY FINANCIAL STATEMENTS

6 - INFORMATION ON THE COMPANY AND ITS CAPITAL....................... p206
6.1 - GENERAL INFORMATION ABOUT THE COMPANY
6.2 - SECURITIES MARKET
6.3 - CAPITAL AND OWNERSHIP STRUCTURE
6.4 - INVESTOR RELATIONS

7 – ADDITIONAL INFORMATION.. p222
7.1 - ANNUAL SHAREHOLDERS' MEETING
7.2 - OTHER INFORMATION
7.3 - CROSS-REFERENCE TABLE

GLOSSARY... p238

2013 KEY FIGURES

1.2 million customers, including **895,400** in 4 & 5 Tridents

Steady rise in customer satisfaction

€1.4 billion in Village revenue

66 villages around the world

71% of capacity in 4 & 5 Tridents

3 new 4 & 5 Trident villages

A presence in over **forty** countries

12,865 GO® from **114** different nationalities

• Club Méditerranée •

Inventor of the vacation club concept over 60 years ago, Club Mediterranée is now the global leader in upscale, friendly and multicultural all-inclusive vacations.

Global specialist

Since the opening of its first village in the Balearic Islands in 1950, Club Mediterranée's pioneering spirit has led it to develop its original all-inclusive vacation concept across five continents. Today, the company operates in 40 countries around the world through its sales and marketing activities and the operation of its 66 villages. It offers its customers an unrivalled option in the vacation market, combining the highest levels of comfort with the friendliness personified by its GO® and GE, all in a multicultural setting.

All-inclusive vacations

Club Med's all-inclusive concept offers its GM® the pleasure of a worry-free vacation where they enjoy every aspect while being in full control of their budget. At Club Med, all-inclusive means staying at an exceptional site in upscale accommodation for a package rate that includes all meals, an open bar, sports activities and child care at the Baby, Petit, Mini, Junior's Club Med® and Passworld®. This formula is constantly being enriched to meet customers' expectations, including by allowing them to personalize their vacations.

Upscale

Inspired by changing customer expectations, Club Mediterranée made a strategic shift in 2004, repositioning itself in the upscale market to attract and retain international customers. This plan led to an extensive program that involved closures of villages not adapted to the upscale strategy, renovation of existing villages, the opening of new 4 and 5 Trident resorts and, most recently, the marketing of Villas and Chalets-Apartments. With an unrivalled offering, personalized luxury and bespoke services, Club Med brings together comfort and refinement, friendliness and modernity.

Friendly

Atmosphere and friendliness have been key values at Club Mediterranée for over 60 years: it's the Club Med Spirit that makes its vacations so exceptional. The Club Med experience is the opportunity to come together in enjoyment of a place and an atmosphere where well-being, pleasure and choice reign supreme. It is a social, festive and rewarding experience to rediscover the joys of togetherness thanks to the friendliness and professionalism of the GO® and GE.

Multicultural

With its 66 villages in extraordinary settings, Club Méditerranée is open to the world. Inside its villages, 12,865 GO® of 114 different nationalities ensure that our GM® from every horizon have an unforgettable time. The Group's customers are increasingly international, which enhances the villages' multiculturalism and contributes to everyone's cultural enrichment.

• Message from the Chairman •

A little over 60 years ago, Club Méditerranée created a new concept of all-inclusive vacations on the shores of the Mediterranean Sea.

The pioneering spirit of our founders is still alive, as illustrated in this new version of our annual report. It has been completely revised, in both style and substance, in order to be even better linked to our strategic and corporate social responsibility issues.

As announced last year, we pursued an active growth policy in 2013, despite a deteriorated environment. In less than nine months we opened three new upscale villages under management contract or lease agreement: Pragelato Vialattea in Italy, Belek in Turkey and Guilin in China. These year-round and bi-seasonal villages have attracted international clients in line with our strategy of international expansion to capture the development of all-inclusive upscale vacations in fast developing markets.

This strategic positioning allowed our business to weather the double crisis of 2013 – economic and geopolitical – that affected our markets in the Europe-Africa region. This led to:

- stable village business volume at constant exchange rates, supported by a dynamic tourism activity in Asia and the Americas;
- the 4.4% increase in 4 and 5 Trident customers, who now represent 73% of our customer base;
- the continuation of the upscale strategy in our village portfolio, with 71% of capacity made up of 4 and 5 Trident villages – an increase of 5.1% over 2012; and
- lastly, the improvement in our customer satisfaction, which has risen steadily for three years running.

This strategic positioning also helped to maintain our operational profitability, with operating income village totaling €55 million and EBIT stable at €32 million, unchanged in the last three years. In contrast, the net loss of €9 million reflects the impact of non-recurring items mainly linked to measures taken in response to the market deterioration in the Europe-Africa region. In this volatile environment, bolstered by our new business model, our mission is now to accelerate our international expansion so as to achieve our objective of having one-third of our customers in fast developing markets:

- by making China our second-largest market in number of customers with the opening of three new villages, including Dong'ao Island in 2014 and a first resort under the new "by Club Med" brand aimed at high-income, urban-dwelling Chinese customers;
- by controlling our direct sales in Russia and raising brand awareness through above-the-line investments;
- by increasing our upscale capacity in Brazil with the renovation and expansion of the Rio das Pedras and Trancoso villages and with the opening, in 2016, of the 4 Trident village of Buzios.

The public tender offer launched by Club Méditerranée's two largest shareholders, together with the Management, is part of this objective. This transaction should give us the time needed to progressively capture a new customer base. Shareholder and managerial stability during this period of transformation will be crucial to our company.

HENRI GISCARD D'ESTAING

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

1 – GROUP PRESENTATION

1.1 MILESTONES .... …… p9

1.2 BUSINESS SEGMENT .... …… p10

1.2.1 The tourism sector
1.2.2 The competitive environment

1.3 CORE BUSINESS... …… p11

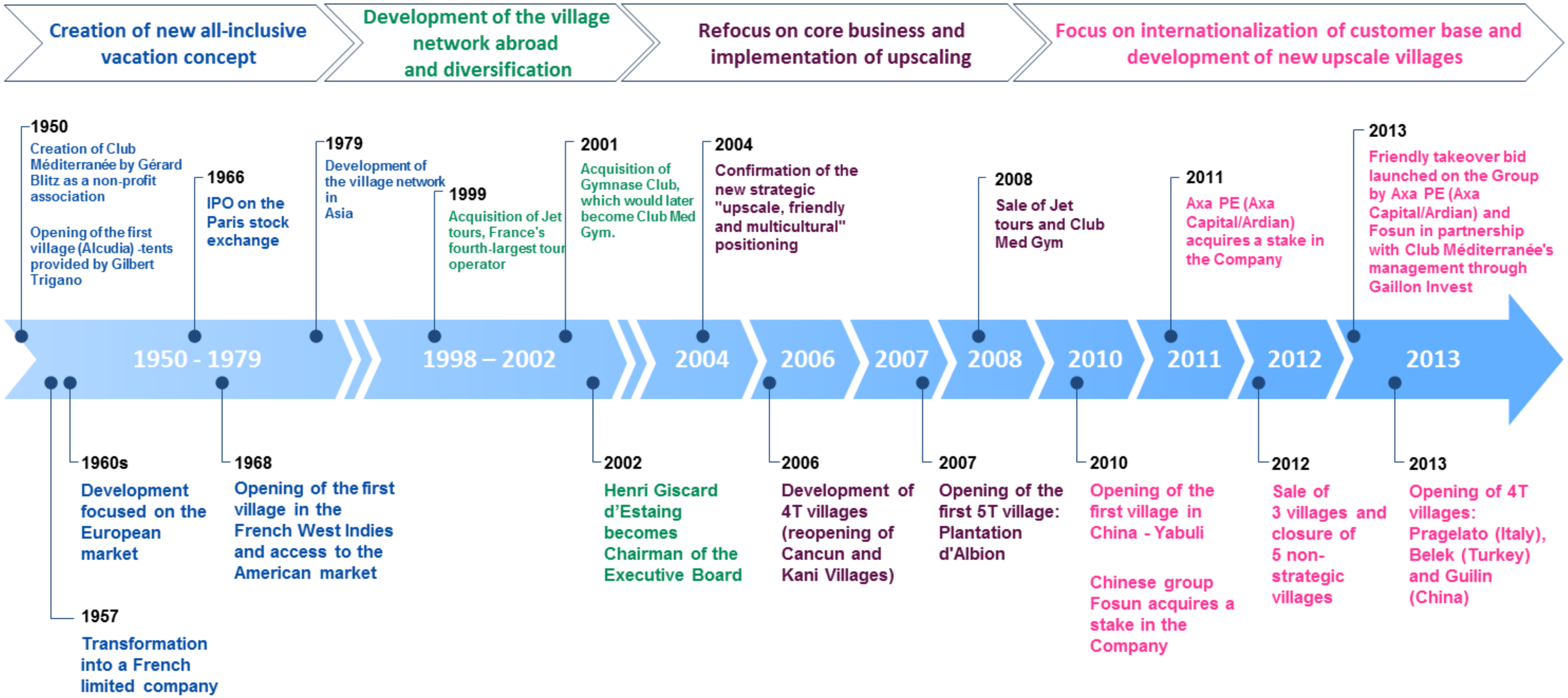
1.3.1 Club Méditerranée's business
1.3.2 Business indicators

1.4 STRATEGY……………………..……………….……... p16

1.4.1 A strategy focused on upscale and international business
1.4.2 Quantitative strategic targets for end-2015

Kani - Maldives

1.1 • MILESTONES



1.2 • BUSINESS SEGMENT

1.2.1 The tourism sector

Club Méditerranée operates in a tourism market that is continuing on its path of long-term growth, mainly driven by travelers from emerging markets.

According to data published by the World Tourism Organization ("UNWTO") for 2012, revenue from international tourism was up 4% at $1,075bn, mainly due to an increase in the Americas and Asia-Pacific regions. The number of international tourist arrivals also grew by 4% in 2012 to 1,035 million, and grew by 5% in 2013 to 1,087 million according to the latest figures published by the UNWTO.

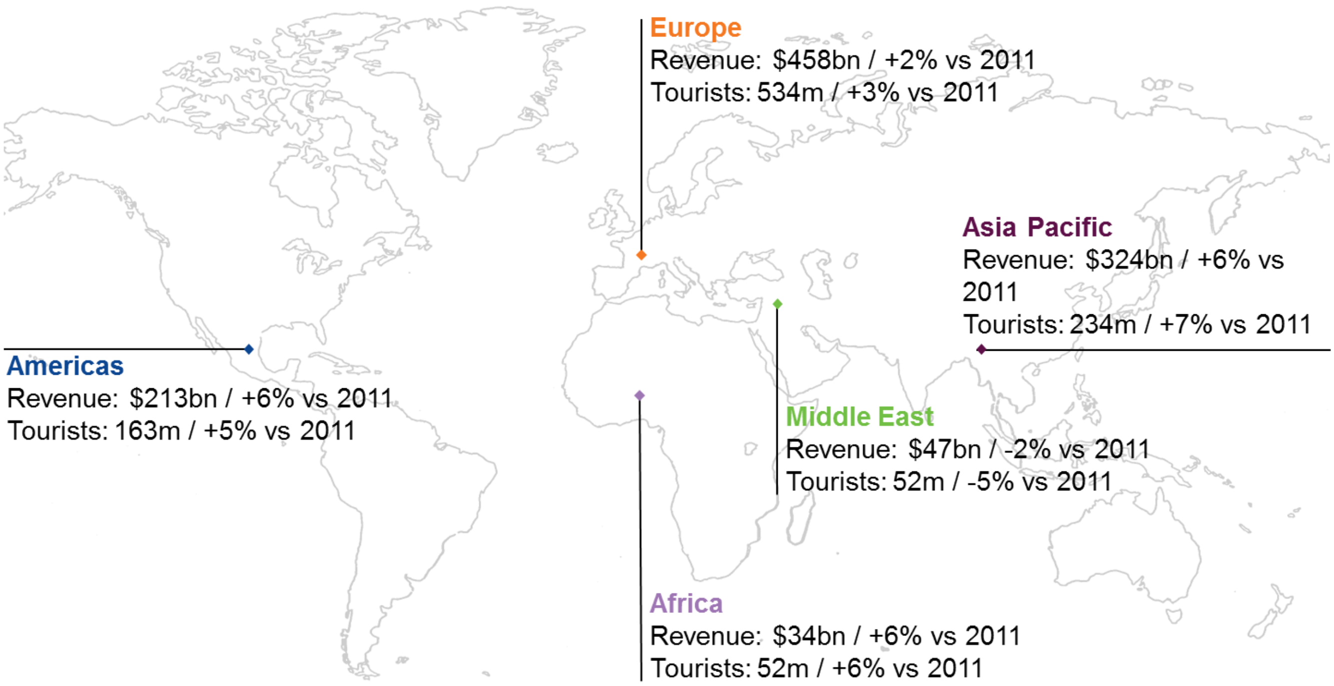
However, the tour-operating market was badly hit in 2013 by the European economic crisis, in particular in France, as well as by events in Egypt and Tunisia. In general, the mainstream segment (package tours) remains the most affected.

As a result, the main tour operators in France are currently undergoing restructuring with a view to adapt to the crisis as well as to the main challenge of disintermediation (the development of Internet search engines and the boom in e-business which allows travelers to assemble their own holiday package of transport + accommodation + activities).

Against this backdrop, "specialist" players and those positioned in the upscale market are more resistant.

The world tourism market by zone at 12/31/2012

Source : OMT



1.2.2 The competitive environment

The upscale all-inclusive vacation market includes numerous players that provide all-inclusive offers (hotels-clubs, cruise operators, vacation homes, etc.) but none of them really have an international brand with strong recognition.

This is why Club Méditerranée's competitors are more likely to be local firms, whose product range is narrower and focuses on a single area.

1.3 • CORE BUSINESS

1.3.1 Club Méditerranée's business

1.3.1.1 Sale and marketing of vacations

Club Méditerranée mainly markets all-inclusive vacations in upscale holiday villages based worldwide, as well as cruises (Club Med 2) and Tours & Discovery programs.

These vacations are sold through the Group's direct network, i.e. its Internet site, its Group-owned agencies and its call centers, as well as through an indirect network of travel agencies. Worldwide, 60.6% of village business volume is from direct sales (including 19.3% from online) and 39.4% from indirect sales. To enhance its indirect sales, Club Méditerranée is developing franchises as well as corners or “shops in shops”, i.e. concessions fully dedicated to Club Méditerranée within travel agencies, with vendors trained specifically to sell the Club Med product. The aim of this distribution system, which was originally developed in emerging markets (notably China), is to manage and enhance the visibility of the Club Méditerranée brand, to create a direct relationship with customers and to increase sales.

1.3.1.2 Holiday village operations

In 2013, Club Méditerranée used three different methods to operate its villages: ownership, lease and management contract.

40%[1] of the villages are <u>owned</u>:

The Club Méditerranée Group owns and manages the village.

46%[1] of the villages are <u>leased</u>:

The village is operated by Club Méditerranée Group, which pays rent to the owner of the premises. Most of the rents paid by Club Méditerranée are fixed.

14%[1] of the villages are <u>managed</u>:

The Club Méditerranée Group is pursuing its “asset-light” strategy by focusing on low-capital development methods and offering flexible upscale capacity (paid according to fill rate). Villages opened under the management contract method (managed villages), such as Belek (Turkey) and Guilin (China), are part of this strategy, as are the Club Med Villas and Chalets programs.

Club Méditerranée is entrusted with the management and marketing of a village by its owner (in this case, Club Méditerranée does not invest significantly in the asset). Income and expenses resulting from the operation of the village are recorded in the income statement of the owner-operator company.

Capital expenditure and operating and maintenance costs for the village are incurred by the owner. Occasionally, Club Med may make limited investments in order to turn the hotel into a Club Med village.

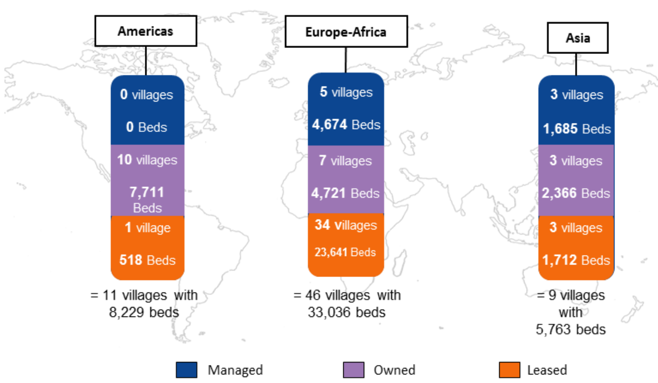
For management activities, the Group receives a management fee, calculated as a percentage of revenues, and shares profits, calculated as a percentage of gross operating profit (GOP). As the exclusive marketer of the village through its own distribution network, Club Med is also paid for its distribution and promotion services.

The major advantage of management and distribution contracts is that they make the model flexible, since payment is based on a percentage of revenues related to the fill rate.

This operational method also helps improve Return on Capital Employed (ROCE) which is one of the strategic objectives for end-2015.

At October 31, 2013, Club Méditerranée capacity breaks down into these three operational methods:

Club Méditerranée: 66 villages / 47,028 beds



[1] *In % of capacity (in hotel days)*

VILLAGES AND BOATS IN OPERATION IN 2013				
Villages	**T**	**Beds**	**Capacity**	**Operational method**
Aime la Plagne	3	525	62,475	R
Alpe D'Huez La Sarenne	3	772	97,272	R
Avoriaz	3	526	55,230	R
Cargese	3	936	98,280	O
Chamonix	4	543	59,730	R
La Palmyre	3	1,135	241,755	R
La Plagne 2100	4	590	70,210	R
Les Arcs Extreme	3	582	65,184	R
Les Deux Alpes	3	589	82,460	R
Méribel Antares + Chalet	4	218	22,890	R
Opio	4	920	335,800	R
Peisey	4	708	140,184	R
Pompadour	2	480	98,400	R
Sant Ambroggio	3	733	112,882	R
Serre Chevalier	3	991	173,425	R
Tignes Val Claret	4	498	76,692	R
Val D'Isere	4	557	74,081	R
Valmorel and Chalets	4	1,068	208,260	R
Val Thorens	3	358	50,120	R
Vittel Ermitage	4	197	26,398	R
Vittel Parc	3	755	115,515	R
France - 21 villages		**13,681**	**2,267,243**	
Cervinia	4	440	64,638	R
Kamarina	3	1,615	249,650	R
Napitia	3	1,214	178,410	R
Pragelato	4	756	142,830	R
Italy - 4 villages		**4,024**	**635,528**	
Djerba La Douce	3	1,287	330,812	R
Hammamet	3	792	60,984	R
Tunisia - 2 villages		**2,079**	**391,796**	
Agadir	3	843	307,569	R
Marrakech Palmeraie / Riad	4	791	288,715	R
Yasmina	4	794	131,010	R
Morocco - 3 villages		**2,428**	**727,294**	
Bodrum	4	479	77,119	M
Kemer	3	937	157,416	O
Belek	4	1,147	223,670	M
Palmiye	4	1,688	336,834	M
Turkey - 4 villages		**4,251**	**795,039**	
Gregolimano	4	812	136,416	O
Greece - 1 village		**812**	**136,416**	
El Gouna	3	531	171,616	M
Sinai Bay	4	829	302,585	M
Egypt - 2 villages		**1,360**	**474,201**	
Cap Skirring	4	415	77,605	O
Senegal - 1 village		**415**	**77,605**	
St Moritz Roi Soleil	4	599	80,266	O
Villars-Sur-Ollon	4	484	50,820	R
Wengen	3	449	47,145	R
Switzerland - 3 villages		**1,532**	**178,231**	
Da Balaia	4	712	154,504	R
Portugal - 1 village		**712**	**154,504**	
Pointe Aux Canonniers	4	654	238,529	O
Albion	5	616	224,902	R
Mauritius - 2 villages		**1,270**	**463,431**	
44 Villages Europe-Africa		**32,564**	**6,301,288**	
Club Med 2	5	368	132,848	O
1 Boat		**368**	**132,848**	
Villas Albion	5	104	37,778	R
Villas		**104**	**37,778**	
46 villages, boats and villas Europe-Africa		**33,036**	**6,471,914**	

VILLAGES AND BOATS IN OPERATION IN 2013				
Villages	**T**	**Beds**	**Capacity**	**Operational method**
Itaparica	3 Ψ	689	251,485	O
Rio Das Pedras	4 Ψ	738	246,517	O
Trancoso	4 Ψ	600	219,000	O
Brazil - 3 villages		**2,027**	**717,002**	
Les Boucaniers	4 Ψ	649	216,766	O
Caravelle	4 Ψ	616	186,644	O
French West Indies - 2 villages		**1,265**	**403,410**	
Cancun	4 Ψ	849	309,972	O
Ixtapa	4 Ψ	704	256,907	O
Mexico - 2 villages		**1,553**	**566,879**	
Punta Cana	4 Ψ	1,382	504,515	O
Dominican Republic - 1 village		**1,382**	**504,515**	
Sandpiper	4 Ψ	952	347,557	O
United States - 1 village		**952**	**347,557**	
Turquoise	3 Ψ	519	189,254	R
Turks and Caicos - 1 village		**519**	**189,254**	
Columbus Isle	4 Ψ	531	169,920	O
Bahamas - 1 village		**531**	**169,920**	
11 Villages Americas		**8,229**	**2,898,537**	
Kabira	4 Ψ	585	213,525	R
❄ Sahoro	4 Ψ	623	75,383	R
Japan - 2 villages		**1,208**	**288,908**	
Bali	4 Ψ	902	329,230	O
Ria Bintan	4 Ψ	652	237,980	M
Indonesia - 2 villages		**1,554**	**567,210**	
Cherating	4 Ψ	679	247,835	O
Malaysia - 1 village		**679**	**247,835**	
Phuket	4 Ψ	785	286,575	O
Thailand - 1 village		**785**	**286,575**	
Kani	4 Ψ	504	183,787	R
Maldives - 1 village		**504**	**183,787**	
❄ Yabuli	4 Ψ	583	88,041	M
Guilin	4 Ψ	450	84,207	M
China - 2 villages		**1,033**	**172,248**	
9 Villages Asia		**5,763**	**1,746,563**	

Total Group villages	Number	Beds	Capacity
Villages, villas, chalets and boats in operation in 2013	**66**	**47,028**	**11,117,013**

❄ Ski resorts   R Rent   O Owned   M Managed

1.3.1.3 Other activities

Transportation

As part of its "all-inclusive" offer, Club Méditerranée offers transport services to its customers (i.e. flights with regular airlines, charters, low cost airlines and rail travel) to help them arrive at their chosen holiday villages.

Moreover, to boost the development of its Chinese business, the Group has worked in partnership with airlines towards launching direct flights from Shanghai and Beijing to Mauritius.

In 2013, Club Med has transported 45.4% of its customers for a business volume of € 333 million.

Real estate development

Club Méditerranée offers its customers the opportunity to acquire outright Villas and Apartments-Chalets near its Plantation d'Albion (Mauritius) and Valmorel (France) villages.

1.3.2 Business indicators

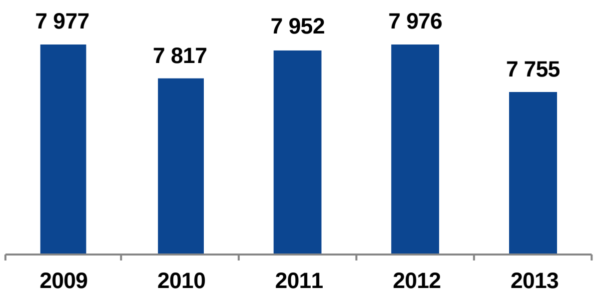
Definitions of key indicators

Business volume villages

This includes all sales regardless of the operational method of the village. It is therefore the best business indicator and takes into account the "asset-light" strategy and the development of managed villages.

Hotel days sold (in '000)

Use of one bed and all facilities by a customer for a day: combines the number of customers and the length of their stay.



Capacity

Total number of hotel days available for sale during the operating period in question.

❖ **Hotel capacity for each comfort category**

as a % of total capacity

	2011	2012	2013
2 and 3 Tridents	38%	34%	29%
4 and 5 Tridents	62%	66%	71%
Total	**100%**	**100%**	**100%**

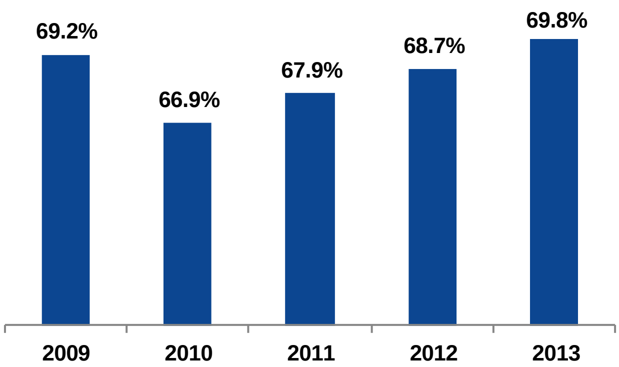
❖ **Hotel capacity by region**

in thousands of hotel days

	2011	%	2012	%	2013	%
Europe-Africa	7 110	61	7 000	60	6 472	58
Americas	2 800	24	2 882	25	2 898	26
Asia	1 799	15	1 721	15	1 747	16
Total	**11 709**	**100**	**11 603**	**100**	**11 117**	**100**

Occupancy rate (in %)

The ratio between the number of hotel days sold and the overall capacity. The occupancy rate, assessed based on the number of beds sold, makes it possible to evaluate the fill rate for villages.



Change in key indicators

Volume

The “volume effect” refers to the impact of the increase or reduction in the number of hotel days sold, transported GM®… on revenues or villages' operating income. It primarily reflects the indicator's sensitivity to quantitative changes in business for the villages.

Price-mix effect

The price-mix effect reflects the combined impact of four phenomena:

- The change for a given village and over a given period in the sale price and the corresponding transportation;
- The influence of the breakdown of adult/child customers in villages by average level of income;
- The breakdown of sales between the villages, which apply different rates;
- The comfort category or positioning for the Group's sales over the year (high season/low season).

RevPAB

A key indicator for upscaling, the Revenue Per Available Bed, makes it possible to factor in changes in the occupancy rate and the average price. It represents the comparable total revenues for villages excluding tax and transportation divided by the capacity.

(€/hotel day)

at constant exchange rates	2011	2012	2013	Change 13/12	Change 13/11
Europe-Africa	98.7	101.4	107.7	+ 6.3%	+ 9.1%
Americas	81.5	82.1	81.5	- 0.8%	-
Asia	99.1	102.2	107.0	+ 4.7%	+ 8.0%
Total for Villages	**95.3**	**97.4**	**101.5**	**+ 4.2%**	**+ 6.5%**

1.4 • STRATEGY

1.4.1 A strategic vision focused on upscale and international business

The Group's aim is for one third of its customers to come from fast developing markets[2] by end-2015. This will help source new growth in light of the deterioration in European tourism markets, in particular in France, which in 2013 still accounted for 38% of the Group's customers.

The strategic focus for Club Méditerranée's development is as follows:

Continue to gain market share in mature markets[3]

The Group is relying on a build-up in premium distribution, a change in pricing policy with, in particular, a family offer which now includes free child places for under sixes, and on product innovation (new Club Med Découverte tours, new cruises on board Club Med 2).

Capture growth opportunities in upscale all-inclusive vacations in fast developing markets and make China its second-largest market

- **In Russia**: Club Mediterranée is accelerating the growth of its customer base by controlling its direct distribution, enhancing its brand visibility through media investments and the launch of its Club Med Business offer.
- **In Brazil**: the Group will increase its capacity of 4 and 5 Trident by expanding and renovating the villages of Rio das Pedras and Trancoso and by opening the 4 Trident village of Buzios in 2016, which will have a 5 Trident area.
- **China** is the second-largest economy in the world but the largest global market in terms of tourism spending; it is the Group's strategic priority. Club Méditerranée aims to make China its second-largest market in terms of the number of customers by end-2015 and is seeking to develop a new brand in the country. Thus, following the opening of its first Chinese village in the mountains in 2010 in Yabuli, Club Méditerranée opened a second 4 Trident village in Guilin during summer 2013 (with a 5 Trident area) and has announced a third village, this time a resort, on the Island of Dong'Ao for summer 2014.

  As well as developing “classic” villages, in order to fully benefit from the Chinese vacation domestic market potential, and in particular high-income Chinese customers, the Group must go that step further. This category of customer, which does not have vacation homes, wishes to spend their long weekends in a natural environment and enjoy various activities, while at the same time remaining close to big towns and cities. In a quest to conquer this high-potential segment, Club Méditerranée has unveiled its new village concept that will be marketed under the new “by Club Med” brand. The brand will offer upscale hotel resorts with “Club Med” services and made-to-measure options which are adapted to the expectations of urban customers. During weekdays, these resorts will also be aimed at business customers. The first resort operating under this new brand should appear in 2016.

  These resorts will be developed under management contracts, in line with the asset-light strategy.

Developing and encouraging inter-regional flows

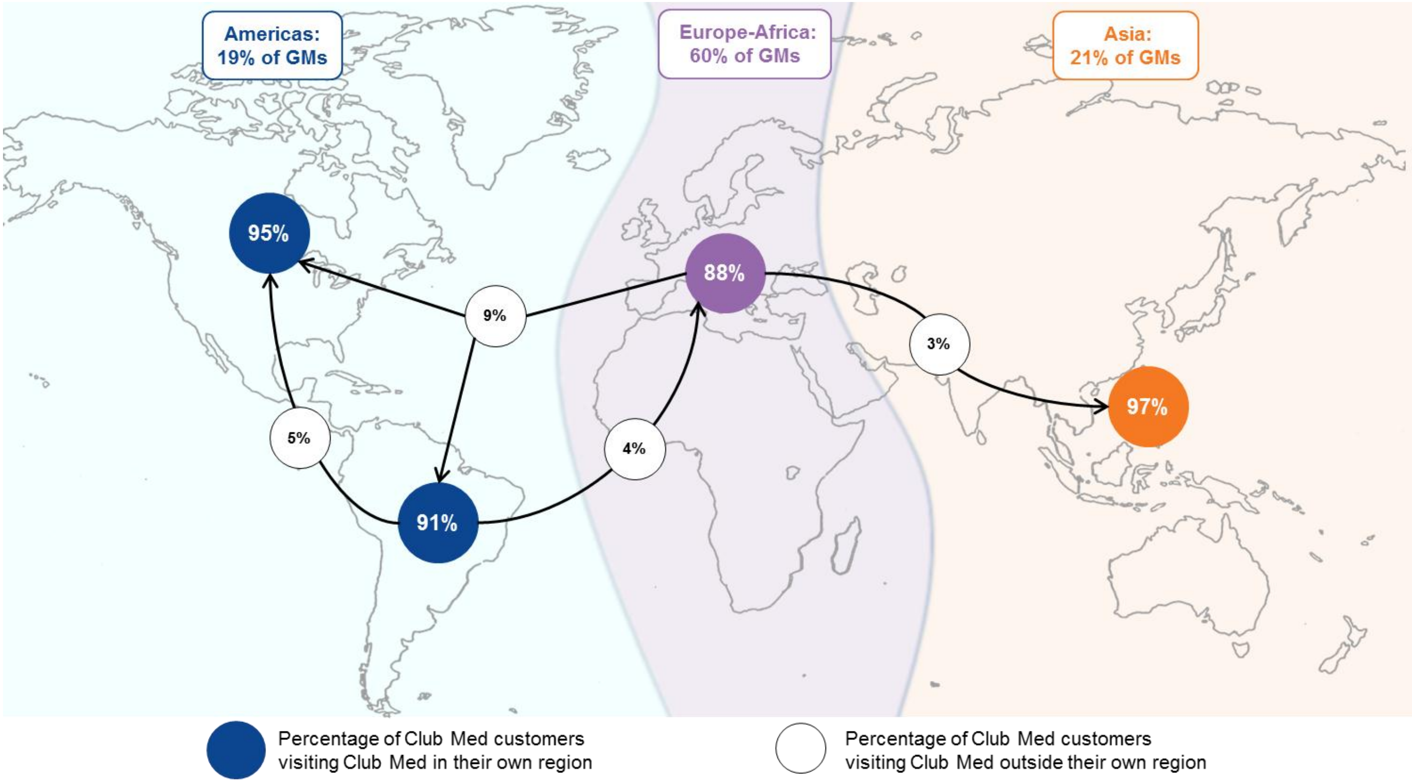
In order to manage customer flows throughout the world, the company is divided into three regions: Europe-Africa, Americas and Asia. Each region is responsible, within its geographical structure, for the management of sales and marketing activities relating to the sale of Club Med vacations and for the operational activity relating to the running of villages situated in the region.

As part of its internationalization, one of the Group's strategic priorities is the creation of inter-regional flows, particularly from Europe-Africa to Asia and the Americas, to reduce the seasonal effects of its business and to develop multiculturalism within the villages. However, most customers visit the villages in their own region. The main inter-region flows are as follows: 9% of Europeans visit the Americas, while 3% visit Asia. Similarly, 5% of Latin American customers visit North America, while 4% visit Europe.

---

[2] *Russia, Turkey, South Africa, Ukraine, the Middle East, Mexico, Brazil, Argentina, Venezuela, Chile, China, Singapore, South Korea, India, Malaysia, Hong Kong, Thailand, Taiwan, Israel.*

[3] *Europe (France, Belgium, Germany, the United Kingdom and Switzerland), North America (United States and Canada) and Asia (Japan).*



Strengthening Club Méditerranée's differentiation

Club Méditerranée launched its new global brand campaign at the beginning of 2013, aimed at strengthening its brand recognition, winning new customers and building their loyalty. At the same time, to speed up its international presence, Club Méditerranée continues to develop new distribution methods and increase the number of Club Med corners (shop-in-shops) and franchises to improve its proximity to customers.

Optimizing the business model

In 2013, Club Méditerranée continued with its upscale transition, opening three new 4 and 5 Trident villages: Pragelato Vialattea (Italy), Belek (Turkey) and Guilin (China). These villages enjoy optimum capacity and are open all year or on a two-season basis.

Moreover, most of the current developments are based on the management contract model to accelerate the asset-light strategy. This will thus improve the profitability of capital employed and balance the villages’ portfolio.

1.4.2 Quantitative strategic targets for end-2015

STRATEGIC FOCUS	2015 OBJECTIVES
Accelerating growth in fast developing markets	**1/3** of customers from fast developing markets
China	Make China Club Méditerranée's **2nd** largest market in terms of number of customers
Continue the upscale transition	**75%** of Village capacity at 4&5 Trident Villages
Accelerate the asset-light strategy	**Improve** ROCE

2 - CORPORATE GOVERNANCE

2.1 - MANAGEMENT AND ADMINISTRATION BODIES ……..p21

2.1.1 Composition of the Board of Directors, the Board Committees and the Senior Management Committee
2.1.2 Report of the Chairman of the Board of Directors on the composition of the Board of Directors
2.1.3 Mandates of the Board of Directors' members and the Executive Vice-President
2.1.4 Statement on corporate officers

2.2 – SENIOR MANAGEMENT COMPENSATION……………. p32

2.2.1 Compensation summary
2.2.2 Other benefits and commitments
2.2.3 Compensation paid to members of the Senior Management Committee
2.2.4 Information on non-officer employees
2.2.5 Compensation of other officers – Directors' fees

2.3 – RISKS AND RISKS MANAGEMENT ………………….…. p37

2.3.1 Risks factors
2.3.2 Report of the Chairman of Board of Directors on internal control
2.3.3 Statutory Auditors' report on the Report of the Chairman of the Board

2.1 • MANAGEMENT AND ADMINISTRATION BODIES

The management of the Company is carried out by the Board of Directors, the Chairman of the Board of Directors and the Chief Executive Officer. French law provides that a company's management may be placed under the responsibility of either the Chairman of the Board of Directors or another individual appointed by the Board as Chief Executive Officer.

At its first meeting, which was held on March 16, 2005, the Board of Directors decided to combine the functions of Chairman of the Board of Directors and Chief Executive Officer, and appointed Henri Giscard d'Estaing as Chairman and Chief Executive Officer. This decision reflected the Board of Directors' view that combining these two positions would be the best manner of ensuring the success of the upscale strategy. On March 3, 2011, the Board of Directors again decided, on the recommendation of the Nominations and Compensation Committee, in favor of overlapping the functions of Chairman of the Board of Directors and Chief Executive Officer.

2.1.1 Composition of the Board of Directors, the Board Committees and the Senior Management Committee

2.1.1.1 Members of the Board

At the time of submitting this Annual Report, the Board comprises the following 14 directors and one non-voting director, bringing together individuals with complementary skills and experience:

- Mr. Henri Giscard d'Estaing (Chairman)
- Mr. Georges Pauget (Vice-Chairman)
- Mr. Anass Houir Alami
- Mrs. Lama Al Sulaiman
- Mr. Alain Dinin
- Mr. Dominique Gaillard
- Mr. Guangchang Guo
- Mrs. Christina Jeanbart
- Mr. Pascal Lebard
- Mr. Jiannong Qian
- Mrs. Isabelle Seillier
- Mrs. Anne-Claire Taittinger
- Mr. Thierry de La Tour d'Artaise
- CMVT International, represented by Mr. Amine Benhalima
- Mr. Gérard Pluvinet (non-voting director)

Under the terms of Article 14.2 of the Company's bylaws, newly appointed and reapointed directors have a fixed mandate of three years. However, on an exceptional basis, the Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2010 appointed and reappointed some directors for a four-year term to allow for the staggered renewal of the Board of Directors.

There is no employee representative on the Board of Directors, meaning the Company does not fulfill the criteria set forth in article L.225-27-1 of the French Commercial Code. However, representatives from the Works Council are invited to each Board meeting.

In accordance with Article I.4 of the Board of Directors' internal rules, every director must own at least 500 shares in the Company within one year of their appointment. Following this one-year deadline, and until the end of their term, each director must adjust the number of shares they own in the Company so that the value of these shares is at least equal to 50% of the amount of directors' fees received for one year.

At its meeting of March 7, 2013, the Board of Directors co-opted Mrs. Al Sulaiman as Director to replace Mr. Saud Al Sulaiman after is resignation as Director.

At its meeting of November 5, 2013, the Board of Directors appointed Georges Pauget as Vice-Chairman for the duration of his term as director, that is until the Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2015.

The criteria for directors' independence are outlined in subsection 2.1.2.1 of this Annual Report.

2.1.1.2 Members of the Board Committees

At its meeting of March 16, 2005, the Board of Directors established three permanent committees to assist and participate effectively in the preparation of its decisions: the Audit Committee, the Nominations and Compensation Committee, and the Strategy Committee.

The Board Committees comprise members of the Board of Directors, which appoints the members and the Chairman of each committee.

The Audit Committee

The Audit Committee has three members, including two directors who meet the AFEP-MEDEF independence criteria described in subsection 2.1.2.1 of this Annual Report, who are appointed for the length of their directorships.

The members of the Audit Committee are Mrs. Christina Jeanbart, Mr. Georges Pauget and Mr. Amine Benhalima. The Committee is chaired by Mr. Pauget. It should be noted that, in accordance with the Corporate Governance Code for Listed Companies issued by AFEP-MEDEF, no executive officer is a member of this Committee.

The Nominations and Compensation Committee

The Nominations and Compensation Committee has four members – three directors of which two are independent directors (who meet the AFEP-MEDEF criteria described in subsection 2.1.2.1 of this Annual Report) and one non-voting director - who are appointed for the length of their directorships.

The members of the Nominations and Compensation Committee are Mrs. Anne-Claire Taittinger, Mr. Thierry de La Tour d'Artaise, Mr. Pascal Lebard and Mr. Gérard Pluvinet. The Committee is chaired by Mrs. Anne-Claire Taittinger. It should be noted that, in accordance with the Corporate Governance Code for Listed Companies issued by AFEP-MEDEF, no executive officer is a member of this Committee.

The Strategy Committee

The Strategy Committee has eight members, including four independent directors who meet the AFEP-MEDEF independence criteria described in subsection 2.1.2.1 of this Annual Report, who are appointed for the length of their directorships.

The members of the Strategy Committee are Mrs. Isabelle Seillier, Mrs. Lama Al Sulaiman, Mr. Henri Giscard d'Estaing, Mr. Anass Houir Alami, Mr. Alain Dinin, Mr. Dominique Gaillard, Mr. Jiannong Qian and Mr. Georges Pauget. The Committee is chaired by Mr. Henri Giscard d'Estaing.

2.1.1.3 Members of the Senior Management Committee

At the time of submitting this Annual Report, the Senior Management Committee comprises the following 10 members:

	Nom	Fonction
	M. Henri Giscard d'Estaing	Chairman and Chief Executive Officer *Corporate officer*
	M. Michel Wolfovski	Executive Vice-president and Chief Financial Officer *Corporate officer*
	Mme Laure Baume	Chief Executive Officer New Markets Europe-Africa, Vice President Worldwide Strategic Marketing
	Mme Sylvie Brisson	Vice President Human Resources
	M. Patrick Calvet	Vice President Villages Europe-Africa
	M. Janyck Daudet	Vice President Latin America
	M. Olivier Horps	Vice President Greater China
	Mme Heidi Kunkel	Chief Executive Officer, East and South Asia & Pacific
	M. Xavier Muffragi	Vice President North America
	M. Sylvain Rabuel	Vice President Sales and Marketing France, Benelux and Switzerland

2.1.2 Report of the Chairman of the Board of Directors on the Composition of the Board of Directors

In accordance with Article L.225-37 of the French Commercial Code, the Chairman of the Board of Directors reports on the composition of the Board and the balanced representation of women and men thereon, as well as the Board's practices and operational procedures.

In accordance with Article L.225-35 of the French Commercial Code, the Board of Directors determines the Company's strategy and oversees its implementation. Except for powers directly vested in the shareholders, the Board considers all matters concerning the efficient management of the Company and makes all related decisions within the limits set by the Company's corporate purpose.

The Board's practices and operational procedures are governed by French law, the Company's bylaws, and the internal rules of the Board and the Board Committees.

This report was approved by the Board of Directors at its meeting of December 5, 2013.

2.1.2.1 Practices and Operational procedures of the Board of Directors

Members of the Board of Directors

The composition of the Board of Directors is described in subsection 2.1.1.1 of this Annual Report.

The positions and duties of the members of the Company's Board of Directors are detailed in subsection 2.1.3 of this Annual Report.

The Board regularly checks that its members include directors who are independent in accordance with applicable corporate governance criteria. The Board assessed the independence of its members by applying the criteria set out in the AFEP-MEDEF Corporate Governance Code for Listed Companies (available at www.medef.com), which defines the following situations as incompatible with the status of independent director:

- serving as director of the Company for more than 12 years;
- being an employee or executive officer of the Company, or an employee or director of its parent company or one of its consolidated subsidiaries, or having been one during the previous five years;
- being an executive officer of a company in which the Company has a Director, either directly or indirectly, or in which an employee appointed in that role, or an executive officer of the Company (currently in office or having held such office in the past five years), is a director;
- being a customer, supplier, investment banker or commercial banker (i) that is material for the Company or Group, or (ii) for which the Company or Group represents a significant portion of the business;
- having close family ties with a corporate officer;
- having been a Statutory Auditor of the Company within the previous five years;
- representing a controlling interest in the Company. For directors holding in excess of 10% of the Company's capital and/or voting rights, the classification as independent takes into account the Company's ownership structure and any potential conflict of interests.

Based on these criteria, the following 7 of the Company's 14 Board members are considered to be independent: Mrs. Lama Al Sulaiman, Mrs. Christina Jeanbart, Mrs. Isabelle Seillier, Mrs. Anne-Claire Taittinger, Mr. Alain Dinin, Mr. Thierry de La Tour d'Artaise and Mr. Georges Pauget.

The Board of Directors includes four women, representing 28.6% of its membership.

In addition, upon proposal from its Chairman, the Board of Directors may appoint one or more non-voting directors, who are individuals, who may or may not be shareholders, and who may number no more than six. They are appointed for a term of three years and may be reappointed or removed from their post at any time and for any reason whatsoever by the Board of Directors.

The non-voting directors have an advisory role and are responsible for helping the Board of Directors, though at no time do they have the power to replace it. They are invited to meetings of the Board and attend deliberations in an advisory capacity. Their absence shall not adversely affect the validity of the deliberations.

Board Practices and Operational procedures

❖ **Internal rules**

At its meeting on March 16, 2005, the Board of Directors adopted a set of internal rules governing its organization, practices and operational procedures. These are based on French law, the Company's bylaws and the recommendations set out in AFEP-MEDEF's Corporate Governance Code for Listed Companies.

The internal rules stipulate that the Board of Directors should meet as often as the Company's interests require.

They describe the terms of reference and powers of the Board of Directors, define the practices and operational procedures of the Board Committees, and impose a duty on directors to treat as strictly confidential all information obtained in their capacity as Board members, as well as the duty to comply with the fundamental principles of independence, ethical conduct and integrity. The internal rules require each director to disclose to the Board any actual or potential conflict of interest in which he or she may be directly or indirectly involved, and in such a case to abstain from taking part in any discussion and/or vote on the matters in question.

In addition, they set out the rules applicable to trading in the Company's shares.

The internal rules provide for the remuneration of the Chairman and members of the Board of Directors for their services in the form of directors' fees. These are outlined in subsection 2.2.5 of this Annual Report.

The internal rules state that directors may participate in Board meetings by videoconference or using other forms of telecommunication technology (including conference calls and any other interactive means of electronic communication) that enable them to be identified and to effectively participate in the discussion and vote, subject to compliance with the applicable regulations. Accordingly, directors who take part in Board meetings through such means are deemed to be present for the purposes of calculating the quorum and voting majority, except for Board meetings held to approve the financial statements of the Company and the Group and the related management report.

The Company's internal rules can be found at www.clubmed-corporate.com.

- **Board Directors Meetings**

1) Average period of notice for calling Board of Directors meetings

The provisional schedule of meetings of the Board of Directors and Board Committees is sent to each member of the Board of Directors at the beginning of the fiscal year. The average period of notice for calling these meetings is approximately one week.

2) Chairman

Board meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the director designated as acting Chairman or by another director designated by the Board.

3) Directors' information

The Chairman of the Board of Directors is required to provide directors on a timely basis with any and all documents and information they may need to fulfill their duties.

During fiscal 2013, the Board of Directors met eight times. The average attendance rate was 82%, and the average duration was 2 hours and 5 minutes.

2.1.2.2 Role and responsibilities of the Board of Directors and Board Committees

Role of the Board of Directors

In accordance with Article L.225-35 of the French Commercial Code, the Board of Directors determines the Company's strategy and oversees its implementation.

Except for the powers directly vested in the shareholders, the Board of Directors considers all matters concerning the efficient management of the Company and makes all related decisions within the limits set by the Company's corporate purpose.

In this regard, the Board of Directors monitors the quality of information provided to shareholders and the market through the publication of financial statements or in connection with major transactions. In particular, when interim financial statements are prepared, it meets with the senior management team, which:

- explains how the results were obtained and presents the balance sheet, financial position and notes to the financial statements, and the nature of changes in cash and net debt;
- reports on the main accounting principles used which have a significant impact on the financial statements.

In addition, the Board is informed of changes in the key indicators tracked by the Management Control Department whose data are periodically reconciled with the financial reporting information.

Finally, based on the recommendations of the Nominations and Compensation Committee, the Board of Directors sets the policy for compensation (fixed and variable) payable to the senior management, plus commitments of any kind made by the Company. This policy is outlined in section 2.2 of this Annual Report.

Concerning fiscal year 2013, the Board of Directors: examined the separate and consolidated financial statements for the year ended October 31, 2012; approved the reports and resolutions of the Combined Shareholders' Meeting of March 7, 2013; reviewed the quarterly and semi-annual performance and results; reviewed the budget and the strategic plan; examined the separate and consolidated financial statements for the first six months of fiscal 2013; authorized investments (e.g. asset acquisition and renovation) or disposals where the amounts involved exceeded the threshold defined in the internal rules; authorized the implementation of the Company's share buyback program; examined the terms and conditions of the takeover bid launched on May 30th 2013, and reached a reasoned opinion on the transaction.

The Board of Directors also reviewed the reports of the various Board Committees.

❖ **Evaluation of Board of Directors Practices And Operational procedures**

In 2012, the Board of Directors formally evaluated its practices and operational procedures via a questionnaire. The purpose of the questionnaire was to gather the opinions of each Board member as to the Board of Directors' composition and functioning, the holding of meetings, the organization of discussions, the quality of information, and the functioning of Board Committees.

At one of its meetings in 2013, the Board of Directors dedicated one agenda item to a discussion on its composition and functioning. It was noted that the Board of Directors' composition conformed to the recommendations of the Code of Corporate Governance for Listed Companies issued by AFEP-MEDEF. It was also highlighted that the organization and functioning of the Board of Directors were particularly satisfactory given the context of the ongoing takeover bid, specifically with regard to the availability of Board of Directors members and the quality of the discussions.

❖ **Corporate Governance Code**

The Company complies with all the provisions of the Code on the corporate governance of listed companies published by the AFEP-MEDEF with one exception. The summary table below summarizes the notable exceptions being made to implement the recommendations of the code of corporate governance for listed companies published by the AFEP-MEDEF:

Recommendation concerned	Explanation
Termination of the employment contract when an executive becomes a corporate officer	At its meeting on March 16, 2005, the Board of Directors authorized the suspension of the employment contract of Mr. Henri Giscard d'Estaing due to his appointment as Chairman and Chief Executive Officer. The suspension of the employment contract of Mr. Henri Giscard d'Estaing was confirmed at the Board of Directors meetings of March 11, 2008 and March 3, 2011, when his appointment was renewed. The Company believes that this situation is in accordance with the AMF's position, which states that the continuation of an executive's employment contract is justified in view of his or her seniority and personal situation. The Board of Directors decided on March 3, 2011, when it reappointed Mr. Henri Giscard d'Estaing as Chairman and Chief Executive Officer, to apply within the Group a principle facilitating internal promotion by stipulating that any employee with at least 10 years' seniority could retain his or her employment contract even upon appointment as a corporate officer. In view of Mr. Henri Giscard d'Estaing's more than 16 years of seniority in the Group, it is unjustified to terminate his employment contract, with the proviso that the contract remains suspended during his term of office without overlapping compensation.

Role of the Board Committees

❖ **The Audit Committee**

The Audit Committee is one of the key components of the corporate governance structure set up by the Company.

It is responsible for assisting the Board of Directors with reviewing and approving the interim and annual financial statements, as well as with examining any operations or events that may have a significant impact on the Group and its subsidiaries in terms of commitments and/or risks.

The composition of the Audit Committee is described in subsection 2.1.1.2 of this Annual Report. As regards their professional experience, training and knowledge of Club Méditerranée's business, the Committee members have the required competencies in accounting, finance, internal control and risk management.

The rules governing the Audit Committee's organization, mode of operation, tasks and duties are described in a specific Charter that was unanimously approved by the Committee's members during its meeting of June 8, 2005 and revised in June 2010.

In accordance with the AMF's recommendations, the Audit Committee is responsible for monitoring:

- the process of preparing financial information;
- the effectiveness of internal control and risk management systems;
- auditing of separate and consolidated financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors.

To effectively perform its duties, the Audit Committee has access to all accounting and financial records. It meets with those responsible for the preparation of the financial statements as well as with the Statutory Auditors to ensure that they have had access to all information necessary to carry out their responsibilities, particularly with respect to consolidated subsidiaries, and that they have sufficiently advanced their work at the time of the financial statements to be able to provide any meaningful comment.

The Committee reviews the Statutory Auditors' summary statements on the interim and annual financial statements and on the material audit issues, examines their recommendations and, where applicable, reviews the major changes resulting from the audit procedures.

Subject to authorization from the Board of Directors, the Audit Committee may also call in or use the services of external advisors or experts as it sees fit.

It examines audit service proposals and makes recommendations concerning the appointment or re-appointment of the Statutory Auditors.

The Audit Committee follows the recommendations issued by the AMF working group on July 22, 2010 on the composition, scope of intervention and duties of audit committees, as well as how these duties are implemented.

All the documents and information necessary to fulfill their duties are sent within a reasonable timeframe to the members of the Audit Committee.

The main points discussed by the Audit Committee are communicated to the Board of Directors in a report by the Committee Chairman.

The Audit Committee met twice in fiscal year 2013, with an attendance rate of 83%.

During these two meetings, which were dedicated to reviewing the annual and interim financial statements, the Committee checked that the closing process had gone smoothly and was presented with the conclusions of the Statutory Auditors. The Committee also examined the tax audits in progress within the Group, changes to the Group's legal structure, and hedging transactions. Risk mapping and the development of corrective plans were also presented to the Committee, as well as the amount of off-balance-sheet commitments, as part of the review of compliance with bank covenants.

In addition, the Audit Committee was presented with a report on the work performed by the Internal Audit Department in fiscal year 2013 in accordance with previously validated planning, as well as resulting assessments on the subject of internal control. The Committee drew up a timetable for the forthcoming duties of the Internal Audit Department.

- **The Nominations and Compensation Committee**

The composition of the Nominations and Compensation Committee is described in subsection 2.1.1.2 of this Annual Report.

The roles and responsibilities of the Nominations and Compensation Committee are to:

- review candidates for election to the Board of Directors – either under its own initiative or at the request of the Board – based on the candidates' skills, business experience, and economic, social and cultural background;
- review candidates for the position of Chief Executive Officer and Executive Vice-President;
- review the composition of Board Committees and make related recommendations;
- propose methods for setting the variable compensation (according to individual performance and Company results), fixed compensation (according to individual performance and market information) and benefits for the Chairman of the Board, the Vice-Chairman and the Chief Executive Officer and, where necessary and at the suggestion of the Chairman, for the Executive Vice-Presidents;
- review proposed stock option plans and stock grant plans for the management and employees of the Group (including corporate officers);
- propose methods to the Board of Directors for calculating the overall performance of the Company in order to determine the Company's achievement percentage for bonuses;
- obtain all the required information concerning the compensation and status of Group executives;
- make proposals and recommendations concerning directors' fees and any other compensation and benefits for members of the Board (including non-voting directors).

In order to effectively perform its role of setting the remuneration and benefits for corporate officers, the Nominations and Compensation Committee draws on the expertise of a specialized independent consulting firm as well as on market information obtained on an annual basis.

The principles and rules used to set the annual or multi-year fixed or variable remuneration and benefits of corporate officers are outlined in section 2.2 of this Annual Report.

The Nominations and Compensation Committee met twice in fiscal year 2013, with an attendance rate of 87.5%.

The Nominations and Compensation Committee worked on the variable compensation of corporate officers, as well as on the criteria and evaluation of the Group's performance for the variable compensation of eligible employees. The Nominations and Compensation Committee also worked on the allocation of directors' fees and the composition of the Board and Board Committees.

All the recommendations made by the Committee were submitted to the Board of Directors.

- **The Strategy Committee**

The composition of the Strategy Committee is described in subsection 2.1.1.2 of this Annual Report.

The role of the Strategy Committee is to review:

- the main growth strategies of the Company and of Group subsidiaries, from both a financial and commercial perspective, focusing particularly on ensuring that changes to the product offering appropriately reflect the Company's image and corporate culture;
- the three-year business plan presented annually by the Chief Executive Officer.

The Strategy Committee receives input from all of the Group's operational departments.

The Strategy Committee met twice in fiscal year 2013, with an attendance rate of 81.25%.

2.1.2.3 Restrictions on the powers of the Chief Executive Officer imposed by the Board of Directors

Restrictions resulting from internal rules

In accordance with Article L.225-56 of the French Commercial Code, the Chief Executive Officer is vested with the broadest powers to act on behalf of the Company under any circumstances. He exercises these powers within the scope of the corporate purpose, with the exception of the powers expressly granted by law to Shareholders' Meetings and the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties.

For internal purposes, the Board of Directors decided that certain transactions and decisions require its prior approval due to their nature and/or the amounts involved. These include:

- preparing and approving the Company's annual budget;
- preparing and approving the three-year business plan;
- the following transactions, when any one of them exceeds the amount specified below:
    - any capital projects or asset disposals not included in the annual budget and representing a total amount of more than €10 million;
    - any purchases, sales and exchanges of property, plant and equipment, intangible assets, rights or securities, and the creation of any and all companies, partnerships and business ventures, representing an investment or disposal proceeds in excess of €15 million. This restriction does not apply, however, to related-party transactions not governed by Article L.225-38 of the French Commercial Code;
    - any new loans and borrowings (including bond issues and short-term advances) in excess of €45 million;
    - any transactions in settlement of claims or litigation representing over €6 million.

Reporting Rules

The Chief Executive Officer reports to the Board of Directors on a regular basis regarding the use of his powers: implementation of the Company's share buyback program, use of deposits, endorsements, and guarantees, etc.

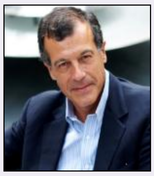
The Chief Executive Officer also makes specific points to the Board of Directors on such topics as changes to the ownership structure and strategic partnerships.

2.1.2.4 Ownership Structure

In accordance with Article L.225-37 of the French Commercial Code, any shareholder can participate in Shareholders' Meetings under the terms of French law. The arrangements for such participation are detailed in the provisions of Article 28 of the Company's bylaws and are reviewed in section 6.3 of this Annual Report.

Nothing relating to the Company's ownership structure is likely to have an impact in the event of a public tender offering.

2.1.3 Mandates of the Board of Directors' members and the Executive Vice-President



Henri Giscard d'Estaing: Chairman and Chief Executive Officer

Henri Giscard d'Estaing graduated from Institut d'Etudes Politiques de Paris and has a degree in economics. He began his career with Cofremca, where he served as an Associate Director between 1982 and 1987, specializing in the study of changes in food consumption patterns and their marketing and strategic impacts. In 1987 he joined the Danone group and was successively Head of Development, Chief Executive Officer of the British subsidiary HP Food Lea and Perrins, Chief Executive Officer of Evian-Badoit and Head of the Mineral Water division. Henri Giscard d'Estaing joined Club Méditerranée in 1997, holding the positions of Chief Operating Officer in charge of Finance, Development and International Relations (1997-2001), Chief Executive Officer (2001-2002), and Chairman of the Executive Board (2002-2005) before being appointed Chairman and Chief Executive Officer.

Born on October 17, 1956
French
Business address: Club Méditerranée, 11 de Cambrai 75019 – Paris (France)
Appointed on March 16, 2005
Most recently reappointed on: March 3, 2011
Term end:
Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2013
First appointment with the Company:
July 17, 1997
Independent director: no
Number of Company shares held: 1,483
Chairman of the Strategic Committee

Other positions and duties outside the Group:

Other positions within the Group:
Chairman and Founding Director of:
- The Club Méditerranée Foundation (France)

Other positions outside the Group:
Director of:
- Casino, Guichard-Perrachon (France) - Listed company

Member of the Supervisory Board of:
- RANDSTAD (Netherlands) – Listed company

Other positions held during the past five years (other than those already shown):

Chairman of the Board of Directors of:
- Club Med World Holding (France)
- Club Med Services Singapore Pte Ltd (Singapore)

Director of:
- Club Med Management Asia Ltd. (Hong Kong)
- Carthago (Tunisia)
- ADP (France) – Listed company
- Holiday Hôtels AG (Switzerland)

Amine Benhalima, representative of CMVT International: Director

After graduating from Ecole Polytechnique et de Télécom ParisTech, Amine Benhalima began his career in 1993 at Royal Air Maroc, where he was successively Director of Programs (1995-1996) and Director of Information Systems and Organization (1996-1998). In 1998, he joined CFG Group as Deputy Director of Capital Markets and Assistant CEO of Casablanca Finance Markets, a subsidiary of CFG Group. In 2002, Mr. Benhalima was appointed Director of Engineering and Development at Caisse de Dépôt et de Gestion du Maroc. Two years later, he was appointed Director and CEO of Fipar Holding, and in 2007 he was also appointed Director and CEO of CDG Capital. In 2009, Mr. Benhalima became Chairman and Chief Executive Officer of Fipar Holding. In September 2010, he was appointed Deputy CEO of Caisse de Dépôt et de Gestion du Maroc.

Born on January 30, 1970
Moroccan and French
Business address: Immeuble CDG – Place Moulay Hassan – Rabat (Morocco)
Number of Company shares held: 500
Member of the Audit Committee

Current positions and duties:

Primary positions held outside the Company:
Deputy CEO of Caisse de Dépôt et de Gestion du Maroc
Chairman and Chief Executive Officer of Fipar-Holding, a subsidiary of Caisse de Dépôt et de Gestion du Maroc

Other positions and duties outside the Group:
Director of:
- CDG Capital (Morocco)
- Meditelecom (Morocco)
- Holdco (Morocco)
- CMVT International (Morocco)
- Teck Capital Management (Morocco)
- Ciments du Maroc (Morocco) – Listed company
- Lyonnaise des Eaux de Casablanca (Morocco) – Listed company
- Air Liquide Maroc (Morocco)
- Afriquia SMDC (Morocco)
- Medi 1 TV (Morocco)
- La Mamounia (Morocco)
- Renault Tanger Méditerranée (Morocco)
- Atlanta Sanad (Morocco) – Listed company
- Société Centrale de Réassurance (Morocco)
- Madaëf (Morocco)
- Société Immobilière de la Mer (Morocco)
- Sai Mdiq (Morocco)
- CIH (Morocco) – Listed company
- New Marina de Casablanca (Morocco)
- Société Med Resort (Morocco)
- CDG Développement (Morocco)
- Acacia Participations (Morocco)
- CGI (Morocco) – Listed company
- MedZ (Morocco)
- Sanad (Morocco)
- Nemotek (Morocco)
- Fondation CDG (Morocco)
- Telyco (Morocco)
- TMPA (Morocco)
- TM2 (Morocco)
- Fonds Sindibad (Morocco)
- Fonds ACAMSA (Morocco)
- Fonds de Cap Mezzanine (Morocco)
- Safilait (Morocco)
- Casanearshore (Morocco)
- Technopolis (Morocco)
- MedZ Sourcing (Morocco)

Positions held during the last five years (other than those already shown):

Chairman of:
- Foncière Chellah (Morocco)
Vice-President of:
- Casablanca Stock Exchange (Morocco)
Chairman of the Board of Directors of:
- CDG Capital Gestion (Morocco)
- CDG Capital Bourse (Morocco)
- CDG Capital Private Equity (Morocco)
- CDG Capital Real Estate (Morocco)
- CDG Capital Infrastructures (Morocco)

Director of:
- Comanav (Morocco)
- Pechiney MMA (Morocco)
- Maroc Connect (Morocco)
- Crown Packaging Maroc (Morocco)
- Eqdom (Morocco)
- Averroes Finance (France)
- Fonds Inframaroc (Morocco)
- Lafarge Ciments (Morocco)

Anass Houir Alami: Director

A graduate of the Ecole Mohammedia des Ingénieurs, with an MBA in international business and finance from New York University's Stern School of Business, Mr. Alami began his career as a financial analyst (1993-1998). He joined financial services company Upline Group as a financial advisor (1998-2001) and was later appointed as its general manager (2001-2006). From 2005 to 2006, Mr. Alami also served as Chairman of the Supervisory Board of Société de la Bourse des Valeurs de Casablanca (SBVC, the Moroccan stock market operator). He became CEO of Barid Al-Maghrib in 2006. In 2009, Mr. Alami was appointed CEO of Caisse de Dépôt et de Gestion du Maroc.

Born on March 8, 1968
Moroccan
Business address: Caisse de Dépôt et de Gestion - Place Moulay Al Hassan - B.P. 408 – Rabat (Morocco)
Appointed on July 23, 2009
Most recently reappointed on: March 3, 2011
Term end:
Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2013
First appointment with the Company:
July 23, 2009
Number of Company shares held: 529
Independent director: no
Member of the Strategic Committee

Current positions and duties:

Primary position held outside the Company:
Chief Executive Officer of Caisse de Dépôt et de Gestion du Maroc

Other positions and duties outside the Group:
Director of:
- Auda (Morocco)
- CDG Capital (Morocco)
- Compagnie Générale Immobilière (CGI) (Morocco) – Listed company
- Foncière Chellah (Morocco)
- Jnan Saiss Developpement (Morocco)
- MADAEF (Morocco)
- Novec (Morocco)
- Patrilog (Morocco)
- Société d'Aménagement Zenata (Morocco)
- Société Centrale de Reassurance (SCR) (Morocco)
- Société d'Aménagement Ryad (SAR) (Morocco)
- Société Hay Rabat Andalous (SHRA) (Morocco)
- Société Hôtelière Nador (SHN) (Morocco)
- SDRT (Morocco)
- SDRT Immo (Morocco)
- CDG Développement (Morocco)
- New Marina Casablanca (Morocco)
- SDS (Saidia) (Morocco)
- SAPST (Taghazout) (Morocco)
- Oued Chbika Developpement (Morocco)
- HoldCo (Morocco)
- Meditel (Morocco)
- CMVT International (Morocco)
- Massira Capital Management (MCM) (Morocco)
- CIH (Morocco)
- BMCE Bank (Morocco)
- Atlanta (Morocco) – Listed company
- Ciments du Maroc – Italcementi Group Morocco (Morocco) – Listed company
- Fonds d'Equipement Communal (Morocco)
- Fipar Holding (Morocco)
- Fonds Marocain de Placement (Morocco)
- Infra Maroc (Morocco)
- Inframed (Morocco)
- Medi1TV (Morocco)
- Moroccan Financial Board (Morocco)
- Nemotek (Morocco)
- Poste Maroc (Morocco)
- Sanad (Morocco)
- Sonadac (Morocco)
- MEDZ (Morocco)
- Université Internationale de Rabat (UIR) (Morocco)
- Al Barid Bank (Morocco)
- Agence Spéciale Tanger Méditerranée (TMSA) (Morocco)
- Holding Al Omrane (Morocco)
- TUI AG (Germany) – Listed company

Positions held during the last five years (other than those already mentioned):

Director General of Poste Maroc (Morocco)

Chairman of the Supervisory Board of SBVC (Morocco)

General Manager of Upline (Morocco)
Director of:
- Dyar Al Mansour (Morocco)
- Casanearshore (Morocco)
- Technopolis Rabatshore (Morocco)
- Fonds Igrane (Morocco)

CMVT INTERNATIONAL, represented by Amine Benhalima: Director

CMVT International, a subsidiary of the Caisse de Dépôt et de Gestion du Maroc group and formerly known as Fipar International, is a Moroccan company specializing in foreign investment.

Appointed on February 25, 2010
Business address:
7 rue du Mexique – Tangiers (Morocco)
Most recently reappointed on March 7, 2013
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2015
First appointment with the Company: February 25, 2010
Number of Company shares held: 2,250,231
Independent director: no

Current positions and duties:

None

Positions held during the last five years (other than those already shown):

None

Ms. Lama Al Sulaiman: Director

With a Master's Degree in Nutrition Biochemistry (King's College, London) and a PhD in Nutrition (King's College, London), Ms. Al Sulaiman began her career at the King Fahad Research Center at the King AbdulAziz University Hospital in Jeddah, and has held various management positions within the Rolaco Group.

Born on October 16, 1966
Saudi nationality
Appointed on March 7, 2013
Expiration: Shareholders' Meeting to approve the financial statements for the year ending October 31, 2014
First appointment with the Company: March 7, 2013
Number of shares held in the Company: 0
Independent director: yes
Member of the Strategy Committee
Business address:
PO Box 222
Jeddah 21411
Saudi Arabia

Current positions and duties:

Primary position held outside the Company:
Director of Rolaco Holding SA (Luxembourg); Director of Rolaco Trading (Saudi Arabia) and its subsidiaries and a member of the Business Development Committee (Jeddah - Saudi Arabia)

Other positions and duties outside the Group:
Vice-Chairman of:
- Chamber of Commerce and Industry in Jeddah (Saudi Arabia)

Director of:
- Franco-Saudi Committee of Riyadh (Saudi Arabia)
- National Foundation for Home Health Care (Saudi Arabia)

Positions held during the last five years (other than those already shown):

None

Alain Dinin : Director

A graduate of the Ecole Supérieure de Commerce de Lille, Mr. Dinin joined the Arnault Group in 1979 as Managing Director of Férinel, and subsequently of George V. In 1996 he was appointed Managing Director of CGIS (now Nexity). In 1997 he was named Chairman and Chief Executive Officer of George V. He then served as CEO of Maeva from 1998 to 2000. In 2000 he was appointed Vice-Chairman and Managing Director of Nexity, and was named its Chairman and Chief Executive Officer in 2004.

Born on February 22, 1951
French
Business address:
1, Terrasse Bellini - TSA 48200 La Défense 11 - 92919 Paris La Défense Cedex (France)
Appointed on February 25, 2010
Most recently reappointed on March 7, 2013
Term end:
Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2015
First appointment with the Company:
February 25, 2010
Number of Company shares held: 5,000
Independent director: yes
Member of the Strategic Committee

Current positions and duties:

Primary position held outside the Company:
Chairman and CEO of Nexity (France) – Listed company

Other positions and duties outside the Group:
Chairman of the Investment Committee of Nexity (France) – Listed company

Member of the Strategic Orientation Committee of Skema Business School

Director and Member of the Executive Board of Fédération Promoteurs Immobiliers (FPI) (France)

Director of Observatoire Régional du Foncier in the Ile de France region (ORF) (France)

Chairman and Director of:
- Nexity Immobilier d'entreprise SA (France)
- SA Crédit Financier Lillois (CFL) (France)
- Nexity Biandrate (Italy)
- Sesto Edison 1 (Italy)
- Sesto Edison 2 (Italy)

Vice-Chairman and Member of the Supervisory Board of SA SAGGEL HOLDING (France)

Director of:
- SAS Nexity Logement (France)
- Nexibel 6 (Belgium)

Managing Director of:
- Nexity Italia (Italy)
- Nexity España (Spain)

- Representative of Nexity, Chairman of Nexity Franchises (France)
- Representative of Nexity, Vice-Chairman, CEO and Director of SAS Eco-Campus in Chatillon
- Legal representative of SAS Eco-Campus in Chatillon, Chairman of SAS Mercedes
- Representative of NEXITY, Director of NEXIBEL 1, NEXIBEL 2, NEXIBEL 3, NEXIBEL 5 and NEXITY IG (Belgium)
- Permanent representative of SAS NEXIM 1, Director of:
- UFIAM SA (France)
- Ressources et Valorisation SA (France)
- Permanent representative of George V Gestion SAS, Director of SA Chantiers Naval de l'Estérel (France)
- Permanent representative of SAS NEXITY LOGEMENT,

Director of:
- SA FEREAL (France)
- SAS GEORGE V REGION NORD (France)

Co-manager of SARL Clichy Europe 4 (France)

Positions held during the last five years (other than those already shown):

Vice-Chairman and director of:
- Crédit Foncier de France (France)
- Lamy SA (France)

Chairman of Nexity Lamy SAS (France)

Chairman of the Supervisory Board of Lamy SA (France)

Director of:
- Nexibel 6 (Belgium)
- Nexity Belgium (Belgium)
Some positions representing Nexity or Nexity Logement within the management bodies of companies in the Nexity group
- Nexibel Investissement (Belgium)

Representative of SIG 31 Participations, Director of:
- NEXIBEL 1 (Belgium)
- NEXIBEL 2 (Belgium)
- NEXIBEL 3 (Belgium)
- NEXIBEL 5 (Belgium)

Permanent representative of SIG 30 Participations, member of the Supervisory Board of SAS GEPRIM (France)

Manager of SARL Critère (France)

Guanchang Guo: Director

Mr. Guo graduated with a degree in philosophy (1989) before earning a Master's in Business Administration (1999) at Fudan University. Mr. Guo is co-founder of the Fosun Group and has chaired it since 1994. In 2002, Mr. Guo was appointed Vice-Chairman of the Shanghai Federation of Industry and Commerce, becoming Vice-Chairman in 2007. In 2004, Mr. Guo was named Chairman of the Zhejiang Chamber of Commerce in Shanghai, becoming Honorary President in 2011.

Born on February 16, 1967
Chinese
Business address: No.2 East Fu Xing Rd. – Shanghai P.R. (China)
Appointed on March 3, 2011
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2013
First appointment with the Company: March 3, 2011
Number of Company shares held: 1,851
Independent director: no

Current positions and duties:

Primary position held outside the Company:
Chairman of the Fosun Group (China)

Other positions and duties outside the Group:
Non-Executive Director of:
- Fosun Pharma (China) – Listed company
Vice-Chairman of:
- Nanjing Nangang (China) – Listed company

Director of:
- Forte (China)

Honorary President of the Zhejiang Chamber of Commerce in Shanghai (China)

Vice-Chairman of the Shanghai Federation of Industry and Commerce (China)

Positions held during the last five years (other than those already shown):

Director of:
- Sinopharm (China)
- Shanghai Yuyuan Tourist Mart Co. Ltd (China)

Non-Executive Director and Vice-Chairman of Zhaojin Mining Industry Co. Ltd (China) – Listed company

Christina Jeanbart: Director

A graduate of the Institut Supérieur de Gestion (ISG) in Business Administration, Finance and Economics in 2000, Christina Jeanbart began her career at Morgan Stanley as an Index Analyst. In 2002, she joined Rolaco Group Services SA, a subsidiary of Rolaco Holding SA (Luxembourg) and is in charge of the supervision and development of the group's European investments in a variety of sectors such as tourism, hospitality, finance and maritime activities.

Born on December 12, 1979
Swiss
Business address: Rolaco Group Services – Chemin du Petit Saconnex 30-32 – 1209 Geneva (Switzerland)
Appointed on March 3, 2011
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2013
First appointment with the Company: March 3, 2011
Number of Company shares held: 945
Independent director: yes
Member of the Audit Committee

Current positions and duties:

Primary position held outside the Company:
Vice-President of Rolaco Group Services SA (Switzerland)

Other positions and duties outside the Group:
Director of:
- Hôtel Intercontinental Genève SA (Switzerland)
- Park Plaza Hotel AG (Switzerland)
- Rolaco Holding SA (Luxembourg)

Positions held during the last five years (other than those already shown):

None

Dominique Gaillard: Director

Dominique Gaillard has been awarded degrees from the Ecole Polytechnique and the Ecole Nationale des Ponts et Chaussées, the IAE de Paris, and the University of Berkeley in California (Master of Sciences in Ocean and Coastal Engineering). He began his career at a subsidiary of Pechiney specializing in high-performance materials, first as Head of R&D then Sales & Marketing Director (1988 to 1990). He worked at Charterhouse (private equity firm now known as Chequers Capital) from 1990 to 1997, during which time he orchestrated many growth capital operations and LBOs. Mr. Gaillard joined AXA Private Equity in 1997 as Head of LBOs to manage a fund of €95 million. He is currently Chief Executive Officer and Member of the Executive Board in charge of direct funds (€5 billion managed in growth capital, LBO Small & Mid Cap, Co-Investment, Infrastructure, AXA Capital).

Born on February 17, 1960
French
Business address:
20, Place Vendôme – 75001 Paris (France)
Appointed on March 12, 2012
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2014
Number of Company shares held: 0
Independent director: no
Member of the Strategic Committee

Current positions and duties:

Primary position held outside the Company:
Chief Executive Officer and Member of the Executive Board, in charge of direct funds at AXA Private Equity (now Ardian), (France)

Other positions and duties outside the Group:
Chairman of:
- AXA Alexandrie SAS (France)
- Novafives SAS (France)
Chief Executive Officer of:
- AXA Investment Managers Private Equity Europe SA (France)
- AXA Private Equity Eastern Europe GmbH (Austria)
- APEP GmbH (Germany)

Member of the Supervisory Board of:
- Alvest (formerly TLD International Holding) (France)
- Mersen (France) – Listed company
- AXA Private Equity Germany (Germany)
- AXA Private Equity US (United States)

Director of:
- AXA Private Equity UK (United Kingdom)
- AXA Private Equity Italy (Italy)
- AXA Private Equity Switzerland Holding AG (Switzerland)
- RPAX One S.A. (Luxembourg)
- Clayax Acquisition 4 SAS (France)
- Spie (France)
- AXA Co-Investment II Ltd (Jersey)
- AXA CEE Management Ltd (Jersey)

Chairman of:
- PENFRET SA (Belgium)
- ACF I Investment Sàrl (Luxembourg)
Member of the Executive Board of:
- AXA Investment Managers Private Equity Europe SA (France)
- AXA Investment Managers Private Equity SA (France)

Positions held during the last five years (other than those already mentioned):

Chairman of:
- Pikanter 11 SAS (France)
- Arkadin International SASU (France)

Chairman of the Supervisory Board of:
- Moteurs Baudouin SA (France)
- Groupe Keolis (formerly Kuvera) (France)
- Kebexa Participations (France)
- Vieux Port Equity (France)

Vice-Chairman of the Supervisory Board of:
- AXA Private Equity Eastern Europe GmbH (Austria)

Member of the Supervisory Board of:
- Groupe Keolis (formerly Kuvera) (France)
- Floor'in SAS (France)

Director of:
- AXA IM LBO Management Ltd (Jersey)
- AXA LBO Management III Ltd (Jersey)
- AXA LBO Management IV Ltd (Jersey)
- ACF II Investment Sàrl (Luxembourg)
- AXA Co-Investment III Ltd (Jersey)

Co-manager of:
- Vendôme GSG SARL (France)

Jiannong Qian: Director

Mr. Qian graduated from Shandong University in China and earned a Master's degree in Economics in Germany. Having studied and worked for 10 years in Germany, he returned to China as a senior manager of Metro, and then Vice-Chairman of OBI (China). He was then appointed Vice-President of Wumart, a company listed on the Hong Kong Stock Exchange. In 2006, he became CEO and Director of NEPSTAR (China), which became the largest pharmacy chain in China and successfully floated on the New York Stock Exchange under his stewardship. At the end of 2009, Mr. Qian was appointed Chairman of the Fosun *Tourism and Commercial Group* and Assistant President of the Fosun Group. He is in charge of the Fosun Group's investments in the consumer sector and oversees its post-investment management activities.

Born on February 8, 1962
Chinese
Business address:
No.2 East Fu Xing Rd. – Shanghai P.R. (China)
Appointed on June 29, 2010
Most recently reappointed on: March 3, 2011
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2014
First appointment with the Company: June 29, 2010
Number of Company shares held: 1,536
Independent director: no
Member of the Strategic Committee

Current positions and duties:

Primary position held outside the Company:
President, Commercial Investment Group and Senior Managing Director of the Fosun Group

Other positions and duties outside the Group:
Director of:
- Yuyuan Tourist Mart (China) - Listed company
- FF Group (Greece) - Listed company

Positions held during the last five years (other than those already shown):

Director of:
- Sinopharm (China)
- Shanghai Yuyuan Tourist Mart Co. Ltd (China)

Non-Executive Director and Vice-Chairman of:
- Zhaojin Mining Industry Co. Ltd (China) - Listed company

Pascal Lebard: Director

After graduating from EDHEC, Pascal Lebard became a Chargé d'Affaires at Crédit Commercial de France from 1986 to 1989. He held the position of Associate Director at 3i SA from 1989 until 1991, before becoming a Director at Ifint (later known as Exor Group) at the Agnelli Group. In 2003 he joined Worms & Cie (which was renamed Sequana in 2005) as a member of the Supervisory Board (2003-2004), subsequently becoming a member of the Executive Board (2004-2005) and then Chief Operating Officer (2005-2007).

Born on May 15, 1962
French
Business address:
8, rue de Seine - 92517 Boulogne Cedex (France)
Appointed on March 16, 2005
Most recently reappointed on: March 3, 2011
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2013
First appointment with the Company: April 23, 1997
Number of Company shares held: 2,000
Independent director: no
Member of the Nominations and Compensation Committee

Current positions and duties:

Primary position held outside the Company:
Chairman and CEO of Sequana (formerly Worms & Cie) (France) – Listed company

Other positions and duties outside the Group:
Executive Chairman of:
- Arjowiggins SAS (France)
- Antalis SAS (France)
Chairman of:
- Boccafin (formerly Permal Group SAS) (France)
- DLMD (France)

Director of:
- LISI (France) – Listed company
- Safic Alcan (France)
- CEPI (Confederation of European Paper Industries) (Belgium)
- Eurazeo PME (France)

Positions held during the last five years (other than those already shown):
Chairman of the Supervisory Board of:
- MICEL (France)
Chairman of:
- Fromageries de l'Etoile (France)

Chief Executive Officer of:
- Exor SA (France)
Chairman and Chief Executive Officer of:
- Domaines Codem (France)

Director of:
- SGS (Switzerland)
- Domaines Codem (France)
- Greysac (formerly Domaines Codem) (France)
- Européenne de Financement (France)
- Soficol (France)
- Exint (France)

Liquidator of:
- Financière Worms SA (Switzerland)

Georges Pauget: Director and Vice-Chairman of the Board of Directors

Georges Pauget holds a doctorate in economics. He has served his entire career with the Crédit Agricole Group, holding positions of responsibility at Crédit Agricole SA and its subsidiaries, prior to becoming CEO of several regional offices of Crédit Agricole. In 2003, Mr. Pauget was appointed CEO of Crédit Lyonnais. He then served from 2005 to 2010 as Chief Executive Officer of Crédit Agricole SA, Chairman of LCL (Crédit Lyonnais) and Chairman of Crédit Agricole CIB.

Born on June 7, 1947
French
Business address: 122 rue du Faubourg Saint Honoré - 75008 Paris (France)
Appointed on December 8, 2010
Most recently reappointed on: March 7, 2013
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2015
First appointment with the Company: June 29, 2010
Number of Company shares held: 800
Independent director: yes
Chairman of the Audit Committee
Member of the Strategic Committee

Current positions and duties:

Primary position held outside the Company:
Chairman of SAS Economie, Finance et Stratégie (France)

Other positions and duties outside the Group:
Director of:
- Valeo (France) – Listed company
- Danone Communities

Member of the Supervisory Board of:
- Eurazeo (France) – Listed company
Honorary President of:
- LCL-Le Crédit Lyonnais (France)

Chairman of:
- Institut pour l'Education Financière du Public (IEFP) (France)
- Pôle de Compétitivité Finance Innovation (France)
- Insead OEE data service (France)

Scientific Director of the Asset Management Chair at Université Paris Dauphine (France)

Positions held during the last five years (other than those already shown):
Chairman of the Board of Directors of:
- Viel & Cie (France) – Listed company

Chief Executive Officer of:
- Crédit Agricole SA (France)
- Crédit Lyonnais (France)

Chairman of:
- Crédit Agricole Corporate and Investment Bank
- Projet Monnet, European bank card project
- French Banking Federation

Isabelle Seillier: Director

Isabelle Seillier is a graduate of Sciences-Po Paris (Economics and Finance, 1985) with a Master's degree in Business Law. She began her career in the options division of Société Générale in Paris in 1987, where she held the position of sales team manager for options products in Europe until 1993. Ms. Seillier joined JPMorgan in Paris in 1993 as head of the French derivatives sales team for industrial groups. In 1997, as part of the investment banking arm of JPMorgan & Cie SA, she became a banking advisor covering large industrial customers. In March 2005 she was appointed joint head of investment banking, a post she took on alone from June 2006. In 2008, Isabelle Seillier was appointed Chairman of JPMorgan in France while remaining in charge of investment banking in France and North Africa. She is currently JPMorgan's head of investment banking for financial institutions in Europe, the Middle East and Africa.

Born on January 4, 1960
French
Business address:
25 Bank Street Canary Wharf - London E14 5JP - UK
Appointed on March 3, 2011
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2014
First appointment with the Company: March 3, 2011
Number of Company shares held: 1,000
Independent director: yes
Member of the Strategic Committee

Current positions and duties:

Primary position held outside the Company:
Head of JPMorgan Financial Institutions, EMEA

Other positions and duties outside the Group:
Chairman of:
- JPMorgan Chase Bank - Listed company
Member of the Board of Directors of:
- Paris Europlace (France)
- Danone (France) – Listed company
- AFB (France)

Positions held during the last five years (other than those already shown):

None

Anne-Claire Taittinger: Director

Anne-Claire Taittinger is a graduate of Institut d'Études Politiques (IEP) in Paris. She also holds Master's and post-graduate degrees in urban planning as well as an executive MBA from HEC (formerly CPA Paris). After working for four years as an urban planner and head of urban development operations with several cities in France at specialized subsidiaries of the Caisse des Dépôts et Consignations, Ms. Taittinger entered the world of business in 1979 through several positions of increasing responsibility in management, development and, ultimately, the executive management of Groupe Taittinger as well as Groupe du Louvre. Until January 2006, she was Chairman of the Executive Board of Groupe Taittinger and Chief Executive Officer of Groupe du Louvre, two companies listed on the Paris stock market (no. 2 in Europe in hospitality and luxury goods including champagne, 12,000 employees). In parallel, from 1993 to 2005 she led the turnaround of Baccarat (listed company, 1,200 employees worldwide) as Chief Executive Officer, and later Chairman of the Board of Directors. In September 2006, after directing the sale of Groupe Taittinger to an investment fund in 2005, she led the turnaround of Champagne Taittinger through her own investment company (SAS Le Riffray) and a pool of private investors. Alongside this effort, she was involved to varying degrees through Le Riffray in several investments, including Hôtel du Mont Blanc in Chamonix, Certicorps (compliance audit, e-vigilance), and Wefcos (Women's Forum – Deauville) as Senior Advisor until its sale to Publicis.

Born on November 3, 1949
French
Business address:
14, Place Vendôme – 75001 Paris (France)
Appointed on March 14, 2006
Most recently reappointed on: March 3, 2011
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2014
First appointment with the Company: June 12, 2003
Number of Company shares held: 1,260
Independent director: yes
Chairman of the Nominations and Compensation Committee

Current positions and duties:

Primary position held outside the Company:
Chairman of SAS Le Riffray (France)

Other positions and duties outside the Group:
Director of:
- Carrefour (France) – Listed company
- Thales (France) – Listed company
- Institut Français des Administrateurs (France)

Member of the Supervisory Board of:
- Financités (France)
- Planet Finance (France)

Positions held during the last five years (other than those already shown):

None

Thierry de La Tour d'Artaise: Director

A graduate of the Ecole Supérieure de Commerce de Paris and a certified public accountant, Thierry de La Tour d'Artaise served as head of internal audit with the Chargeurs group from 1983 to 1984, before joining Croisères Paquet where he held the post of Chief Financial Officer from 1984 to 1986 and subsequently Chief Executive Officer from 1986 to 1993. He joined Groupe SEB in 1994 as Chief Executive Officer of CALOR SA, of which he became Chairman and Chief Executive Officer in 1996. In 1998, he was named head of the group's Home Appliances division. A year later, he was appointed Vice-Chairman and Chief Executive Officer of Groupe SEB, and he became Chairman and Chief Executive Officer in 2000.

Born on October 27, 1954
French
Business address: GROUPE SEB - Chemin du Petit Bois - Les 4 M - B.P. 172 - 69134 Ecully Cedex (France)
Appointed on March 16, 2005
Most recently reappointed on: March 3, 2011
Term end: Shareholders' Meeting called to approve the financial statements for the year ended October 31, 2014
First appointment with the Company: March 16, 2005
Number of Company shares held: 984
Independent director: yes
Member of the Nominations and Compensation Committee

Current positions and duties:

Primary position held outside the Company:
Chairman and Chief Executive Officer of SEB SA - Listed company

Other positions and duties outside the Group:
Chairman of:
- SEB Internationale (France)
Permanent representative of:
- Sofinaction, director of Lyonnaise de Banque (France)
Director of:
- Legrand (France) – Listed company
- Zhejiang SUPOR (China) – Listed company

Positions held during the last five years (other than those already shown):

Director of Plastic Omnium (France) - Listed company

	**Gérard Pluvinet: Non-voting director** After graduating from Institut d'Etudes Politiques de Paris and obtaining advanced degrees in economics and law, in 1970 Gérard Pluvinet joined Société Centrale pour l'Industrie where he was CEO and then Chairman. Alongside his duties at Société Centrale pour l'Industrie, Mr. Pluvinet performed operational duties in a number of affiliates, specifically CFO at Electronique Appliquée à la Mécanique (1972-1973), Chairman and CEO of Centre d'Etudes et de Recherche des Minéraux Industriels (1979-86), and Vice-Chairman and CEO of Méribel Alpina. In 1998, Mr. Pluvinet founded 21 Centrale Partners.

Born on July 16, 1947 French Business address: 9, avenue Hoche – 75008 Paris (France) Appointed on July 23, 2009 Number of Company shares held: 3,638 Member of the Nominations and Compensation Committee	**Current positions and duties:** Primary positions held outside the Company: Chairman of the Executive Board of 21 Centrale Partners (France) Chairman and Managing Director of R.SV.P. S.r.l. (Italy) Director of: - Schemaquattordici S.p.A. (formerly 21 Investimenti S.p.A.) (Italy) - 21 Partners S.p.A. (formerly 21 Investimenti Partners S.p.A.) (Italy) Other positions and duties outside the Group: Chairman of: - Financière du Val d'Osne SAS (France) Chairman of the Supervisory Board of: - International Fitness Holding SAS (France) Chairman of the Supervisory Board of: - Financière Louis SAS (France) - Digital Virgo SAS (formerly Jet Multimédia Group) (France) - Financière Eclat SAS (France) - Financière H2O SAS (France) Vice-Chairman of the Supervisory Board of: - Allvalv SAS (France) Director of: - Ethical Coffee Company SA (Switzerland) Permanent representative of 21 Centrale Partners on the Supervisory Board of: - Coyote System SAS (France) (21 Centrale Partners chairs the Supervisory Board of Coyote System)	**Positions held during the last five years (other than those already shown):** Chairman of the Supervisory Board of: - Société Financière de Transmission Florale Expansion SAS (France) - B.A.I. SAS (France) - Newgate SAS (France) - Financière Vivaldi SAS (France) - Financière Ravel SAS (France) Member of the Supervisory Board of: - Financière Verlys SAS (France) Chairman of the Supervisory Board of: - Ileos SA (France) - Global Financial Services (G.F.S.) SA (France) - Financière CMG SAS (France) Member of the Board of Directors of: - Nord Est SAS (France) Permanent representative of 21 Investimenti Belgium on the Board of Directors of: - Oeneo SA (France) – Listed company Permanent representative of 21 Centrale Partners on the Supervisory Board of: - Financière Storage SAS (France)

	**Michel Wolfovski**: Executive Vice-President and Chief Financial Officer, non-director

Born on April 3, 1957 French Business address: Club Méditerranée, 11 rue de Cambrai - 75019 Paris (France)	**Current positions and duties:** Primary function held within the Group: Vice-Chairman and Director of SPFT Carthago (Tunisia) Other positions and duties outside the Group: Member of the Supervisory Board of: International Fitness Holding (France) Director of: - La Fabrique du sur Mesure (France)	**Positions held during the last five years (other than those already shown):** Director of: - Club Med Gym (France) - Jet tours (France) - Euronext (France) - Financière CMG (France) - Figaro Classifieds (France) Permanent representative of: Club Méditerranée SA in Club Med World Holding (France)

2.1.4 Statement on corporate officers

To the best of the Company's knowledge, there are no family links between the corporate officers.

As far as the Company is aware, in the past five years none of its corporate officers has been convicted of any fraudulent offenses or associated with any bankruptcies, receiverships or liquidations.

In addition, no official public incriminations and/or sanctions have been pronounced against any of the Company's officers by any statutory or regulatory authorities and they have never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

To the best of the Company's knowledge, there are no potential conflicts between the personal interests of the corporate officers and those of the Company.

Finally, to the best of the Company's knowledge, there are no service agreements between the Company and its corporate officers other than those mentioned in the Statutory Auditors' special report on related-party agreements.

2.2 • SENIOR MANAGEMENT COMPENSATION

At its meeting of December 10, 2008, the Board of Directors reviewed the AFEP-MEDEF recommendations on the compensation of executive officers of listed companies and found that they were consistent with the Company's corporate governance policy.

It considers that these recommendations are in the process of corporate governance of the Company

In accordance with the recommendation of the AFEP-MEDEF Code to which the company refers and applying Article L-225-37 of the French Commercial Code, salary due or attributed for the year ended for each Company executive officer will be submitted for shareholder approval during the next Annual Shareholders' Meeting ("say on pay").

Compensation subject to shareholder approval is listed in this report and includes:

- A fixed portion;
- An annual variable portion and, where applicable, a multiannual variable portion along with the objectives that condition this variable portion;
- Bonus compensation;
- Stock options, performance shares and all other long-term compensation;
- Severance compensation and welcome compensation;
- The supplemental pension plan;
- Benefits of any kind.

The compensation paid to executive officers is made up of a fixed and variable portion. The rules used to calculate the variable portion are set by the Board of Directors each year on the basis of recommendations issued by the Nominations and Compensation Committee.

2.2.1 Compensation Summary

Gross compensation in euros

Henri Giscard d'Estaing Chairman and Chief Executive Officer	Fiscal 2012 compensation		Fiscal 2013 compensation	
	Due	Paid	Due	Paid
Fixed compensation	674 035	674 035	679 860	679 860
Variable compensation	496 300	599 295	462 305	496 300
Directors' fees	18 903	19 333	20 498	21 148
Benefits in kind	37 608	37 608	16 180	16 180
Total	**1 226 846**	**1 330 271**	**1 178 843**	**1 213 488**
Target variable compensation	*679 860*		*679 860*	

Gross compensation in euros

Michel Wolfovski Executive Vice-President	Fiscal 2012 compensation		Fiscal 2013 compensation	
	Due	Paid	Due	Paid
Fixed compensation	392 849	392 849	399 004	399 004
Variable compensation	208 081	258 733	187 412	208 081
Benefits in kind	43 322	43 322	21 702	21 702
Total	**644 252**	**694 904**	**608 118**	**628 787**
Target variable compensation	*279 303*		*279 303*	

2.2.1.1 Variable compensation

On its meeting of December 5, 2013, the Board of Directors, as recommended by the Nominations and Compensation Committee, set the following terms and conditions for the variable compensation of the Company's corporate officers:

General conditions

More than 1,200 Group employees have a variable component in their overall compensation.

For approximately 450 of these employees, this variable compensation is based in part on their individual performance and in part on the Group's performance. For the most part, these employees are Executives, Village Managers and managers with a high level of responsibility.

The share of variable compensation related to individual performance and that related to Group performance is determined by the level of responsibility and in consideration of the direct impact of each individual on this performance. This share is set at 30% or 50% for managers, 60% for members of the Senior Management Committee and 70% for corporate officers.

This variable portion, linked to the Group's performance, is calculated based on the results achieved in the current fiscal year against those of the previous year, and on the budget for the current year as approved by the Board of Directors.

In addition, over 900 GOs have a variable component in their overall compensation, though it is based entirely on their individual performance. They are for the most part sales staff, buyers, and Village service managers.

2013 Group performance

The Group's performance depends on three criteria:

- Business Volume (BV), which counts for 25%;
- Net Income, which counts for 25%;
- Village EBITDA, which counts for 50%.

The Board of Directors reviewed the rate of achievement of the various predefined criteria based on figures presented by the Nominations and Compensation Committee at the meeting held on November 28, 2013.

For 2013, the Board decided that the baseline Group performance (as a percentage of achievement of targets) to be used in calculating variable compensation would be 50%.

This performance level therefore applies to all Club Méditerranée employees eligible for variable compensation, as described above.

As a reminder, Group performance was 55% in 2012 and 90% in 2011.

2013 variable compensation of corporate officers

The individual objectives of corporate officers are based on specific and measurable elements determined by the Board of Directors at its meeting of December 6, 2012. These objectives, which are confidential, are based on the Company's strategy, and are qualitative or quantitative in nature (e.g., free cash flow).

The Board of Directors reviewed the rate of achievement of Henri Giscard d'Estaing's 2013 individual objectives as Chairman and Chief Executive Officer. On this basis, the Board decided to attribute an individual performance ratio of 110% to Mr. Giscard d'Estaing and, given a Group performance of 50%, to set his variable compensation for fiscal 2013 at €462,305.

In light of his achievement of personal objectives, the Board of Directors decided to attribute an individual performance ratio of 107% to Executive Vice-President and Chief Financial Officer Michel Wolfovski, and, in light of the Group performance of 50%, to set his variable compensation for fiscal year 2013 at €187,412.

2.2.1.2 Fixed compensation

The fixed compensation of corporate officers was not reviewed during this fiscal year.

2.2.1.3 Benefits in kind

Benefits in kind include a company car and fringe benefits associated with stays at Club Méditerranée Villages. No loans or guarantees have been granted by the Company to its executive officers.

2.2.1.4 Retirement benefits

The Company's executive officers, like other executives of Club Méditerranée S.A., are covered by supplementary defined-contribution pension plans. The contributions paid under these plans represent 5% of their compensation for the share capped at eight times the annual Social Security ceiling, beyond which the contribution is 10%. The amount of contributions paid in respect of the 2013 financial year amounted to €104,465 for Mr. Henri Giscard d'Estaing and €48,110 for Mr. Michel Wolfovski.

2.2.1.5 Provident insurance and healthcare

The Chairman and Chief Executive Officer, Henri Giscard d'Estaing, does not benefit from general unemployment insurance because of his appointment as corporate officer, and no private insurance has been purchased for his account.

As a result, he cannot claim any unemployment benefit in the event of job loss, or benefit from the portability agreement which provides for an extension of the collective bargaining agreement on healthcare and provident insurance contributions for no more than nine months for Club Méditerranée employees who, after losing their jobs, would receive unemployment benefits.

The Nominations and Compensation Committee wished to allow the Chairman and Chief Executive Officer to benefit from the continuity of all or part of his provident insurance and healthcare coverage in the same spirit as that established for the Company's employees who are eligible for portability.

The Board of Directors thus decided on November 3, 2011 to extend Henri Giscard d'Estaing's provident insurance and healthcare coverage in the event of dismissal or mutual termination of his employment contract for a period of no more than nine months from the end of any notice period given for the Chairman and Chief Executive Officer. The total amount of the contribution for the maximum period of nine months would be €4,500 and would be borne by Club Méditerranée.

This extension of coverage would be suspended if Henri Giscard d'Estaing were to receive new coverage of the same type as a result of new employment or if he were to benefit from the portability system of Club Méditerranée.

The Board of Directors subjected this contract extension to the same performance conditions as those approved by the Board on December 10, 2008 and renewed on March 3, 2011 for the payment of Contractual Severance Compensation.

The contract extension will thus be implemented if the average percentage attained (during the last three fiscal years ended at the date of expiration of the notice period) for annual bonuses over target bonuses is at least 40%.

The employer contribution to the extension of this insurance contract will not be taken into account in calculating the two years of gross pay serving as a basis for the calculation of the Contractual Severance Compensation. However, it will be deducted from any Contractual Severance Compensation payable to Henri Giscard d'Estaing.

2.2.1.6 Long-term compensation

Given the need to allow corporate officers to participate in the performance of the Company and its share price, and given that they had not had a stock-option or bonus share plan since 2009, on December 6, 2012, the Board of Directors decided to renew the long-term compensation plan for them.

As a reminder, the Board of Directors noted on December 6, 2012 that the long-term compensation established by the Board of Directors on June 10, 2010 was not paid for the period from 2010-2012.

The conditions and criteria are as follows:

- **Three criteria linked to strategic objectives for 2014, each of which accounts for one third:**
  - Percentage of 4/5-Trident Villages greater than or equal to 70% on October 31, 2014;
  - Percentage of customers from fast developing markets greater than or equal to 30% on October 31, 2014;
  - Net income before taxes and non-recurring items greater than or equal to 7% of capital employed on October 31, 2014.
- **One criterion linked to the share price:**
  - Performance of the Club Méditerranée share compared to the SBF 120 corresponding to the average (closing price) of the two indices for the reference period, i.e., from November 1, 2010 to October 31, 2014.
- **Payment conditions:**
  - If the share price achieves less than 80% of the performance set out in the criterion above, no long-term compensation is paid;
  - If the share price achieves a performance of between 80% and 150% of the performance set out in the criterion above, a coefficient multiplier is applied to each strategic criterion achieved; the coefficient between these two points is linear.

The amount of long-term compensation that can be paid to the Chairman and Chief Executive Officer, Henri Giscard d'Estaing, and the Executive Vice-President, Michel Wolfovski, may vary between 0.27x and 1.5x their gross annual base salary.

2.2.1.7 Severance compensation

On December 10, 2008 and on March 3, 2011, the Board of Directors of the Company decided, in compliance with Article L. 225-42-1 of the French Commercial Code, as amended by Law 2007-1223 of August 21, 2007, on the compensation due in the event of termination of the President and Chief Executive Officer, Henri Giscard d'Estaing, and of the Executive Vice president, Michel Wolfovski, and on the performance targets to be verified by the Board of Directors in order to decide on the payment of such compensation.

Severance compensation in the event of termination [4](unless termination is due to gross or willful misconduct) will correspond to two years of gross pay (excluding the long-term compensation approved by the Board of Directors on December 6, 2012). This payment is subject to achieving certain performance criteria.

The performance criterion to which such severance compensation is subject is the average percentage of annual variable compensation actually paid ("variable compensation") compared to the target variable pay used to calculate the variable compensation paid. The average percentage is calculated for a reference period identical to that of their term of service, i.e., 3 years.

The performance criteria are assessed and applied as follows:

- No severance compensation is paid if the average percentage of the variable compensation over the target variable compensation noted for the reference period is less than 40%;
- 50% of the severance compensation is paid if the average percentage of the variable compensation over the target variable compensation noted for the reference period is at least 40%;
- 100% of the severance compensation is paid if the average percentage of the variable compensation over the target variable compensation noted for the reference period is at least 70%;
- Between these two thresholds, the percentage of severance pay progresses on a proportional basis.

In the event that severance compensation is paid to corporate officers, their stock options will be maintained after their departure from the Company.

[4] *Termination at the initiative of the Chairman and CEO and/or Executive Vice-President is not covered under this provision*

2.2.2 Other benefits and commitments

No stock options were granted to executive officers in fiscal 2013.

2.2.2.1 Stock-options and bonus shares

Corporate officers are required by law to hold a certain proportion of their stock options and shares for the length of their term of service. This proportion corresponds to the equivalent of 30% of the capital gain on disposal for options or on final vesting for bonus shares. This provision applies to stock options and bonus shares awarded since 2007.

2.2.2.2 Outstanding stock options granted in prior years

As of October 31, 2013, the Company's executive officers held the following stock options:

Henri Giscard d'Estaing	Plan I	Plan K	Plan L	Plan M
Date of Board Meeting	15.01.04	14.03.06	08.03.07	11.03.08
Start of exercise period	15.01.07	14.03.09	08.03.10	11.03.11
Expiry of exercise period	14.02.14	13.03.14	07.03.15	10.03.16
Exercise price (euros)	28,47	39,15	39,51	29,71
Number of options granted	35 970	32 700	34 336	38 150
Number of options exercised				
Number of options outstanding	**35 970**	**32 700**	**34 336**	**38 150**

Michel Wolfovski	Plan I	Plan K	Plan L	Plan M
Date of Board Meeting	15.01.04	14.03.06	08.03.07	11.03.08
Start of exercise period	15.01.07	14.03.09	08.03.10	11.03.11
Expiry of exercise period	14.02.14	13.03.14	07.03.15	10.03.16
Exercise price (euros)	28,47	39,15	39,51	29,71
Number of options granted	10 900	21 800	17 440	16 350
Number of options exercised				
Number of options outstanding	**10 900**	**21 800**	**17 440**	**16 350**

2.2.2.3 Other

Under the provisions of the AFEP-MEDEF report on corporate governance with which Club Méditerranée Group complies, it is recommended that when an executive becomes a corporate officer, his or her employment contract with the company or another Group company should be terminated, either by mutual termination or resignation.

This recommendation applies in particular to the positions of Chairman, Chief Executive Officer and Executive Vice-President, whose appointments were renewed before October 6, 2008, the date on which the recommendation was made public.

On March 3, 2011, the Board of Directors, in renewing his appointment, approved continuing the Chairman and CEO's employment contract given that, even if this does not follow the recommendations of the AFEP-MEDEF report, the decision complies with the AMF's report of July 12, 2010 and confirmed by that of December 13, 2011 which provides that: "a company complies with the code when the continuation of an executive's employment contract is justified in view of his seniority as an employee of the company and his personal situation."

Corporate Officers (Chairman and CEO / Executive Vice-President)	Employment Contract		Defined-contribution supplemental pension plan		Compensation or benefits due or which may be due in case of termination or change of duties		Compensation for a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Henri Giscard d'Estaing Chairman and CEO Start of term: 03.03.2011 End of term: mars-14	X (Employment contract suspended)		X (p. 33 of this Registration Document)		X (pp.34 of this Registration Document)			X
Michel Wolfovski Executive Vice-President Start of term: 03.03.2011 End of term: mars-14	X		X (p. 33 of this Registration Document)		X (pp. 34of this Registration Document)			X

2.2.2.4 Summary of compensation, options and shares allocated to each corporate officer

Gross compensation in euros

Henri Giscard d'Estaing (Chairman and Chief Executive Officer)	Fiscal 2012 compensation	Fiscal 2013 compensation
Compensation due	1 226 846	1 178 843
Valuation of options allocated (1)		
Total	**1 226 846**	**1 178 843**

Gross compensation in euros

Michel Wolfovski Executive Vice-President	Fiscal 2012 compensation	Fiscal 2013 compensation
Compensation due	644 252	608 118
Valuation of options allocated (1)		
Total	**644 252**	**608 118**

(1) For 2012 and 2013, there was no valuation since no options were awarded to the executive officers in either of those years.

2.2.3 Compensation paid to members of the Senior Management Committee

Total gross compensation paid to the members of the Senior Management Committee (including executive officers) in fiscal year 2013 amounted to €4,025,000 (€4,533,000 in fiscal year 2012). The members of the Senior Management Committee who are not executive officers are covered by defined-contribution supplementary pension plans. The contributions paid under these plans represent 5% of their compensation for the share capped at eight times the annual Social Security ceiling, beyond which the contribution is 10%.

2.2.4 Information on non-officer employees

There was no new stock option or bonus share plans during the fiscal year.

Information relating to stock options and bonus share plans outstanding at October 31, 2013 is provided in Note 14 of the notes to the consolidated financial statements.

2.2.5 Compensation of other officers - directors' fees

The Annual Shareholders' Meeting of March 7, 2013 set the aggregate amount of directors' fees payable to members of the Board of Directors (including non-voting directors) at €305,000 for fiscal year 2013. This amount was unchanged from the previous fiscal year.

The rules for the allocation of directors' fees for fiscal year 2011-2012 which are paid during fiscal 2012-2013 are:

- For directors: a fixed sum (35% of total) based on the level of responsibility;
- For directors and the non-voting director: a variable sum (65% of total) based on attendance and contribution during Board or Committee meetings.

A total of €305,000, an amount unchanged since 2000, is distributed as follows:

- €244,000 for the Board of Directors;
- €61,000 for the permanent Committees.

The rules for the allocation of directors' fees for fiscal year 2012-2013 were changed by the Board of Directors on December 5, 2013.

The total of €305,000 includes a fixed portion accounting for 35% of the total distributed according to the number of directors, calculated pro rata based on nominations and departures during the year. The variable portion will be calculated based on the annual attendance rate of the directors and the non-voting director.

The following table shows the directors' fees paid in 2012 for fiscal 2010-2011 and in 2013 for fiscal year 2011-2012:

Members of the Board	Directors' fees paid in the fiscal year	
	2012	2013
S. Al Sulaiman*	25 010	21 148
A. Alami	19 333	18 505
A. Benhalima	27 450	23 987
D. Dautresme*	12 530	
T. de La Tour d'Artaise	19 376	19 894
A. Dinin	19 333	16 613
D. Gaillard		12 078
H. Giscard d'Estaing	19 333	21 148
M. Guo	9 167	11 140
C. Jeanbart	12 556	23 987
P. Jeanbart*	10 167	
P. Lebard	26 272	24 774
G. Pauget	22 722	26 779
G. Pluvinet	19 650	17 478
J. Qian	19 333	21 148
I. Sellier	9 167	18 903
A.C. Taittinger	33 601	27 418
Total	**305 000**	**305 000**

* Directors who have resigned or completed their tenure

2.3 • RISKS AND RISK MANAGEMENT

The internal control system covers all of the company's business processes, as described in section 2.3.2 Report of the Chairman of the Board of Directors on internal control. It aims to improve the prevention, detection and control of risks that could have a material impact on the achievement of the Group's strategic objectives or on its assets.

2.3.1 Risk factors

Club Méditerranée's corporate risk management policy is designed to effectively protect the interests of its customers, its environment and its shareholders. The mapping of key operational risks was updated in 2011, with risks being prioritized according to their frequency and their economic impact on the Group. In addition, risk tables by geographical region are updated every six months by the Internal Audit department, which uses them to develop its schedule of audits.

This section presents the significant risks to which the Group considers itself exposed – strategic, operational, legal and financial – as well as the insurance coverage in place to deal with them.

2.3.1.1 Strategic and operational risks

Risks related to the Group's international exposure

❖ **Sensitivity to economic conditions and geographical location**

Club Méditerranée is a leading global provider of all-inclusive vacations and is present in over 40 countries.

Economic slowdowns in the regions where the Group operates adversely affect demand for leisure activities, particularly vacation travel. This means that Club Méditerranée is exposed to the consequences of economic crises and declines in consumer spending, which means fewer visitors to the Group's villages.

The impact of the resulting fluctuations in business volumes is mitigated by the Group's global operating presence, its international customer base and the increasing flexibility of its business model in terms of operating costs.

❖ **Weather risk**

Village operations are especially sensitive to adverse weather conditions such as too little snow in winter or too much rain in summer.

The Group is also subject to major weather risks, such as natural disasters, in its operating regions or in its customers' home regions (e.g., hurricanes and cyclones in North America and the Caribbean, tsunamis in Indonesia, etc.). Operating losses that may result are covered by the Group's insurance policies when they cause damage to property (see section 2.3.1.3 Insurance and section 2.3.2.5 Control activities - Operational procedures and processes).

More generally, the diversity of geographical locations and a flexible commercial policy help to spread the risks related to adverse weather conditions.

❖ **Risks related to acts or threats of terrorism, risk of war or other adverse political events**

The Group's presence in over 40 countries increases its exposure to geopolitical risks and the threat of terrorism.

The Group's strategy to limit its exposure to these risks is based on:

- The interchangeable nature of its customer flows, which is a natural consequence of the Group's international presence and of the location of its operations in different geographical regions;
- More flexible village operating models, such as management contracts, in areas particularly exposed to these risks;
- Crisis management systems that are continuously adjusted based on lessons learned (see section 2.3.2.2 Internal control framework – Standards);
- Site security including enhanced monitoring of those entering and leaving each village.

These measures aim to protect assets and people, while ensuring the sustainability of operations (see also the section on Risks, Hygiene and Health, Safety and Security section 2.3.2.5 Control activities - Operational procedures and processes).

Risks related to the Group's activities

❖ **Risks related to competition**

The Group operates in highly competitive markets, where the differentiating factors are brand recognition, company image, and the price and quality of services offered. Although the Group aims to raise its brand recognition continuously through advertising and promotional activities and by improving the excellence of its services, it faces increasing competition in its various operating regions.

As such, the Group's priority is to become the global specialist for upscale, friendly and multicultural all-inclusive vacations, thereby increasing Club Med's differentiation and positioning in a market niche that is harder to penetrate. However, this specialist position could be challenged by an international brand-named competitor that would also offer upscale, all-inclusive vacations.

❖ **Reputation risk**

The Group's reputation rests on the quality and exclusivity of its services, as well as targeted communication policies. Inappropriate behavior on the part of employees or suppliers, or the circulation in the media of damaging information could harm the Group's reputation, cause an adverse impact on sales and, beyond the direct damage, impact relations with the Group's partners.

This is why a computer and internet code of ethics (see section 2.3.2.2 Internal control framework-Internal standards) is in place to remind GO® and GE of the rules governing information and communication tools and to ensure that they are used as intended and in line with the values of Club Méditerranée.

To guard against the risk of adverse publicity about the Group, it continually monitors the media in order to activate a crisis management plan as needed.

❖ Risks related to seasonality

The Group generates a significant share of its revenues during the school vacation periods and it follows that the negative impact of any event occurring over these periods is amplified.

Nevertheless, the Group's strategy of increasing foreign sales and expanding its customer base reduces the effects of seasonality on its operations.

❖ Risks related to service quality

Club Méditerranée is deeply concerned with customer satisfaction and providing high-quality products and services. The Quality department and its contacts in the Business Units have established quality standards to ensure consistency and uniformity of service delivery, as well as tools for measuring customer satisfaction. This process is detailed in the Report of the Chairman of the Board of Directors on internal control (see section 2.3.2.2 Internal control framework – Standards, and section 2.3.2.5 Control activities - Operational procedures and processes).

❖ Risks related to the cost of air travel

The Group is not an air carrier, and consequently it is not directly exposed to fluctuations in oil prices.

The risk associated with fuel charged by airlines is limited. The general terms and conditions of sale of vacation packages includes customer rebilling measures when allowed under the regulations of the country concerned.

<u>Other operational risks</u>

❖ Suppliers and supply risks

The Group's purchasing policy, implemented in the Country offices, centers on the notion of responsible procurement, including compliance by suppliers with local regulations (customs, combating clandestine work, respect for labor laws, etc.) and environmental protection. These principles of responsibility are laid down in the Code of Ethical Purchasing (see section 2.3.2.2 Internal control framework Internal standards) and are subject to a specific contractual clause included in all new supplier contract templates.

In defining procurement strategies, the Purchasing department also takes into account Club Méditerranée's risk of dependence on a few strategic suppliers and conducts a regular assessment of the financial health of major suppliers.

❖ Risks related to human resources

The Group encourages commitment to its values, including those set out in the Code of Ethics (see section 2.3.2.2 Internal control framework systems-Internal standards), which is available to every newcomer on the web and the Group's intranet. This document, which includes informative and preventive measures in the areas of health, safety, well-being and good conduct, promotes exemplary behavior in line with the Group's management policies.

One of Club Méditerranée's key advantages is the talent and unity of its employees. The Group develops programs (see section 4.2.5 Corporate Social Responsibility-Training and Talent development) to identify and train qualified employees to cover the risk of loss of key skills.

In addition, there is the risk of loss of the Club Med Spirit, which differentiates the company for its customers and employees. This risk is closely associated with issues of well-being, which are addressed through Club Med Spirit and Well-Being projects.

❖ Information systems risk

The daily management of operations relies on the good running order of technical systems and IT applications. There is thus a risk of these systems failing for internal or external reasons.

Given the importance of system reliability and to minimize the risk of downtime, Club Méditerranée has implemented a technical and operational system, which is described in the Report of the Chairman of the Board of Directors on internal control (see section 2.3.2.5 Control Activities - Operational procedures and processes).

❖ Accounting and financial risks

The books are kept locally by teams trained to apply the international financial reporting standards (IFRS) adopted by the Group. The Group's Accounting and Tax department plans and organizes all of its accounting work.

The reliability of financial information and verification of risk control in this area are ensured through:

- A customized accounting and management software package used by all Country offices and Group villages;
- Group procedures;
- Monthly checks by the Group's Finance department at several levels (headquarters, business units, countries, villages and sales offices);
- The work of the Internal Audit department;
- The work of the Statutory Auditors.

This internal control system is detailed in the Report of the Chairman of the Board of Directors on internal control and risk management procedures (see section 2.3.2.5 Control activities – accounting audits and controls implemented by the various departments).

Every six months, the Audit Committee reviews the accounts and verifies the reliability of the financial information (see also section 2.3.2.2 Internal control framework – Key participants).

❖ **Fraud and safeguarding of assets**

Club Méditerranée has developed rules and codes of conduct that are broadly communicated to its employees through the Code of Ethics (see section 2.3.2.2 Internal control framework-Internal standards).

In addition to the various checks performed by the Finance department, the Internal Audit department is also an important element in combating fraud (see section 2.3.2.1 Definition and objective of internal control).

During internal audit assignments, identified risks of potential fraud (e.g., related to managing access to information systems, supervision of cash payments in the villages, etc.) are systematically audited and the relevant teams are made aware of the preventive actions to be implemented.

❖ **Risk of corruption**

Preventing corruption is a priority for the Group and all of its employees. Because of its international presence, some of the Group's employees work in countries where the risk of corruption is considered high (countries with a score of five or less on Transparency International's Corruption Perception Index). Club Méditerranée's approach to this issue is founded on the principles laid down in the Code of Ethics and the Code of Ethical Purchasing (see section 2.3.2.2 Internal control framework-Internal standards).

The Corruption Perception Index (published by the NGO Transparency International) is one of the criteria used to determine internal audit schedules (see section 2.3.2.4 Risk management system - Components of risk management).

❖ **Risks related to the geographical location of subsidiaries**

The consolidation of subsidiaries by geographical region (as business units) promotes consistency in the methods applied within the Group. Club Méditerranée SA also ensures that the subsidiaries comply with local regulations.

Finally, all managers are educated about the various types of operational risks.

Risks related to the environment, hygiene and safety

❖ **Risks related to Health, Safety and Security**

1) Health and hygiene

The outbreak of an epidemic or the fear of one occurring could have an adverse effect on the number of visitors to the Group's villages. A business continuity plan has been defined by the Group to minimize the risk of disruption to services in the event of an epidemic.

To address the risk of food poisoning, Club Méditerranée implemented in 2013 an audit policy in all the villages it operates. Under this policy, it partners with a globally recognized company that checks compliance with Hazard Analysis Critical Control Point (HACCP) standards every two months. In this way, all operating sites are audited under consistent standards (see section 2.3.2.5 Control activities - Operational procedures and processes).

2) Safety of customers and employees abroad

Over the years, Club Méditerranée has developed a high degree of expertise in preventing risks related to the health, safety and security of its customers and employees, as well as in crisis management. Village audits are conducted regularly to identify risks to the safety of people and assets and to develop appropriate solutions to manage these risks.

The duties and responsibilities of the Health, Safety and Security department specifically in charge of these risks are described in the Report of the Chairman of the Board of Directors on internal control (see section 2.3.2.5 Control activities - Operational procedures and processes).

❖ **Environmental risks**

1) Risks related to changes in environmental regulations

The main potential environmental risks relate to managing the waste and wastewater resulting from the operation of the villages, as well as to technical facilities and the storage of hazardous products. Preventive processes, certification campaigns and regular inspections by the technical teams enable better management of these risks.

Sustainability certification (European Ecolabel or Green Globe), is scheduled to be rolled out across all the Group's villages in 2016 and includes criteria covering all these risks. It requires regularly checking that an environmental regulatory monitoring system is in place in countries where the villages are located as well as compliance with the laws and regulations of each country. This certification is subject to annual audits (see section 4.4.1 Overview of the environmental policy, subsection 4.4.1.3).

Further information on the Group's sustainable development practices are presented in chapter 4 Corporate Social Responsibility.

No provisions for environmental liabilities arising from court decisions were booked in the 2013 financial statements of the Group.

2) Risks related to changes in availability or price of raw materials and energy

Concerned with the energy costs incurred in the villages and the depletion of natural resources, the Group is implementing measures to limit consumption. Such measures also result in better management of operating costs.

2.3.1.2 Legal risks

Regulatory risk

Due to the nature of its business and its presence in a large number of countries, the Group is subject to varied, changing and sometimes contradictory laws and regulations in numerous areas (safety, health and environment, tourism, transportation, taxation, and so on). The application of these laws and regulations can be a source of operating difficulties and can lead to disputes with suppliers, owners, staff and even local authorities.

Changes in laws and regulations applicable to the Group's entities in some countries could in some cases limit its ability to grow. They may also involve significant compliance costs which could negatively impact the Group's results and outlook.

Litigation risk

❖ **Litigation management**

The Group is party to a certain number of disputes and could in the future be involved in litigation, which could force it to pay damages. In addition to the reputational harm resulting from an adverse court judgment, these payments could negatively affect the Group's results and financial position.

As soon as the identified and proven risks can be sufficiently and reliably evaluated, provisions are made taking into account the type of activity and its international nature. The estimate for these risks is detailed in Note 16 to the consolidated financial statements in this annual report.

The estimation of these risks has been analyzed by the management, who considered that as of the reporting date, the various disputes did not call for provision expenses other than those already identified and mentioned in Note 16 to the consolidated financial statements in this annual report.

❖ **Pending litigation**

Provisions have therefore not been made for the following significant disputes:

- The Société Martiniquaise des Villages de Vacances (SMVV) received grants from the European Regional Development Fund (ERDF) for the renovation of the Boucaniers Village in 2003-2004. This project was audited by the European Court of Auditors, which considered that it was not eligible for an ERDF grant. In 2011, the European Commission ordered the French government to repay the ERDF grant in the amount of €12.5 million. The French government sought an annulment of that decision before the General Court of the European Union, which upheld the ruling against the French government. The government filed an appeal against this decision on March 5, 2012. On September 26, 2013, the Court of Justice of the European Union rejected the French government's appeal. The Prefecture of Martinique has sent SMVV a collection notice for reimbursement of this sum. SMVV has filed an administrative appeal against the decision in order to suspend the due and payable status of this sum. The SMVV believes it has strong arguments to initiate litigation against the State.
- Following the sale of Jet tours in 2008, the buyer objected to the sale price, which it considered too high. In January 2010, the buyer sued Club Méditerranée and its subsidiary Hôteltour, seeking compensation for the alleged harm. The Group believes that the buyer's action is unfounded. On March 30, 2012, the Nanterre Commercial Court dismissed all the buyer's claims. The buyer appealed on May 9, 2012. The Group believes that the action of the purchaser is unfounded.
- In fiscal 2011, a company that had purchased a property complex in Italy from the Group in 2005 took Club Méditerranée SA to court to obtain the revocation, cancellation or termination of the sale agreement.

Aside from the above disputes and those for which provisions have already been booked, there are no other governmental, court or arbitration proceedings, including any proceedings of which the Company is aware that are pending or threatened, that could have, or have had in the past 12 months, a significant impact on the financial position or profitability of the Company and/or Group.

2.3.1.3 Insurance

Overview of the Group's insurance policy

Club Méditerranée's risk management policy is part of a dynamic process: from the systematic and centralized identification of risks to the implementation and coordination of insurance as part of worldwide programs, the organization of prevention and protection of property and persons, and the deployment of a crisis management structure, internationally (see section 2.3.2.5 Control activities - Operational procedures and processes). Club Méditerranée has not identified any significant risks not covered by insurance policies.

The worldwide organization of financial coverage depends primarily on the transfer of these risks to the insurance markets under reasonable financial conditions, as part of the insurance available in these markets in terms of guarantees and coverage limits, without using a captive insurance or re-insurance company.

Deductible amounts charged to the Group's companies are consistent in particular with optimizing the ratio of coverage to overall risk cost.

The financial stability of our insurance partners is regularly verified. The main global partners involved in the Group's major insurance programs are: Marsh (world leader in insurance brokerage), Generali (for the Third-Party Liability Program) and ACE (for the Damage program) in partnership with the London market.

Integrated global programs

❖ **Third-party liability**

The Global Third-Party Liability Program covering the Group's liability towards customers and other third parties was renewed with Generali on November 1, 2013. To reduce exposure to risks, in the interests of customers, the Group has set up reporting systems providing detailed and summary information by Village, country and region, on the number and circumstances of claims, as well as the related cost. This information ensures that immediate action is taken to implement preventive and safety measures.

❖ **Property damage and business interruption**

The Property Damage/Business Interruption Program: "All Damages (except those expressly mentioned)" benefits are paid up to the amount of insured capital; "Business Interruption" benefits cover the discounted gross margin of the Group's companies, in accordance with the analysis of Maximum Claim Possible and for maximum insurance coverage of €100 million per claim. The program was renewed with ACE in 2013 and the main insurers on the market partnering with Club Méditerranée.

❖ **Customer assistance**

In addition to insuring own risks, Club Méditerranée offers all our customers throughout the world extensive assistance coverage purchased from Europe Assistance.

2.3.1.4 Financial risks

In the normal course of business, the Group is exposed to various financial risks, including market risk (particularly currency risk and interest rate risk), credit and counterparty risks, and liquidity risk.

The Group may use derivative financial instruments to hedge currency risks arising in the course of its business and interest rate risks on floating rate debt and reduce its exposure to such risks.

In practice, these instruments are used primarily to hedge currency risks on forward transactions and intragroup financing. Financial risks are identified, assessed, managed and hedged at Group level, by the Treasury and Financing department, in accordance with the policies approved by the Audit Committee.

Note 19 to the consolidated financial statements presents details on the financial risk management policy. For cross-referencing purposes, we shall make several references to this Note.

Market risk

Note 19 to the consolidated financial statements covers:

- Currency risk (Note 19.1)
- Interest rate risk (Note 19.2)
- Equity risk (Note 19.3**)**

Credit and counterparty risk

Note 19.4 to the consolidated financial statements covers credit and counterparty risk of sales, investments and derivative instruments.

Liquidity risk

Liquidity risk is managed by using diversified sources of financing.

As of October 31, 2013, Club Med's total liquidity stood at €164 million.

Section 3.2 of this report details the Group's cash position.

Note 19.5 to the Consolidated Financial Statements presents detailed information of the Group's liquidity positions, the financial liabilities of the Group by maturity date and the debt covenants belonging to different financing arrangements.

2.3.2 Report of the Chairman of the Board of Directors on internal control

In accordance with the recommendations of the working group on audit committees of the French financial markets regulator Autorité des Marchés Financiers (AMF), on November 22, 2013 the Audit Committee reviewed this report prior to its publication. It was then approved by the Board of Directors at its meeting of December 5, 2013.
The Company's practices related to the AFEP-MEDEF corporate governance recommendations are presented in the following sections of this report:

- Section 2.1 on the Composition of the Board of Directors, including the application of the principle of balanced representation of men and women, the practices and procedures of the Board and its committees;
- Subsection 2.1.2.3 on the Limitations of powers of the Chief Executive Officer;
- Subsection 2.1.2.4 on the Provisions for participation in shareholders' meetings;
- Section 2.2 on the Compensation and benefits paid to corporate officers;
- Subsection 3.3.4 on the Information likely to have an impact in the event of a public offer.

2.3.2.1 Definition and objectives of internal control

To define internal control, Club Méditerranée has relied on the internal control framework issued by the AMF in January 2007 and updated in July 2010.
The internal control system is defined and implemented by the Board of Directors, senior management and employees of the Group. It aims to ensure:

- Compliance with the applicable laws and regulations;
- Application of the General Management's instructions and strategic guidelines;
- The effectiveness of internal processes, particularly those contributing to the protection of assets, the effectiveness of operations and the efficient use of resources;
- The reliability of financial information;
- The overall control of its business.

The internal control system plays a key role in managing and overseeing the Company's various activities and contributes to the prevention and control of risks while fighting against fraud.

However, as with any system of internal control, it cannot provide an absolute guarantee that all risks will be eliminated or controlled. It aims to reduce the likelihood of their occurrence through the implementation of appropriate action and prevention plans.

2.3.2.2 Internal control framework

Key participants

❖ **General Management**

The General Management is responsible for monitoring the internal control system to ensure its development, implementation and effectiveness.
Members of the Management Committee communicate the internal control directives, as defined by the General Management, to the operational and corporate managers, and subsequently monitor their implementation.

❖ **Audit Committee**

In addition to monitoring the statutory audit of the parent company and consolidated financial statements by the Statutory Auditors, the Audit Committee is tasked with monitoring the effectiveness of internal control and risk management systems and the process of preparing financial information. It reports on its work to the Board of Directors. The roles and responsibilities of the Audit Committee are described in section 2.1.2.2 Roles and responsibilities of the Board and board committees.
Twice a year, the chairman of the Audit Committee reviews and approves the assignment schedule of the Internal Audit department, its objectives and the general conclusions of its assignments. The chairman of the Audit Committee then reports his or her own analysis to the Board of Directors.

❖ **Internal Audit department**

The five-person Internal Audit department is a centralized function based at the Club Méditerranée headquarters. It performs cross-functional audits of all of the Group's operations and transaction flows (see section 2.3.2.6 Monitoring of internal control – Supervision by the Board of Directors and the Audit Committee). As an independent and objective function, the Internal Audit department reports directly to the Executive Vice President - Chief Financial Officer.
It provides Club Méditerranée reasonable assurance as to the degree of control of its business within the scope of the audit and offers recommendations for improvement.

❖ **Corporate and operating departments**

Club Méditerranée's internal control system is organized on a decentralized basis, underpinned by rules relating to organization, strategies, procedures and practices aimed at controlling risks that could have a material impact on the Group's assets or on its ability to achieve its objectives.
In order to meet these goals, internal control procedures in each Business Unit extend to every level of the organization and are the responsibility of the corporate and operating departments. Everyone who participates in internal control within the organization is thus aware of his or her role and responsibilities.
Each corporate department defines the guidelines and procedures specific to its field, which it then communicates to the various Group entities (see section 2.3.2.5 Control activities). Similarly, they develop their own procedures that take into account local constraints.

❖ **Corporate Finance department**

The main role of the Corporate Finance department is to assist the line management in its financial, administrative and legal activities. As such, it defines the operational rules governing all Group entities and implements tools, procedures and best practices, in particular for cost management, accounting and consolidation, taxation, treasury and financing, financial reporting, data systems, and insurance.

Internal standards

❖ **Ethics Charter**

Following a decision by its Executive Board on 23 June 1997, the Group implemented a Code of Ethics in order to inform employees about certain types of activities and relationships that are heavily restricted, and in some cases must be avoided altogether. The code covered topics such as potential conflicts of interest, Group policy concerning gifts, benefits, invitations and

payments to employees, as well as the use of confidential information, compliance with applicable laws in the Group's host countries and adherence to Group strategy.
In fiscal 2008, a multidisciplinary working group developed this Code of Ethics into an Ethics Charter aimed at all Club Méditerranée employees. This Code of Ethics was presented to the Works Council on October 9, 2008 and was favorably received. This document includes all of Club Méditerranée's commitments and responsibilities, as well as the guidelines and values that all employees are asked to respect on a daily basis (see section 2.3.1.1 Strategic and operational risks – Other operational risks). The Ethics Charter was rolled out globally in 2009 and is now available on the Group's intranet.

❖ **Internal Audit Charter**

The Internal Audit Charter was approved on June 8, 2005 and revised in June 2010. It was signed by the Chief Executive Officer, the Executive Vice President, the Chairman of the Audit Committee and the Director of Internal Audit. The Charter defines the role of the Internal Audit department as well as its objectives and responsibilities. It also explains the rights and responsibilities of the auditors and those being audited and ensures the independence of the audit team and the practices and procedures of the function. Lastly, it describes the methods and various phases of the audit process as well as for summarizing completed audits.

❖ **Procedures**

The purposes of the procedures in place within the Company and its subsidiaries are to:

- Ensure that all acts of management, all transactions, and the behavior of all Company employees comply with the general strategic guidelines established by the Company's corporate governance bodies, the applicable laws and regulations, and the Company's internal values, standards and rules;
- Protect the Group's assets;
- Ensure that the accounting, financial and management information submitted to the Company's corporate governance bodies gives a true and fair view of the Company's operations and financial position.

Accounting and financial procedures as well as general procedures relating to each of the Group's main businesses are sent out to the various managers and their teams. Group procedures have different aims depending on the geographical scope concerned: corporate, regional, or country offices. Accounting and financial procedures are developed by the Internal Audit department and are available to everyone on a collaborative website. One person is designated in each region to report and update its information. Similarly, village procedures are regularly updated on the Group's intranet and Health, Safety and Security (HSS) procedures are disseminated on a dedicated website.

❖ **Human resources handbook**

A handbook of procedures called "What's What HR - Village GO®" is available for human resource managers at all villages. It contains factsheets on processes and rules for managing village GO® (see section 2.3.1.1 Strategic and operational risks – Other operational risks).
These rules and processes also apply to the country offices in accordance with local laws and in keeping with the business conducted by these offices.
Lastly, a Corporate Social Responsibility reporting framework was developed in 2013 to guide the processes involved in producing social indicators.

❖ **Crisis management manual and safety charter**

The purpose of this manual is to set out the procedures to be applied in the event of a sensitive or emergency situation. Available in each village, it provides support for all internal training on crisis management and communication.
Compiled by the Health, Safety and Security department with a view to both preventing and dealing with such events, the manual contains numerous examples of typical situations (health or medical crises, conflict, natural disasters, etc.) that may occur in the countries where the Group operates (see section 2.3.1.1 Strategic and operational risks – Risks related to the environment, health and safety).
In addition, all activities managed by an external provider are covered by a signed safety charter listing its obligations in the areas of safety and/or hygiene.

❖ **Computers and Internet charter**

Drafted in 2013, this charter lays out the rules for using computers and communication tools (see section 2.3.1.1 Strategic and operational risks – Risks related to the Group's activities). It is distributed to all Group employees.

❖ **Purchasing guidelines**

The Ethical Purchasing Charter, updated in 2013, presents the values and codes of conduct to be followed in order to guide employees in their relations with suppliers (see section 2.3.1.1 Strategic and Operational risks – Other operational risks). A dedicated website ("suppliers.clubmed") conveys the Group's ethical values and principles to its suppliers.
In addition, the Purchasing Charter contains guidelines for the Group's purchasing policy, the division of responsibility, processes for entering into agreements, and the IT tools made available to employees.

❖ **Product standards**

The upscale strategy launched in 2004 as part of the "Cap sur l'Incomparable" project led to the updating of quality standards, creation of new services, and classification of accommodations by three comfort categories (Club Rooms, Deluxe Rooms and Suites).

Special standards were set to accompany a sales and marketing strategy that was defined by category, illustrated by the creation of 5-Trident spaces and Villas in 2010 and Chalets in 2011. The updating of standards allowed us to deliver to our customers a brand promise on service quality and delivery that is clearly defined and continually enhanced.

In 2009, an analysis of value and a clarification of expected levels of service were carried out, which helped to define - for each category and for each product channel (sports, food & beverage, family, multiculturalism, etc.) – specifications for services and the human and material resources needed to achieve them. These product standards are updated annually.

❖ **Quality standards**

Quality Standards, also called “Quali Signs”, are a specific framework for ensuring consistent service delivery over time and across all villages (see section 2.3.1.1 Strategic and operational risks – Other operational risks).

Handbooks for each village, drafted for each department and available on the company's intranet, are updated every six months based on village feedback and changes in the way services are delivered.

Village leaders (village managers and service managers) are responsible for ensuring the implementation of standards in the villages and supporting their teams in achieving them. In addition, the use of standards is systematically covered during manager training sessions. Quali Signs are presented in a self-assessment format that allows village managers to quickly review standards that are lacking and implement corrective actions as needed.

There are also “Quali Signs” for Club Méditerranée sales offices.

In addition to “Quali Signs”, procedures, operating methods and best practices (known as “Pro Signs”) have been drawn up for more than 110 jobs. These were compiled by experts in each field and senior service managers. The Human Resources, Purchasing and Health, Safety and Security departments have all contributed to the creation of Pro Signs. These business tools were developed to increase the professionalism of GO® and GE.

Monitoring and updating internal control

As part of the continuous improvement of internal control, procedures are reviewed and updated at regular intervals, in particular to stay in step with changes in the Group's organization and IT systems.

Monitoring the internal control systems aids in identifying good practices in order to share and apply them Group-wide. The self-assessment process is also frequently updated (see section 2.3.2.6 Monitoring of internal control).

Lastly, the Internal Audit department works with the corporate departments to monitor action plans developed following every audit. The implementation period may extend to one year after the development of the action plan, based on the criticality of the risk.

2.3.2.3 Internal dissemination of information

Internal control standards (including procedures, charters, etc.) are made available to all Club Méditerranée entities. To continuously improve the internal control framework, this information is frequently updated on the Group's intranet sites.

Internal control self-assessment campaigns (see section 2.3.2.6 Monitoring of internal control) enable the main points of concern in this area to be communicated to the country offices and villages. These self-assessments are also used to assess the level of compliance with the rules and internal control processes in place.

Health, Safety and Security information is available on an HSS intranet that can be accessed by all villages. This information is frequently updated and immediately shared with the villages.

Regular training helps to inform the village operational teams about the internal control system. Experts from the corporate departments lead seminars and training courses to help disseminate internal control practices and procedures in the villages and country offices. Safety issues, for example, are the subject of regular training and prevention seminars. Similarly, legal and employment issues are a focus of training of new human resources managers and all new village managers.

Lastly, as part of the continuous improvement of internal control, the internal audit team shares best practices on a regular basis.

2.3.2.4 Risk management system

Objectives of risk management

According to the AMF reference framework, the objectives of risk management are:

- Preserving the value of assets and reputation of the Group and its brands;
- Securing decision-making and operational processes through a comprehensive and objective assessment of potential threats and opportunities;
- Promoting the consistency of actions with the values of our brands;
- Motivating employees based on a common assessment of the main risks and issues weighing on our business.

Components of risk management

The risk mapping process deployed since 2005 was updated in 2011 to take into account recent developments in the Company’s activity and environment. The main risks to the Group’s business were identified during interviews with the General Management, members of Business Unit steering committees, and members of the corporate departments. The Group’s past experience in dealing with risk was also taken into account.

The risk mapping process helped identify and assess the major risks impacting its strategic, operational and financial objectives. This process covers the strategic fields attached to the Group's operating processes, its economic environment and its support functions.
The purpose of this process, led by the Internal Audit department, is to identify, evaluate and prioritize the main risks to which Club Méditerranée is exposed (see section 2.3 Risks and risk management – Risk factors) in order to:

- Internally disseminate a common assessment of the main risks and strengthen the culture of internal control;
- Adjust the internal control system to the risks identified to better ensure achievement of the objectives.

Special monitoring is done on the five major risks identified in the risk mapping process and a progress report on corrective action plans is presented at each Audit Committee meeting.
Moreover, the risk-based approach is a dynamic process, with geographical risks (derived from the Corruption Perception Index published by the NGO Transparency International) reviewed and taken into account by the Internal Audit department as it defines and plans its work.
Following the recommendations made by the Internal Audit department in its audits, corrective action plans are put in place and monitored.

2.3.2.5 Control activities

Operational procedures and processes

❖ **Human Resources**

The Human Resources department has established an information control system for the company's social data, based largely on the internal standards mentioned in the section 2.3.2.2 Internal control framework. The related reports are presented in section 4.2 Social report

❖ **Purchasing**

The Purchasing and Logistics department has processes, methods and data systems deployed globally in all country offices and villages.

An annual self-assessment campaign is carried out in the Purchasing department to verify, through a panel of employees, the proper implementation and use of purchasing methods and data systems and compliance with the values laid down in the Purchasing Charter (see section 2.3.1.1 Strategic and operational risks – Other operational risks).

Similarly, quarterly reports are prepared by each Business Unit and serve as a warning system when there are significant declines in performance indicators.

❖ **Health, Safety and Security (HSS)**

The role of the HSS department is to implement measures for anticipating and coping adequately with the health, safety and security risks to which the Group is exposed (see section 2.3.1.1 Strategic and operational risks - Risks related to the environment, health and safety). It is also tasked with creating action plans to enhance prevention and with establishing, if necessary, emergency measures required by a crisis situation.
Once a month, village managers lead a health and safety meeting in each village in order to list the problems encountered and make plans for corrective or preventive action. In parallel, self-assessments are performed monthly by the service managers, and may be carried out at any time.
Audits and spot inquiries into safety issues are also carried out at regular intervals at the various Group entities.

❖ **Service quality**

Customer satisfaction at Club Méditerranée is centrally measured through a questionnaire ("GM® Feedback") sent to every GM® household worldwide and through the analysis of customer correspondence. It is also gauged in a decentralized manner by line managers in the villages. Over 360,000 questionnaires are sent out globally, in 11 different languages, and GM® may respond either by paper correspondence or online via "e-Feedback". The 40% response rate is high for the sector, and shows customers' attachment to the Club Méditerranée brand.
Data from the GM® Feedback are shared on a twice-monthly basis and serve both as a warning system when indicators are down or when quality thresholds are not met (see section 2.3.1.1 Strategic and operational risks – Risks related to the Group's activities), and as a continuous monitoring system on service delivery and improvements. When villages are identified as being in trouble, line management is required to submit action plans, assisted by the corporate departments (Services and HR). In addition to reports by village, results are also published by Business Unit, by operating country, and by GM® nationality.
Mystery visitors from an outside specialist firm also measure compliance with product standards ("Quali Signs") in each Village. At the end of their stay, these "Mystery GM®" give village managers an initial oral debriefing so that they can resolve the problems identified. They later send a written report to the village manager, the country director and the Service department. Based on the score obtained, the village manager sends a corrective action plan to the country director and to the Quality manager of the Business Unit concerned.

❖ **Data systems security**

The Group has set up procedures to ensure the security and integrity of its data systems (including the accounting and financial information system). These include regular backups, automated controls to avert the introduction of erroneous data, archiving of information and data, etc.

The reservation system and related data, as well as the accounting system, are major assets of Club Méditerranée. To protect these assets and minimize the related risks (see section 2.3.1.1 Strategic and operational risks – Other operational risks), including system downtime due to major failures, fire or site damage or other incidents, the IT department has implemented the following procedures:

- Data systems are housed in the specialized information centers of an IT management firm;
- The hardware and software components are split between two interconnected remote sites (including Internet platforms such as bank card payment and global distribution system access);
- Data are replicated in real time between the two sites and can be accessed equally by either of the two sites;
- A business recovery plan is in place so that key applications such as reservations and accounting can be resumed without delay. The plan is designed to gradually add in less sensitive applications (resource management, business intelligence, etc.).

Each information system user can store data on back-up servers. This ensures the continuity of data deemed sensitive by the users. The Group's information systems are accessed via an exclusive international telecommunications network that operates around the globe. The risk of the network being hacked is assessed and tested on a periodic basis.

❖ **Legal**

The legal directors of the Business Units are requested to notify the Group's Legal Affairs department of issues that are deemed to be sensitive. A list of such issues is requested at regular intervals.
These include the following topics:

- Major arbitration or legal proceedings;
- Any criminal proceedings taken against the Group or any of its executives or employees;
- Group development projects that require the authorization of the Board of Directors of Club Méditerranée SA or that involve a particular risk for the company (e.g., legal disputes, financial risks, etc.);
- Any commitments of sureties, endorsements or warranties on behalf of the Company and/or its subsidiaries and any collateralization of corporate assets;
- Material purchases, sales or exchanges of property, plant and equipment, intangible assets, rights or securities, and the creation of companies, partnerships or other business ventures;
- Any project involving the creation of a legal entity;
- Any matters that could have a future impact on the Group's day-to-day operations or that raise issues of principle concerning the running of the Group;
- Any transactions between the Company and any one of its subsidiaries or between subsidiaries or between companies with managers in common;
- Any matter deemed necessary to be brought to the notice of the General Management because it could harm the Group's reputation or contradict its corporate ethics.

Club Méditerranée SA requires its subsidiaries to apply the Group's strategy, to comply with Group procedures, and to promote feedback and the sharing of good corporate, social and environmental practices. In these matters, the grouping of subsidiaries by geographical region (as business units) promotes consistency in the methods applied within the Group. Supervisory personnel are trained in the various types of operating risks and are empowered through the delegation of authority according to business and region so that decisions are made based on the issues and realities on the ground.

In addition, the entire leadership of the Group has been made aware of the importance of compliance with laws and regulations through a system of delegation of authority which extends down to the village level.

An IT system has also been set up to centralize data and facilitate the management of Group companies, assets and agreements.

❖ **Insurance**

The Insurance department, which reports to the Director of Management Control, Insurance and Risk Management, is tasked with ensuring the adequacy of insurance coverage with the risks faced by the Group (see section 2.3.1.3 Insurance). Risk management and insurance policies are organized at group level. The Group has set up global insurance programs with pools of top-ranking insurers, and specific insurance coverage is taken out at a local level.
The General Management regularly receives information on the nature of the main risks impacting the Group (hedges in place, insurance, financial guarantees, etc.).
On-site inspections to ensure prevention and protection measures for the coverage of major risks are also organized with the insurers.

Procedures for accounting and financial information

One of the main objectives of internal control is to help ensure that the consolidated and parent company financial statements reflect a true and faithful view of the Group's financial position and provide a reasonable assessment of the potential risks of any kind that it is likely to face.

❖ **Finance department structure**

1) Corporate departments

The preparation of accounting and financial information is handled by the Group's Finance department, which oversees the following departments: Accounting and Taxation; Management Control, Insurance and Risk Management; Treasury and Financing; Internal Audit; and Investor Relations. The Finance department has broad-based authority over all of the Group's operations and transaction flows.

The Accounting and Tax department oversees the Consolidation and Standards department and the Tax department. Its role encompasses:

- Preparation of the consolidated financial statements;
- Management and production of the Group's monthly and annual financial statements in line with IFRS;
- Dissemination of Group accounting standards and monitoring their compliance by Group entities;
- Functional administration of Group accounting information systems;
- Management of projects to improve accounting processes and information systems;
- Direct management of the French accounting departments (including the books of French villages) and preparation of the annual financial statements of French entities as well as the contribution to Group development projects;
- Global coordination of international tax issues;
- Verification of consistent tax decisions taken by the Business Units;
- Monitoring of all tax audits.

At the parent company level, this department ensures compliance with all reporting obligations of the French tax group, monitors tax audits of French companies and manages tax disputes.
Within the Business Units, these tasks are handled by the finance manager of the Business Unit or country, in cooperation with the Tax department.

The Management Control, Insurance and Risk Management department is responsible for ensuring the reliability and relevance of the various performance indicators and management tools. It also provides the General Management and operating departments with the analyses needed to steer the business and set the strategy choices.

The Treasury and Financing department is responsible for ensuring the security, transparency and effectiveness of treasury and financing transactions.
Its main roles are to:

- Manage investments and financing transactions to ensure that the Group has sufficient liquidity;
- Ensure control of financial expenses;
- Manage cash flows and secure financial transactions;
- Develop and optimize payment and collection resources (centralized payments);
- Quantify and hedge financial risks (especially currency and interest rate risks);
- Monitor banking relations;
- Help subsidiaries with cash management processes and assist the Development department in arranging financing for new projects; ensure compliance with management rules.

The Investor Relations department is a centralized structure based at Club Méditerranée headquarters. It is responsible for communicating the Company's strategy and results to the financial markets.

2) Operating departments

Each Business Unit is headed by a general manager with the assistance of a Finance department whose head reports directly to the Executive Vice-President – Chief Financial Officer.
Each Village is supervised by a Finance manager who oversees the site's management and internal control processes.
The country office for each village deals with specific local issues and oversees the accounting of each village.
The offices of sales (outbound) countries directly manage their own accounting.
The country finance managers of sales and operating offices report to the Finance department of the relevant region (which itself reports to the Group Finance department).
With this system, the Group Accounting and Taxation department has full access to the information it needs to prepare the consolidated financial statements.

❖ **Preparation of financial reports**

The Group Accounting and Tax department is responsible for preparing and producing the parent company and consolidated financial statements, including those published in the Interim Report and the Annual Report. As such, it sets the Group's accounting standards, ensures their dissemination and application and organizes the necessary training courses.
The Group produces monthly financial statements. The accounts are kept locally in accordance with International Financial Reporting Standards (IFRS).
The Group's Accounting department organizes and plans all accounting tasks in order to ensure that consolidated data is consistent and reliable. Consolidation is facilitated by the use of a Group chart of accounts, notes on Group accounting procedures, and standardized closing instructions. The process for producing the Group's financial statements is applicable to all entities, without exception, within the scope of consolidation.
The Consolidation and Standards department, which reports to the Group Accounting and Tax department, prepares the IFRS consolidated financial statements using a consolidation software program interfaced with the accounting software, both of which are used by the Group's subsidiaries. It disseminates the Group's accounting and financial guidelines of the detailed instructions for each monthly closing. It also monitors changes to IFRS and is involved in the accounting treatment of complex transactions. It prepares the consolidated financial statements based on the information provided, checks the information sent in by subsidiaries and performs a technical analysis of issues reported by the country offices.

- **Accounting audits and controls implemented by the various departments**

The procedures for auditing financial and accounting information are based on:
- Monthly financial audits of all accounting and financial information performed at the Business Units, the country offices and the headquarters by all financial teams;
- Legal requirements checked by the Statutory Auditors during the auditing of the financial statements and information contained in the interim and annual reports.

The Group's Accounting and Tax department has set up a series of audits in each of the entities to monitor the main risks inherent in their operations which could impact the financial statements process, and the financial consequences of these risks (see section 2.3.1.1 Strategic and operational risks – Other operational risks).
These include audits of the monthly recognition of revenues, the monitoring of capital expenditures, follow-up on collections, the study of local tax laws and verification of financial information reported by all country offices.
These monthly audits by all members of the Finance department at the country, Business Unit and Group levels are helpful in identifying potential weaknesses.

1) Group Accounting and Tax department

The main monthly accounting audits cover:
- Suppliers: verification of the proper interface between the general ledger and trial balance. A check is also performed on amounts due from suppliers;
- Trade receivables: the French trade receivables accountancy and the country Finance and Administration managers use the customer ledger system to verify waivers to the general terms and conditions of sale granted by the sales departments (e.g., late payments);
- Current accounts: the current account balances between Group entities are audited by the Corporate accounting department;
- Bank reconciliations ;
- Revenue by country: the various entities check that revenue and receivables figures have been correctly entered by type of structure (reseller or agent) and that data from the reservation system is properly fed into the accounting system;
- Non-current assets: a system has been set up to check the automatic interfaces with non-current asset management systems. Automatically-generated depreciation and amortization charges are checked on a monthly basis.

The main checks performed by the Consolidation and Standards department are as follows:
- Monthly analysis of the components of consolidated profit: Operating income - Villages; Operating income - Management of assets; Other operating income and expense; and Finance costs, net;
- Reconciliation between the asset management system and the accounting system in order to ensure data consistency. Proper recording of data flows (increase, decrease, reclassification, etc.) by entities subject to automatic audits in the consolidation tool;
- Extensive balance sheet analyses are performed in March and September. At the interim and annual balance sheet dates in April and October, an in-depth analysis is performed of all balance sheet, off-balance sheet and cash flow statement items, and is subsequently reported in the notes to the financial statements;
- Foreign exchange gains and losses are analyzed by currency pair;
- Deferred taxes are reviewed at each interim and annual closing based on information reported by the Group entities.

In addition, the following monthly checks are performed by the Group Accounting and Tax department, working with the Management Control, Insurance and Risk Management department and the Treasury and Financing department:
- Reconciliation of revenue and sales data;
- Reconciliation of Current operating income (Villages and Assets) and Other operating income and expense with information provided by Management Control;
- Capital expenditure analyses ;
- Analyses of financial income and expense and foreign exchange gains and losses;
- Analysis of net debt.

Impairment tests are also carried out:
- annually and systematically on goodwill and intangible assets with indefinite useful lives;
- and at each year-end where there are indications of impairment.

2) Management Control, Insurance and Risk Management department

The main checks performed by the Management Control, Insurance and Risk Management department include a detailed analysis of business by outbound and inbound country, a detailed analysis of operating profitability, and a workforce audit.

3) Treasury and Financing department

The Treasury and Financing department has also drawn up a set of Group rules and procedures. Examples include a procedure on authorized bank account signatures in order to limit the risk of disbursement fraud, as well as a procedure for electronically signing supplier payments using a centralized payment tool. More generally, the procedures governing the approval of supplier payments have been distributed within the Group.
Tasks relating to financial market transactions are segregated, with orders, execution and controls carried out by three different people.
In addition, a monthly foreign exchange book, established in 2012, provides analyses, among other things, on currency spreads and changes in foreign currency current accounts.

4) Investor Relations department

The Financial Communications department sets an annual schedule summarizing all of the Company's periodic financial reporting obligations to the financial markets and stock market regulators.
This schedule details:
- the type and deadline of each periodic obligation;
- the persons responsible for preparing the financial statements;
- and the texts of relevant references.

This schedule is circulated internally to the teams working specifically in collaboration with the Financial Communications department.

In addition, the Investor Relations department identifies the legal and regulatory obligations applicable to the communication of risks, with the assistance of the Legal Affairs department.

❖ **Financial information systems**

The accounting and financial information system used by the Group is designed to meet requirements for reliability, availability and traceability of information, as well as the standardization of data and security measures. It is based on an interfaced reporting tool and consolidation system covering nearly all the Group's activities in an effort to standardize company and consolidated financial data.
The Group's financial information is directly derived from its integrated accounting and management system, which is linked to a global database. This technology enables the Group to monitor, on a real-time basis, accounting at locations throughout the world, such as villages, country offices, business units and headquarters. Data are automatically transferred to the Group's management and consolidation system on a monthly basis.
To ensure the proper use of these tools and hence the relevance of their information, user-appropriate guides have been created and made available to all users of the financial information systems through the company intranet.
The management of user profiles and access rights to financial systems is reviewed regularly based on information supplied by the various Business Unit managers and corporate departments.
In addition, the accounting and financial information system undergoes regular adjustments to adapt it to the Group's changing needs.

❖ **Management tools**

Based on the General Management's assessment, a strategic plan is produced by all consolidated entities of the Group and updated each year. The plan, which is presented to the Strategy Committee (see section 2.1.1 Composition of the Board of Directors and its committees), describes major developments and their financial impact both qualitatively and quantitatively.
The budget process is coordinated by the Management Control, Insurance and Risk Management department. Initiated by the villages and sales offices, it is then consolidated at the Business Unit level and then at Group level, enabling analysis of all financial flows.
The budget is presented to the Board of Directors for approval each year.
All entities submit monthly closing reports to the General Management. Each Business Unit presents its results for the month at a General Management Committee meeting. The results are also consolidated at Group level.
The Management Control, Insurance and Risk Management department draws up forecasts for the remainder of the season based on actual monthly figures and updated forecasts. This process enables the Group to assess the impact of any changes in the business. The forecasts are revised after each monthly close until the end of the season.
Weekly and monthly reporting systems have also been set up in order to provide senior management with information on matters such as (i) the Group's actual and forecast levels of debt and liquidity; (ii) risk monitoring and hedging transactions; and (iii) the Group's dealings with its banks, including details of cash flows and commitments, account movements and banking terms and conditions.

2.3.2.6 Monitoring of internal control

The General Management, the Board of Directors and its committees are responsible for managing and monitoring the internal control system.

Monitoring by the corporate and operating departments

The corporate departments and Business Units review the operation of their respective areas of responsibility through the regular monitoring of activity (monthly reports), internal control self-assessments that are sent to them several times a year by Internal Audit, and through internal control inspections carried out in the Business Units and ad hoc audits. Formal audits enable the monitoring of changes in internal control over time.

Supervision by the Board of Directors and the Audit Committee

The roles of the Board of Directors and the Audit Committee are described in section 2.1.2 Report of the Chairman of the Board of Directors on the composition of the Board of Directors.

Supervision by Internal Audit

Every six months, the Internal Audit department draws up an audit plan based on a risk-based analysis and submits it to the Audit Committee for approval. Twice a year it also presents the Audit Committee with a progress report and a summary of audits performed since the start of the year.
The internal department performs audits of specific functions or businesses at Group, headquarters, country office and village levels. It coordinates its work with that of the Statutory Auditors.
Audits are carried out in a systematic and methodical fashion to allow Club Méditerranée to achieve its objectives by evaluating:

- Financial and operating risks;
- The quality of the internal control system;
- Compliance with legal and regulatory provisions and procedures;
- Prevention of fraud risk.

The work of the Internal Audit department revolves around three types of assignments:

- **Financial audits**, which consist of reviewing the financial statements and examining the systems and rules set up to ensure the reliability of financial information; these audits serve to ensure compliance with the accounting principles and published guidelines;
- **Operational audits**, which include reviewing the various cycles (such as sales, purchasing and human resources) and assessing internal control procedures in order to obtain assurance that the organization in place contributes to managing Group risks and meeting Group objectives;
- **Special assignments** consisting of various ad hoc assignments to support line management, or organizational and diagnostic work under the direction of the General Management.

Internal audits are conducted in four phases:

- A preparation phase allowing the auditors to gain knowledge of the context of the entity or the focus of the audit and to define the audit's scope;
- A "field" phase during which the auditors analyze the causes and consequences of the risks identified through interviews and audit tests. The auditors share their findings with the audited parties and involve them in developing recommendations which, on implementation, will reduce risk;
- A reporting phase wherein summaries of the main identified weaknesses and related recommendations are shared with the audited entity, its management, including the relevant members of the Management Committee, and the Executive Vice President, a summary of which is sent to the CEO;
- A follow-up phase during which the audited entities are given guidance in establishing corrective action plans.

After each internal audit of a village or a country office, the entity is rated on a compliance scale of 0 to 10. This enables the Group to assess the quality of the internal control system, compare performance between the audited entities and measure their progress.

The audit's conclusions are summarized in a report highlighting the findings, risks and recommendations. A corrective action plan is then prepared by the audited entity and tracked in the following months by the Internal Audit team.

The Internal Audit department presents a report on its work to the members of the Management Committee and a summary on its audit assignments to the Audit Committee.

In addition, the Internal Audit department ensures the internal dissemination of a culture of internal control and drives changes to improve the control and risk management environment. To do so, it regularly takes part in financial conferences and the training of operational and financial teams. Similarly, the Internal Audit department identifies and disseminates best internal control practices within the Group.

Self-assessments

As part of the decentralization of operations and in the spirit of self-assessment and continuous improvement, the Internal Audit department distributes a self-assessment matrix:

- To all villages, once every three months;
- To all country offices, twice a year.

These self-assessments help to improve of the performance of each service by:

- Regularly measuring compliance with established processes and procedures;
- Carrying out an objective and realistic evaluation of the quality of the internal controls in place, using consistent methodology resulting in a mathematical score;
- Setting up action plans and monitoring that these plans are properly implemented.

This tool is a real breakthrough in implementing sound and efficient internal controls worldwide. To maintain its effectiveness, the Internal Audit department updates this tool every year to reflect changing requirements in managing risk and fraud, consistent with the changes in the organization, its processes and information systems.

Lastly, Internal Audit consolidates and communicates the results of self-assessments, and requires each entity evaluated to establish a corrective action plan for all issues receiving a score of non-compliance.

Statutory Auditors

After a consultative process to review all of the financial statements and the methods of preparing them, the Statutory Auditors provide certification of the Company's parent company and consolidated financial statements. The Statutory Auditors perform audits of the annual financial statements and limited reviews of the consolidated interim financial statements.

As part of their assignment, they also perform a review of internal controls each year.

They present a summary of all their work to the Group's accounting and financial managers and to the Audit Committee during the half-year review and year-end closing.

The Statutory Auditors also take part in Audit Committee and Board of Directors meetings and are kept informed of the work carried out by the Internal Audit department through progress reports submitted thereby.

2.3.3 Statutory Auditors' report on the Report of the Chairman of the Board

Statutory auditors' report prepared in accordance with L.225-235 of the French Commercial Code on the Report of the Chairman of the Board of Directors of Club Méditerranée.

To the Shareholders:

In our role as Statutory Auditors of Club Méditerranée and in accordance with the requirements of Article L. 225-235 of the French Commercial Code, we present below our report on the report prepared by the Chairman of the Board of Directors of Club Méditerranée in application of Article L. 225-37 of the French Commercial Code for the year ended October 31, 2013.

It is the Chairman's responsibility to prepare and submit for approval by the Board of Directors a report summarizing the internal control and risk management procedures in place within the company and providing additional information as required by Article L. 225-37 of the French Commercial Code, particularly as it relates to corporate governance policies and procedures.

It is our responsibility to:

- report to you our observations on the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and treatment of accounting and financial information; and
- confirm that this report includes the additional information required under Article L. 225-37 of the French Commercial Code, noting that it is not our responsibility to verify the fairness of such information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and treatment of financial and accounting information

Professional standards require the use of procedures to assess the fairness of the information on the internal control and risk management procedures relating to the preparation and treatment of the financial and accounting information presented in the Chairman's report. These procedures included:

- examining the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial data used as a basis for the information presented in the Chairman's report, and reviewing existing documentation;
- reviewing the work performed in preparing this data and existing documentation;
- determining whether major internal control weaknesses concerning the preparation and treatment of accounting and financial information that we may have identified in our audit are appropriately disclosed in the Chairman's report.

Based on the procedures performed, we have no matters to report concerning the information provided on the Company's internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information contained in the Report of the Chairman of the Board of Directors as prepared in accordance with Article L. 225-37 of the French Commercial Code.

Additional information

We confirm that the Report of the Chairman of the Board of Directors includes the additional information required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and La Défense, December 19, 2013

The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG
Jean-François Viat	Jean-Pierre Letartre

3 - 2013 MANAGEMENT REPORT

3.1 – SIGNIFICANT EVENTS…………………………….…… p55

3.2 – RESULTS……………………………………..……. p56
3.2.1 Financial highlights for 2013
3.2.2 Business review
3.2.3 Consolidated statement of income
3.2.4 Consolidated statement of financial position
3.2.5 Capital resources
3.2.6 Real estate portfolio - Owned villages

3.3 – OUTLOOK FOR 2014…………………………….………. p64
3.3.1 Winter 2014 Capacity
3.3.2 Winter 2014 bookings at November 30, 2013
3.3.3 Subsequent events
3.3.4 Other information

3.4 – PARENT COMPANY ……………………………….. p65

Sinaï Bay - Egypt

3.1 • SIGNIFICANT EVENTS

- Business stable at constant exchange rates in 2013 despite the slowdown in European markets facing a double crisis: an economic crisis, especially in France, and a geopolitical crisis in Egypt and Tunisia.
- Measures taken in response to deteriorating markets in Europe and Africa: capacity reduced and four 2/3 Trident villages sold or deconsolidated.
- Operating profitability maintained.
- International development stepped up with three successful village openings: Pragelato-Vialattea in Italy, Belek in Turkey and Guilin in China.
- Launch of a public tender offer by Club Méditerranée's main shareholders, AXA Private Equity (now Axa Capital/Ardian) and Fosun, and its management, through Gaillon Invest holding company.

3.2 • RESULTS

3.2.1. Financial highlights for 2013

(in € millions)

	2011	2012	2013	Chg 13 vs 12
Business volume Villages [(1)]	**1,456**	**1,486**	**1,483**	**-0.2%**
Consolidated revenue				
Group - Reported [(2)]	1,423	1,459	1,408	-3.5%
Villages revenue at constant exchange rate	1,386	1,418	1,400	-1.3%
EBITDA Villages [(3)]	126	126	118	-5.8%
As a % of revenue	*8.9%*	*8.7%*	*8.4%*	
Operating income Villages	**61**	**62**	**55**	**-11%**
Operating income/loss from management of assets	(24)	(26)	(22)	
Other Operating income and expenses	(11)	(14)	(19)	
Operating income	**26**	**22**	**14**	
Net income/loss before taxes and non-recurring items	**33**	**35**	**32**	**-10.6%**
Net income/loss	**2**	**2**	**(9)**	

(1) Corresponding to total sales regardless of village operating structure (at constant exchange rates)

(2) Includes €14 million, €12 million and €8 million in property development revenue for 2011, 2012 and 2013, respectively

(3) EBITDA Villages: Operating income Villages before interest, taxes depreciation and amortization

(in € millions)

	2011	2012	2013
Investments	(50)	(50)	(62)
Disposals	19	42	1
Free cash flow	38	55	6
Net debt	**(165)**	**(118)**	**(127)**

3.2.2. Business review

Business volume

Business volume Villages – which includes all sales, regardless of village operating structure, totaled €1,483 million.

This indicator – which is even more relevant since it takes into account the "asset-light" strategy and the development of managed villages – was virtually unchanged at constant exchange rates compared to 2012, and down slightly by 2.1% in reported data.

Consolidated revenue

Group revenue totaled €1,408 million for the year ended October 31, 2013, with Villages revenue down 1.3% at constant exchange rates. This figure also reflects the increasing weight of managed villages following the openings in Belek, Turkey and in Guilin, China.

Revenue versus 2012 includes a negative volume impact of €60 million, partially offset by a positive price mix impact of €42 million. This reflects changes in hotel days sold and the average price per sale.

Revenue at constant exchange rates by outbound region and business

(in € millions)

	2011	2012	2013	Chg 13 vs 12
Europe-Africa	1,012	1,039	1,001	- 3.7%
Americas	189	197	207	+ 5.2%
Asia	185	182	192	+ 5.3%
Villages	**1,386**	**1,418**	**1,400**	**- 1.3%**
Property development	14	12.5	8	- 35.6%
Group	**1,401**	**1,431**	**1,408**	**- 1.6%**

Villages revenue totaled €1,400 million, down 1.3% at constant exchange rates from the previous year.

By region, Europe-Africa was down 3.7%, primarily driven by the 5.2% decline in France. France was impacted by the €17 million drop in Club Med Business activity, which had reached record levels in 2012, along with a nearly €15 million falloff in bookings for Egypt and Tunisia in summer 2013.

The Americas and Asia sustained their pace of growth at over 5%. The first region was buoyed by strong momentum in the United States and Brazil, while the second benefited from a 34% increase in Chinese customers, mainly related to the village opening in Guilin, China.

Village business indicators

	2011	2012	2013	Chg 13 vs 12
Club Med customers (in thousands)	**1,245**	**1,268**	**1,231**	**- 2.9%**
of which 4 and 5-Trident customers	*65.1%*	*68.3%*	*72.7%*	+ 4.4pts
Hotel Days sold (in thousands)	7,952	7,976	7,755	- 2.8%
Capacity (thousands of hotel days)	11,709	11,603	11,117	- 4.2%
of which 4 and 5 Trident capacity	*62.3%*	*65.9%*	*71.0%*	+ 5.1pts
Occupancy rate	67.9%	68.7%	69.75%	+ 1.0pt
Revenue per stay/hotel days	134.3 €	136.8 €	140.9 €	+ 3.0%
RevPAB(1) per hotel day	95.3 €	97.4 €	101.5 €	+ 4.2%
% Business volume from direct sales2)	59.8%	60.6%	60.6%	-

(1) Revenue per available bed: Business volume at constant exchange rates excluding transportation and tours / capacity in beds

(2) Sales by controlled direct distribution channels (internet, Club Med Voyages, call centers, franchises and shop-in-shop)

Village business indicators paint a mixed picture.

Club Med Villages welcomed 1,231,000 customers in FY 2013, down 2.9% owing mainly to the decline in Europe-Africa of 7.7%, i.e. 62,000 fewer customers. France was a major factor in this slump, losing 39,000 customers, one-third of which were from Club Med Business. Activity in France was impacted by the combined impact of the economic climate and customers' waning interest in travel to Egypt and Tunisia. Italy also contributed to this change: penalized by the closure of the 3-Trident village in Otranto, the number of customers fell by 11,000.

Faced with the expected decline of customers in the Group's primary market, France, and in other European markets, capacity was reduced by 4.2%. More specifically, the length of operations in seasonal villages in Europe-Africa was shortened, resulting in a 7.5% reduction in capacity in this region, compared to a drop in hotel days sold of 5.9%.

The average price per hotel day sold came to about €141, a 3% increase over 2012 due to the ongoing upscale strategy and the resulting improvement in the price mix on all destinations.

RevPAB (revenue per available bed) grew by 4.2% at constant exchange rates, due to higher average prices as well as to the 1-point increase in the occupancy rate to about 70%.

Sales by controlled direct distribution channels (Internet, Club Med Voyages, call center, franchises and shop-in-shop) were unchanged from the previous year, at 60.6% of total sales.

Hotel days

❖ **Hotel days by outbound zone**

Outbound zones are regions that generate revenue (e.g., France, the UK, Belgium, Canada, etc.).

(in thousands of hotel days sold)

	2011	2012	2013	Chg 13 vs 12
Europe-Africa	5,715	5,680	5,346	-5.9%
Americas	1,303	1,353	1,388	+ 2.6%
Asia	934	943	1,021	+ 8.3%
Total	**7,952**	**7,976**	**7,755**	**-2.8%**

❖ **Hotel days by inbound zones**

Inbound zones are regions where villages are located and operated (e.g., France, Morocco, Italy, Mexico, etc.).

(in thousands of hotel days sold)

	2011	2012	2013	Chg 13 vs 12
Europe-Africa	4,989	4,908	4,672	-4.8%
Americas	1,859	1,953	1,918	-1.8%
Asia	1,105	1,115	1,165	+ 4.5%
Total	**7,952**	**7,976**	**7,755**	**-2.8%**

The downward trend of outbound and inbound hotel days between 2012 and 2013 reflects the dual economic and geopolitical crises in Europe-Africa.

Occupancy rate

❖ **Occupancy rate by Trident category**

	Thousands of hotel days by destination			Occupancy rate		
	2011	2012	2013	2011	2012	2013
2&3 Trident	2,946	2,688	2,258	66.7%	67.9%	70.1%
4&5 Trident	5,006	5,288	5,497	68.7%	69.2%	69.6%
Total	**7,952**	**7,976**	**7,755**	**67.9%**	**68.7%**	**69.8%**

❖ **Occupancy rate by region**

	2011	2012	2013
Europe - Africa			
Capacity	7,110	7,000	6,472
Occupancy rate	70.2%	70.1%	72.2%
Americas			
Capacity	2,800	2,882	2,898
Occupancy rate	66.4%	67.8%	66.2%
Asia			
Capacity	1,799	1,721	1,747
Occupancy rate	61.4%	64.8%	66.7%
Total Capacity	**11,709**	**11,603**	**11,117**
of w hich 4&5 Trident capacity	7,291	7,643	7,894
% of total	62.3%	65.9%	71.0%
Occupancy rate	**67.9%**	**68.7%**	**69.8%**

RevPAB (at constant exchange rates)

in € per hotel day

	2011	2012	2013	Chg 13/12	Chg 13/11
Europe-Africa	98.7	101.4	107.7	+ 6.3%	+ 9.1%
Americas	81.5	82.1	81.5	- 0.8%	-
Asia	99.1	102.2	107.0	+ 4.7%	+ 8.0%
Total Villages	**95.3**	**97.4**	**101.5**	**+ 4.2%**	**+ 6.5%**
2 and 3 Trident	75.2	77.0	81.4	+ 5.7%	+ 8.3%
4 and 5 Trident*	102.3	103.4	105.4	+ 1.9%	+ 3.0%
Core Busines	**95.3**	**97.4**	**101.5**	**+ 4.2%**	**+ 6.5%**

incl. Villas and Chalets

RevPAB, or revenue per available bed, is the key business indicator since it measures how well customers are embracing the strategy, taking into account the price effect and the occupancy rate. It corresponds to the ratio of stay revenue (excluding transportation) to total capacity.

Analysis of operating margins

(in € millions)

Reported	2010	2011	2012	2013
EBITDAR Villages (1)	**264**	**270**	**281**	**271**
% Revenue	19.8%	19.2%	19.4%	19.4%
EBITDA Villages (2)	**107**	**126**	**126**	**118**
% Revenue	8.0%	8.9%	8.7%	8.4%
Operating income	**42**	**61**	**62**	**55**
% Revenue	3.1%	4.4%	4.3%	3.9%

(1) *EBITDAR Villages : Operating income - Villages before depreciation, amortization, rents and change in provisions*

(2) *EBITDA Villages: Operating income -Villages before depreciation, amortization and provisions*

The Group's operating profitability was resilient in 2013 despite Europe's deteriorating economy.

EBITDAR Villages – i.e., the operating income of villages before real estate costs – was unchanged as a percentage of revenue given the adjustment of Club Méditerranée's costs to the decline in revenue of some European countries – mainly France – related to geopolitical events in Tunisia and Egypt.

Flexible capacity of seasonal villages saved about 50% of village operating costs. Nevertheless, when outbound markets weaken, as they did in Europe in summer 2013, the Group still bears half of such costs along with all real estate costs - i.e., rents and depreciation.

That is the main reason why EBITDAR was stable at 19.4% of revenue in 2013, while the EBITDA and Operating income - Villages margins were down slightly compared to 2012.

EBITDA Villages was 8.4% of revenue and Operating income - Villages, i.e. €55 million, came to 3.9% of revenue.

Results by region

(in € millions)

Reported	EBITDAR Villages			Operating income - Villages		
	2011	2012	2013	2011	2012	2013
Europe-Africa	183	183	171	27	19	9
Americas	33	36	36	5	8	9
Asia	54	62	64	29	35	37
Sub-total Villages	**270**	**281**	**271**	**61**	**62**	**55**
% Revenue	19,2%	19,4%	19,4%	4,4%	4,3%	3,9%

The breakdown of Operating income - Villages by region mainly points to the decline in operating income in Europe-Africa.

This drop was solely due to the falloff in activity (mainly in France) and resulted in a negative volume impact of €41 million. This was partially offset by a positive price mix impact of €19 million and savings on costs (operating and others) of €11 million.

Operating income Americas rose to €9 million, despite the reduced number of European customers staying at villages in this region and causing a revenue loss of €5 million in 2013.

Finally, Operating income Asia rose to €37 million, driven mainly by growth in Greater China. This increase is limited, however, by the sales and marketing investments needed to support this development phase.

Operating income - Villages

(in € millions)

at constant exchange rates	2011	2012	2013
Revenue	1,386	1,418	1,400
Other income	5	4	4
Total revenue	**1,391**	**1422**	**1,404**
Margin on variable costs	867	880	868
% Revenue	62.5%	62.1%	62.0%
Fixed sales and marketing costs	(186)	(185)	(190)
Fixed operating costs	(418)	(428)	(418)
Real estate costs	(173)	(182)	(183)
Overhead costs	(24)	(22)	(22)
Operating income - Villages	**66**	**63**	**55**

2012 reported Operating income - Villages	**62**
Translation adjustments	1
2012 Operating income - Villages	**63**
Volume effect	(42)
Price-mix effect	30
Change in margin on variable costs	**(12)**
Fixed sales and marketing costs	(5)
Fixed operating costs	10
Real estate costs	(1)
Overhead costs	0
2013 Operating income - Villages	**55**

The net volume and mix impact weighed on the margin on variable costs of €12 million. However, the margin on variable costs over revenue was stable year-over-year at 62%, reflecting the strength of the business model and Club Méditerranée's ability to adapt to a very challenging environment in Europe-Africa.
Changes in the main costs break down as follows:

- Sales and marketing costs: After a steady three-year decline in their weight relative to business volume – to 18% in 2012 – total fixed and variable distribution costs came to 18.4% of business volume in 2013. This increase is due to the Group's sales and marketing investments made to speed up market share gains in mature markets and to support growth in Club Méditerranée's fast developing markets;
- Fixed operating costs were down in absolute terms. However, as a percent of capacity, excluding managed villages, these costs rose 4.5% per hotel day. Excluding impacts related to the upscale strategy and slight inflation, this increase was mainly due to the dilutive effects of voluntary reductions in capacity in Europe-Africa;
- Lastly, real estate costs and overheads were unchanged year-on-year.

Operating income - Villages by region

❖ **Europe-Africa**

(in € millions)

at constant exchange rates	2011	2012	2013
Revenue	1,012	1,039	1,001
Other income (including interregional income)	13	14	18
Total revenue	**1,025**	**1053**	**1,019**
Margin / variable costs	**570**	**576**	**553**
% Revenue	55.6%	54.7%	54.3%
Fixed sales and marketing costs	(127)	(126)	(124)
Fixed operating costs	(266)	(274)	(265)
Real estate costs	(132)	(140)	(139)
Overhead costs	(17)	(16)	(16)
Operating income - Villages	**28**	**20**	**9**

2012 reported Operating income - Villages	**19.5**
Translation adjustments	1
2012 Operating income - Villages	**20**
Volume effect	(41)
Price mix effect	19
Change in margin on variable costs	**(22)**
Fixed sales and marketing costs	1
Fixed operating costs	9
Real estate costs	0.5
Overhead costs	0.4
2013 Operating income - Villages	**9**

❖ **Americas**

(in € millions)

at constant exchange rates	2011	2012	2013
Revenue	189	197.2	207
Other income (including interregional income)	70	74.4	69
Total revenue	**259**	**272**	**276**
Margin / variable costs	170	177	180
% revenue	65.4%	65.1%	65.1%
Fixed sales and marketing costs	(30.5)	(30)	(32)
Fixed operating costs	(109)	(115)	(114)
Real estate costs	(21)	(21)	(22)
Overhead costs	(3)	(3)	(3)
Operating income - Villages	**6**	**8**	**9**

2012 reported Operating income - Villages	**8**
Translation adjustments	0
2012 Operating income - Villages	**8**
Volume effect	(4)
Price-mix effect	7
Change in margin on variable costs	**3**
Fixed sales and marketing costs	(2)
Fixed operating costs	0
Real estate costs	0
Overhead costs	0
2013 Operating income - Villages	**9**

❖ **Asia**

(in € millions)

at constant exchange rates	2011	2012	2013
Revenue	186	182	191.8
Other income (including interregional income)	25	26	25.7
Total revenue	**211**	**208**	**217**
Margin / variable costs	127	127.4	135
% revenue	60.3%	61.2%	62.2%
Fixed sales and marketing costs	(29)	(29.9)	(34)
Fixed operating costs	(43)	(39.2)	(39)
Real estate costs	(19)	(20.9)	(22)
Overhead costs	(3)	(2.9)	(3)
Operating income - Villages	**33**	**35**	**37**

2012 reported Operating income - Villages	**35**
Translation adjustments	(0)
2012 Operating income - Villages	**35**
Volume effect	3
Price-mix effect	5
Change in margin on variable costs	**8**
Fixed sales and marketing costs	(4)
Fixed operating costs	(0.3)
Real estate costs	(1)
Overhead costs	(0.2)
2013 Operating income - Villages	**37**

3.2.3. Consolidated statement of income

Operating income amounted to €14 million, down compared to fiscal 2012 due to the decline recorded in Operating income - Villages.

Operating income – Management of assets came to a negative €22 million, mainly reflecting €12 million in costs related to the deconsolidation of non-strategic villages, €7 million in costs for non-operated villages and €6 million in costs for development and construction.

Other operating income stood at minus €19 million and mainly included restructuring costs of €10 million and other non-recurring costs and disputes of €6 million, €3 million of which was related to the public tender offer.

(in € millions)

	2011	2012	2013
Group revenue (1)	**1,423**	**1,459**	**1,408**
Operating income/loss - Villages	61	62	55
Operating income/loss from management of assets	(24)	(26)	(22)
Other operating income and expenses	(11)	(14)	(19)
Operating income	**26**	**22**	**14**
Financial income/expense	(16)	(8)	(11)
Share profit of associates	1	1.6	2
Income tax	(9)	(13.4)	(14)
Net income/(loss)	**2**	**2**	**(9)**

(1)Includes €14 million, €12 million and €8 million in property Development revenue for 2011, 2012 and 2013, respectively

Net income before taxes and non-recurring items

(in € millions)

	2011	2012	2013
Net income before taxes and non-recurring items	**33**	**35**	**32**
Capital gains on sale of assets	6	22	3
Impairment / write-off / deconsolidation of Villages / other	(20)	(32)	* (15)
Restructuring costs	(9)	(10)	(10)
Disputes and other	1	0	(6)
Net income before taxes	**11**	**15**	**4,5**
Income tax	(9)	(13)	(13,8)
Net income/(loss)	**2**	**2**	**(9)**

** incl. in particular the fixed costs of some villages temporarily closed for non-recurring events*

Net income before taxes and non-recurring has been stable for the last three years at €32 million.
Fiscal year 2013 was also impacted by exceptional factors. These non-recurring items mainly include the following costs:

- €12 million in costs for village closures and deconsolidation, including €9 million relating to four villages not adapted to the upscale strategy. It should be noted that these costs have been halved compared to 2012;
- €10 million in restructuring costs – unchanged year-on-year;
- Lastly, €6 million in other costs, nearly half of which related to the public tender offer.

Other statement of income Items

Financial income

(in € millions)

	2011	2012	2013
OCEANE 2010 & 2015 / ORANE	(6)	(7)	(6.7)
Other interest expense	(10)	(6)	(3.8)
Interest expense	**(16)**	**(13)**	**(10.5)**
Disposal of securities / provisions	3	4	(0.3)
Translation adjustments	(3)	1	(0.5)
Financial income/(expense)	**(16)**	**(8)**	**(11.3)**
Average net debt	**(215)**	**(168)**	**(157)**
Calculated cost of debt	7.6%	7.7%	6.7%
Cash cost of debt (excl. IFRS impact)	7.1%	6.7%	5.6%

The financial loss in 2013 stood at minus €11 million, a result of the absence of positive impacts from the sale of securities and provision reversals.

This figure includes:

- €2.5 million reduction in interest expense related to the €11 million decline in average net debt and the early repayment of the €50 million loan secured by the village at Cancún. This interest expense has been halved since 2010 (from €22 million to €10.5 million in 2013);
- foreign exchange losses, mainly related to the difference between hedged and actual rates during the year, and therefore difficult to compare from one year to another, had an adverse impact on the 2013 fiscal year.

3.2.4 Consolidated statement of financial position

(in € millions)

Assets	10.11	10.12	10.13
Property, plant and equipment	838	815	751
Intangible assets	79	80	82
Financial assets	92	90	91
Total non-current assets	**1,009**	**985**	**924**
Government grants	(33)	(30)	(27)
Total assets	**976**	**955**	**897**

Equity and liabilities	10.11	10.12	10.13
Equity capital and minority interests	512	522	472
Provisions	51	48	49
Deferred taxes, net	29	27	24
Working capital	219	240	225
Net debt	165	118	127
Total equity and liabilities	**976**	**955**	**897**
Gearing	32.2%	22.6%	26.9%
Working capital / Village revenue	15.5%	16.6%	16.1%
Average capital employed*/Village revenue	55%	51%	50%

** Average capital employed: (Non-current assets net of government grants - Working capital) at opening and closing / 2*

The main difference affecting the balance sheet was a foreign exchange loss on Group assets held in countries such as Brazil, the Dominican Republic, Indonesia and the United States, whose currencies fell against the euro in 2013. This had a negative impact of €37 million on property, plant and equipment, and €33 million on equity, but as a translation difference it did not affect the cash position.

Average capital employed represented 50% of total revenue in 2013, down from 59% in 2010, reflecting the decline in the Group's capital intensity.

Working capital, which is a resource for the Group, stood at €225 million, i.e. 16.1% of revenue, down slightly compared to 2012.

Net debt increased slightly to €127 million, and the debt ratio stood at 26.9%.

Lastly, bank covenants were easily met.

3.2.5. Capital resources

Statement of cash flows

(in € millions)

Reported	2011	2012	2013
Net income/(loss)	**2**	**2**	**(9)**
Depreciation and amortization	67	66	65
Other	(2)	(11)	(3)
Cash flow	67	57	53
Change in working capital and provisions	2	6	14
Net cash from operating activities	**69**	**63**	**67**
Capital expenditure	(50)	(50)	(62)
Disposals	19	42	1
Free cash flow	**38**	**55**	**6**
Translation adjustments and other	(6)	(8)	(15)
Reduction in net debt	**32**	**47**	**(9)**
Opening net debt	(197)	(165)	(118)
Closing net debt	(165)	(118)	(127)
Free cash flow excluding disposals and related costs	26	36	**12**

Net cash from operating activities amounted to €67 million, stable compared to 2012.

Free cash flow, i.e., the cash flow available after taxes and financial expense, measures the cash flows generated by operating assets. It is made up of net cash from operating activities and capital expenditures (CAPEX) net of disposals. The change in free cash flow compared to 2012 reflects a €62 million increase in CAPEX and an absence of asset disposals. It remained positive at €6 million.

Net debt rose slightly despite the positive free cash flow, mainly due to a €5 million dividend payment to non-controlling interests, a €5 million foreign exchange loss, and the amortization of Group financing fees for €3 million, which included the conversion option on convertible bonds (OCEANE).

Net cash from operating activities in the statement of cash flows is reconciled with the cash flows from operating activities in the consolidated statement of cash flows as follows:

(in € millions)

	2011	2012	2013
Net cash from operating activities	69	63	67
Interest expense paid	21	11	12
Other	(1)	(3)	0
Net cash flows from operating activities	**89**	**71**	**79**

Capital expenditures

	2011	2012	2013
CAPEX			
Property, plant and equipment	(43)	(41)	(50)
Intangible assets	(5)	(7)	(8)
Financial assets	(2)	(2)	(4)
Total CAPEX	**(50)**	**(50)**	**(62)**

The main capital expenditures during the year were made for the villages at Pragelato-Vialattea (€6 million), and Rio Das Pedras (€4 million).

Disposals

(in € millions)

	2011	2012	2013
Disposals			
Deconsolidation	17	39	7
Other	2	3	(6)
Total disposals	**19**	**42**	**1**

Information on the Group's net debt

Net debt at October 31, 2013 breaks down as follows:

	10.11	10.12	10.13	Covenants
Liquidity	172	158	164	-
Net debt	**(165)**	**(118)**	**(127)**	**-**
Net debt / Bank EBITDA (1)	1.21	0.86	0.99	< 2,50
Bank EBITDAR (2)/ (interest + rents)	1.76	1.7	1.7	> 1,40
Bank EBITDAR(2)/ Adjusted financial expense(3)	19x	25x	30x	-
Gearing	32.2%	22.6%	26.9%	< 100%

(1) *Bank EBITDA = EBITDA Villages net of credit card fees*

(2) *Bank EBITDAR = EBITDAR Villages net of credit card fees*

(3) *Financial expense adjusted for IFRS treatment of convertible bonds*

A detailed analysis of liquidity and net debt appears in Note 19.5 to the consolidated financial statements.

During the year, the Group worked to maintain its liquidity. In April 2013, Club Méditerranée raised €20 million through a "Schuldschein"-type private placement maturing in April 2018.

At October 31, 2013, the Group had cash and cash equivalents of €164 million and €20 million had been drawn on the syndicated credit facility.

Information on borrowing conditions and financing structure

Club Méditerranée worked to reduce its financing costs in 2013. The "Schuldschein" private placement in April 2013 and the renegotiation of the loan secured by La Pointe aux Canonniers village in June 2013 helped to improve the Group's financing rate.

Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect the Group's operations

Borrowings or syndicated credit may contain early repayment clauses, in particular in cases of a breach of covenants or of disposals. Debt covenants (the most restrictive) are detailed in Note 19.5.2 of the consolidated financial statements ("Liquidity risk of financial liabilities and covenants").

It should also be noted that the Group may, from time to time, be subject to certain legal or financial restrictions limiting or restricting financial flows to the parent company. However, the impact of these restrictions is considered to have little significance (see Note 19.5.1 to the consolidated financial statements).

Liquidity and expected funding sources needed to honor the Group's commitments

The Group has the necessary liquidity (cash and available bank lines) to meet its operating cycle and its investment plan for the 12 months ahead.

Off-balance-sheet commitments

The Group's off balance sheet commitments are described in Note 29 to the consolidated financial statements ("Commitments")

Contractual obligations

See Note 18 to the consolidated financial statements: "*Borrowings and other interest-bearing liabilities, Analysis of gross debt by maturity*".

3.2.6 Real estate portfolio - Owned villages

	Net book value at 10/31/12(1)	Net book value at 10/31/13 (1)
I. Assets held for sale	12	8
II. Assets secured by dedicated loans	70	64
III. Assets that could be refinanced in the near term	188	178
IV. Other Village assets(2)	379	345
Total owned Village property, plant and equipment	649	595

(1) net of government grants
(2) Assets used as security for the syndicated credit facility of €100 million (total net book value: €69 million) are included in "Other Village assets" since only 20% of the line is drawn down at October 31, 2013 and assets may, subject to the Banks' prior agreement, be substituted for other assets of at least equivalent market value.

Club Méditerranée has €178 million in assets in several villages that could be the subject of financing or refinancing transactions.

3.3. OUTLOOK FOR 2014

3.3.1. Winter 2014 Capacity

(in thousands of hotel days)

	Winter 2012	Winter 2013	Winter 2014	Chg 14 vs 13
2 and 3 Tridents	26%	23%	22%	-1 pt
4 and 5 Tridents	74%	77%	78%	+1 pt
Europe-Africa	2,909	2,703	2,715	+ 0.5%
Americas	1,539	1,550	1,519	- 2.0%
Asia	941	887	1,031	+ 16.2%
Total	**5,389**	**5,140**	**5,265**	**+ 2.4%**

Capacity in 4 and 5-Trident villages increases by one percentage point for Winter 2014. In total, Winter 2014 capacity raises 2.4% compared to last winter due to the village opening in Guilin, China. This is the main factor in the 16.2% increase in capacity in Asia.

In Europe-Africa, capacity is unchanged, and in the Americas, the 2% decline is related to the start of renovation work on the Columbus village.

For Summer 2014, a slight increase in global capacity is expected, with variations by region: down 3% in Europe-Africa, flat in the Americas, and up strongly in Asia by nearly 18% with the opening of Dong'Ao Island in China.

3.3.2. Winter 2014 bookings (vs. Winter 2013) at November 30, 2013

At constant exchange rates	Total at Nov. 30 2013	Last 8 weeks
Europe-Africa	+ 4.7%	- 1.7%
Americas	+ 7.2%	- 2.5%
Asia	+ 7.2%	+ 6.4%
Total Club Med	**+ 5.4%**	**- 0.4%**

Total bookings are up 5.4% compared to Winter 2013. At the same time last year, a little over two-thirds of Winter bookings had been recorded.

Europe-Africa, in a still-difficult economic climate, posts a 4.7% rise in bookings. In France, the individuals segment grows slightly thanks to a dynamic early booking policy. Club Med Business activity is also up after a challenging 2013. Outside of France, the trend is positive, driven by markets such as Israel, Switzerland and South Africa.

Growth of 7.2% in the Americas and Asia continues to be driven by a more favorable economic climate in these regions of the world, and more specifically by the business momentum in the U.S. and the rebound of sales in Japan and Australia.

3.3.3. Subsequent events

There were no significant events after the close of the fiscal year.

3.3.4. Other information

Dependence on patents or supply contracts

None.

Exceptional events, claims and litigation

In fiscal 2013 there were no government, legal or arbitration proceedings which could have or have recently had a material impact on the financial position or profitability of the Company and/or Group, excluding those outlined in section 2.3.1.2 "Legal Risks".

Items likely to have an impact in the case of a public tender offer (Article L.225-100-3 of the French Commercial Code)

The convertible bond issue agreement and the two financing agreements (syndicated loan and €20 million placement maturing in 2018) contain change of control clauses. Similarly, the distribution agreement with Thomas Cook and two management contracts contain change of control clauses.

These items are detailed in the response published by the Company as part of the public tender offer and approved by the AMF on July 16, 2013.

Also included in section 2.2 of this annual report on executive compensation is a description of agreements providing for compensation for members of the Board of Directors or senior employees of Club Méditerranée, should they resign or be dismissed without significant cause or if their employment ceases because of a takeover bid.

Related party transactions

There are no transactions between related parties other than those described in Note 28 to the consolidated financial statements.

3.4. PARENT COMPANY

Club Méditerranée SA is the parent company of the Club Méditerranée Group. As well as acting as the Group holding company, Club Méditerranée SA operates Villages under the Club Med brand in France and abroad.

Consequently, its financial results and their year-on-year change only partially express the Group's performance and do not reflect the same trends as the consolidated financial statements.

Club Méditerranée SA ended 2013 with a net loss of €23 million compared to a net loss of €4 million for the year ended October 31, 2012.

The financial statements are presented in section 5 "Financial Statements" of this document.

Information on payment terms with suppliers

The French Economic Modernization Act No. 2008-776 of August 4, 2008 and Decree No. 2008-1492 of December 30, 2008 are taken for application of Article L. 144-6-1 of the French Commercial Code.

Schedule of supplier payments for outstanding debt at the reporting date

Under the French Economic Modernization Act (Loi de Modernisation Economique, or "LME"), the schedule of supplier payments for debts outstanding at the 2013 reporting date (invoices received) for Club Méditerranée is as follows:

(in € millions)

	Due	1 to 30 days	31 to 60 days	Total
Trade payables recorded 2013	**2**	**26**	**2**	**30**
of which disputed invoices	2			
Trade payables recorded 2012	**2**	**25**	**1**	**28**
of which disputed invoices	2			

This amount does not include invoices not received at the date of preparation of the parent company financial statements, amounting to €44 million, or of trade payables outside the scope of the LME (foreign branches) amounting to €14 million (versus €21 million in 2012).

4 - CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSABILITY

4.1 - INTRODUCTION, MAIN STAKES AND GOVERNANCE CSR…p69
- 4.1.1. CSR Governance
- 4.1.2. Listening to stakeholders and defining key CSR issues
- 4.1.3. “Globe Members” CSR program and Club Méditerranée Foundation
- 4.1.4. External recognition

4.2 - SOCIAL REPORT……. ……………………………………………….p72
- 4.2.1 Employment
- 4.2.2. Organization of working time
- 4.2.3. Social dialogue
- 4.2.4. Health and safety
- 4.2.5. Training and talent development
- 4.2.6. Equal treatment
- 4.2.7. Promotion and respect of the principles of the ILO’s fundamental conventions

4.3 - SOCIETAL REPORT .. ……………………………………………….p84
- 4.3.1. Communities: respect and contribution
- 4.3.2. Responsible purchasing
- 4.3.3. Customers: quality and safety, the foundations of lasting trust
- 4.3.4. Summary of actions to promote human rights

4.4 - ENVIRONNEMENTAL REPORT……………………………..………p92
- 4.4.1. Overview of the environmental policy
- 4.4.2. Pollution and waste management
- 4.4.3. Sustainable use of resources
- 4.4.4. Climate change
- 4.4.5. Protecting biodiversity
- 4.4.6. GM® awareness and GO®-GE training

4.5 - ADDITIONAL INFORMATION AND INDEPENDANT AUDITOR’S CERTIFICATE ……….. ……………………………..……………….p107
- 4.5.1. Additional information: stakeholders
- 4.5.2. Additional information: CSR social indicators
- 4.5.3. Additional information: CSR societal indicators
- 4.5.4. Additional information: CSR environmental indicators
- 4.5.5. Independent auditors’ certificate

Cherating Beach - Malaysia

4.1. INTRODUCTION, MAIN STAKES AND GOVERNANCE CSR

The CSR report[5] was drafted in accordance with Article 225 of the Grenelle II law (see certificate of completeness and fairness of information in section 4.5.5). A cross-reference table with Grenelle II and the GRI-4 reporting framework is presented in section 7.3.3.

Find additional information on topics followed by the "⚲" symbol in the online version of the CSR Report, which can be downloaded from the website: www.clubmed-corporate.com

The tourism industry has many environmental, social and societal impacts, both positive and negative, which are the subject of debate. As a historic and iconic actor in the sector, Club Méditerranée is exposed to ever higher demands for responsibility. Its upscale strategy, its presence at exceptional sites, its brand positioning associated with happiness, and its "asset light" policy all increase this exposure.

Nonetheless, Club Méditerranée does not consider social and environmental responsibility exclusively in terms of constraints to be managed or risks to be prevented, but as closely linked to its purpose and founding values. These issues are taken into account in every one of the Group's assets: the brand, the product, employer branding, and developer branding ("license to operate").

What's more, the Group's ambition, as it opens new villages in emerging markets that are just starting to welcome tourists, is to help show the way to a more sustainable – and therefore more desirable – kind of tourism in these new destinations, and be a benchmark for corporate social responsibility.

4.1.1. CSR Governance

A Sustainable Development Department (SDD[6]) was created in 2005 to work closely with the Management Committee in defining the Group's priorities in corporate social responsibility and to guide its various entities and departments in an improvement process to better grasp the impacts of their activities on the environment and society and to manage them in the best way possible.

The Sustainable Development director reports to the VP of Human Resources, a member of the Management Committee. The SDD was expanded in 2013 to a three-person team at the corporate offices, which relies on a network regional coordinators and project managers (three "Green Globe Trotters" in 2013 - see section 4.4.1.3) who support the deployment of the Green Globe certification process in the villages.

4.1.2. Listening to stakeholders and defining key CSR issues

At its inception, the SDD launched several parallel in-depth projects to create a solid foundation for its processes and its assessment of key issues. In 2005 and 2006, these included:

- A review of the literature and consultation with experts leading to a qualitative summary presentation of the social, environmental, economic, societal and cultural impacts of tourism;
- A request for a non-financial rating from BMJ Ratings, a French sustainability firm;
- A survey of 1,000 customers and prospects on their views regarding Club Méditerranée's priority issues in sustainable development ;
- The first Life Cycle Analysis (LCA) of a holiday village, with BIO Intelligence Service ⚲ ;
- An internal assessment of the villages' standing compared to the main issues identified.

Key priorities were set on completion of these projects and constituted the first SDD road map (2006-2012). Over the years, listening to stakeholders has become an ongoing, "organic" process with many sources, internal and external, formal and informal (see appendix, section 4.5.1). The SDD is responsible for analyzing and summarizing all feedback, which has constantly enriched and refined our understanding of the issues.

In 2012, we launched a "Sustainable Development Vision" project to update the roadmap by capitalizing on these lessons learned. A one-day workshop brought together a dozen representatives of the various Group departments to develop new courses of action based on contributions from experts and projects representing external points of view. In 2013, these actions were further developed and discussed with the Business Units, leading to a revised sustainability program for 2014-2020.

[5] CSR: Corporate Social, and Environmental Responsibility

[6] Sustainable Development Department

4.1.3. “Globe Members” CSR program and Club Méditerranée Foundation

“Globe Members” CSR program

The new sustainability program needed a name and a logo that would indelibly link it to the company and fix it in people's minds: thus “Globe Members” was born. This original Club Méditerranée branding emphasizes just how much sustainability is in harmony with the Group's identity, values, concerns and activities. It also reflects a commitment to leverage Club Med’s training capacity to reach its GM®, GO®, and GE, as well as its broader sphere of influence. This is the initiative of a pioneering company that has always had a responsible vision of its business and whose ambition is to continue to show the way to a more sustainable – and therefore more desirable – kind of tourism.

CLUB MÉDITERRANÉE
GLOBE MEMBERS
SUSTAINABILITY PROGRAM

The program brings together and highlights a dozen key priorities. Action has already begun on most of these in recent years, but the Group intends to step up these efforts and to communicate more on those it considers the most relevant and differentiating. At the same time, it will continue its comprehensive efforts on all sustainability themes.

The program will be rolled out gradually starting in 2014.

Club Méditerranée Foundation

The issues of philanthropy and social solidarity are distinct from those of corporate responsibility. These are mainly addressed through the Club Méditerranée Foundation and, more recently, through the Friends of the Club Méditerranée Foundation. A number of projects involve both philanthropy and sustainable development, and the two corresponding departments work together closely on those.

(See subsection 4.3.1.3)

SPECIALIST IN DREAM LOCATIONS, AWARE OF THEIR FRAGILITY

Pioneer in eco-construction

- Develop eco-certification programs for construction
- Promote green innovation

Leader in environnemental management

- Obtain Green Globe certification for 100% of Villages

Accelerator of change among GOs®, GEs and GMs®

- Develop Econature Villages
- Raise the awareness of both children and grown-ups ("Green your parents")

WORLD PIONEER IN TOURISM, FIRMLY BELIEVING IT MUST ACTIVELY CONTRIBUTE TO LOCAL DEVELOPMENT

Committed to respect its hosts

- Raise the awareness of respect of the host country
  - Fight against sexual exploitation of children in tourism

Supporter of local development

- Develop local purchases
  - Support and develop local small-scale farming with AGRISUD

INVENTOR OF GOs®, GEs AND GMs®, PARTISAN OF THE « HAPPINESS OF SELF-REVELATION

Developer of talents

- Train to develop : Talents University
- Offer rich and diversified careers paths

Committed to diversity and equal opportunities

- Make people from different background live and work together, by discriminating only through talent

Convinced that happy GOs® & GEs make happy GMs®

- Offer more than a job; a life experience

www.clubmed-corporate.com
Sustainable development tab

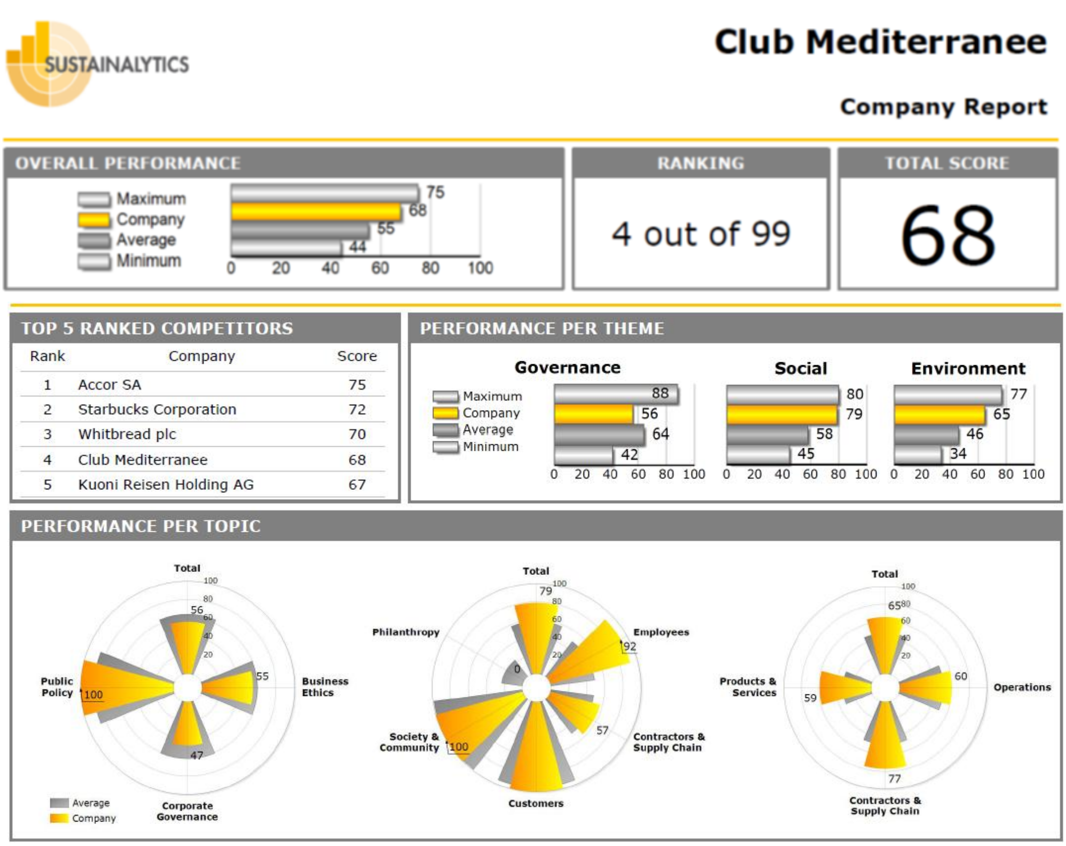
4.1.4. External recognition

Club Méditerranée's progress in corporate social and environmental responsibility through 2013 has been recognized by the scores and rankings it has received from non-financial ratings agencies.
For the fourth year running, Club Méditerranée has been selected for the EthiFinance Gaia Index, ranking as follows:

- Gaia Panel: 16th out of 230 companies
- Sector classification (Service): 8th out of 96 companies
- Ranking by revenue segment (over €500 million): 15th out of 87 companies.

Sustainalytics[7], a non-financial ratings agency, performed an unsolicited evaluation in June-July 2013, giving high marks to Club Méditerranée and ranking it as follows:

- 4th out of 99 global companies in the service sector (peer group: Consumer Services)
- 2nd out of 20 ranked global tourism companies (sub-sector: Hotels, Resorts & Cruise Lines)



[7] *Sustainalytics is a global leader in the research and analysis of environmental, social and governance (ESG) issues related to Socially Responsible Investment (SRI). With its international team that combines almost 20 years of expertise, it offers non-financial rating and consulting services to its customers, mainly institutional investors and asset managers*

4. SOCIAL REPORT

The Group uses the HELIOS software application (PeopleSoft) for its human resources reporting and social indicators management. The data reporting process is managed at the corporate office with no intermediate levels of consolidation. The social reporting protocol thoroughly details the processes and definitions used for the Group, the data computing methods and the key indicators. Whenever data are unavailable or unreliable, the reporting scope is limited and specific.

See the social indicators table and methodology note in section 4.5.2

Club Méditerranée's employment model is based on the proposition of a life experience for all employees and on geographical mobility and internal promotion for its rising leaders.

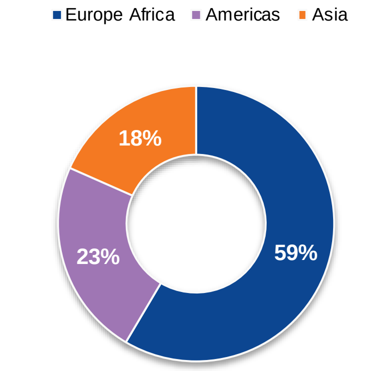
The teams are very diverse, with strong local representation (75% of employees are nationals) that contributes to the vitality of the labor market around the villages and gives local employees the opportunity for mobility. In the villages, the uniqueness and attractiveness of this model is nurtured by multiculturalism, the special relationship between GM® and GO® and the teams' highly visible presence. Team diversity and employee well-being are particularly crucial at Club Méditerranée because these issues directly impact service delivery, which plays a key role in the GM® experience.

In a world where the geographical mobility of workers is increasingly limited by changing regulations, and where the digital revolution is fundamentally changing behavior, promoting this model, attracting and growing talent to support the upscale strategy, and developing new villages are key challenges for the Group.

4.2.1 Employment

In 2013, Club Méditerranée had 12,865 full-time equivalent (FTE) employees, 85% of whom worked in the villages. They are spread geographically across regions, as well as between the corporate office and the different commercial and operational Business Units. These FTEs correspond to 37,314 positions and to 23,289 employees present at least once in 2013. The average change in the number of FTEs has remained stable (-0.8%) over the last three years.

Breakdown of GO®-GE staff by BU in 2013 - in FTE
(Scope: Global excl. Corporate)



Employment in the villages is characterized by a high percentage of seasonal contracts (58%), owing to the seasonality of the villages themselves and the many youths (19% under 25) and "first-season GO®" (22% hiring rate[8]) who are often seeking a life experience, regardless of their nationality.

Teams are generally larger at a Club Med village than at a traditional hotel (FTE per bed) owing to the wider range of amenities and activities offered. There are two categories:

- GE positions, which are mainly traditional hotel and back office positions (accommodations, food & beverage, technical services). There is little movement in these positions, which represent 62% of FTEs
- GO® positions, which focus on leading activities and direct customer contact. These positions have the most geographical mobility. The result is highly multicultural teams (an average of 17 nationalities and 5 languages per village).

The wide range of amenities also entails very diverse job skills: a 2013 study identified some 200 trades and skill sets.

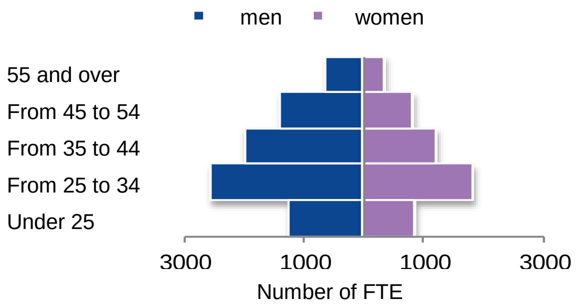
The average length of service remained stable at 7.6 years in the Group and 6.8 years in the villages (including seasonal workers).

The average age is 36 in the Group and 35 in the villages, the same as in recent years.

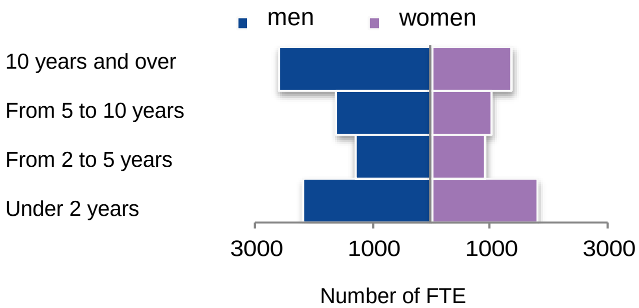
See detailed information on the workforce in appendix section 4.5.2

[8] *The Hiring Rate (HR) is expressed as a percentage and is defined by the number of new hires divided by the number of positions during the period*

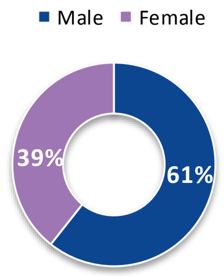
GO®-GE age pyramid
(Scope: Global)

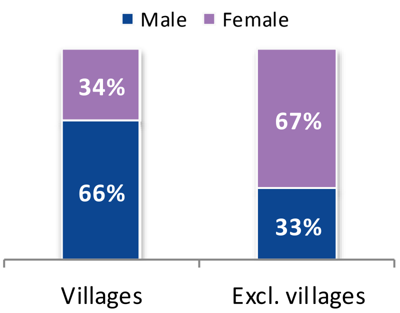


GO®-GE seniority pyramid
(Scope: Global)



Breakdown of Female/Male GO®-GE in 2013
(Scope= Global)





See detailed information on headcount in appendix section 4.5.5.

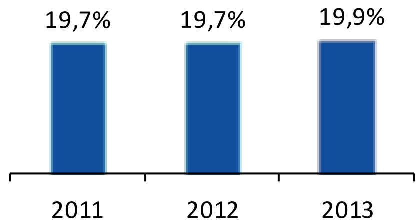
Outsourced activities

Club Méditerranée's main concern in outsourcing is to limit fixed costs while maintaining optimal service quality, whether it relates to GM® activities or the back office.

Some services are outsourced in all relevant villages (ski school, diving, horse riding, IT services), and others in some villages only, depending on the condition and quality of local offerings.

The World volume of outsourced activities amounted to €59 million in 2013, i.e. 20% of payroll, unchanged since 2011.

Percentage of subcontracted activities in payroll
(% of global)



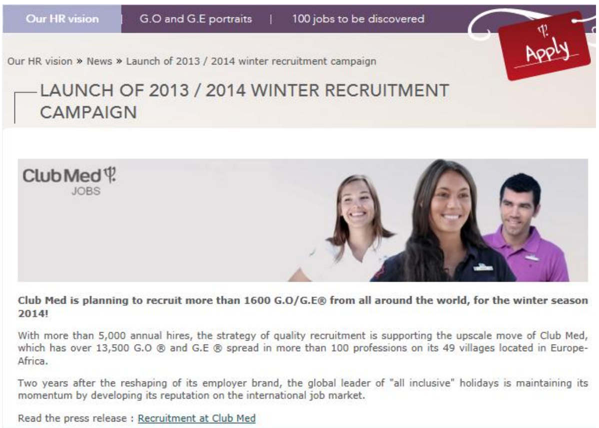
See detailed information on outsourced activities in appendix section 4.5.5

Hiring and departures

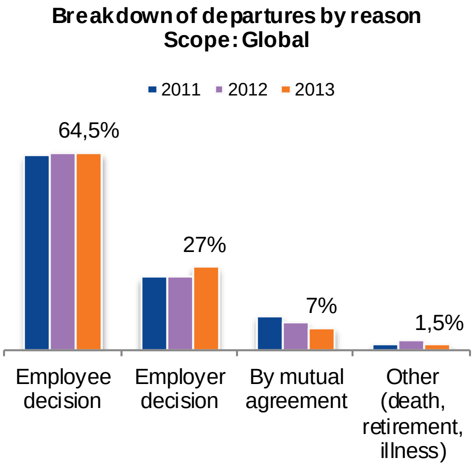
To develop the brand, the Group seeks to position itself as an employer of choice wherever it hires workers in order to attract increasing numbers of professional talent who can reflect the "Club Med Spirit".

Although GO® retention is satisfactory (53% of first-time GO® returned to Club Méditerranée the following two years, and over 75% of these for the season after that), the structurally high proportion of seasonal employment requires continuous recruitment. In 2013, Club Méditerranée hired 6,195 seasonal and 843 permanent workers with a hiring rate (HR)[9] of 28.4% and 8.7%, respectively, making it a major player in the employment market.

[9] *See definition at the bottom of the previous page*



Average turnover (TO)[10] was 9.82% in 2013, down 0.4 points since 2011. Two-thirds of departures were due to resignations.



In the villages, hiring and departures are structurally very different between regions owing to differences in the types of contracts used (permanent/seasonal).

For permanent employees, there is a large disparity between Business Units with, for example, a turnover rate of around 16% and a hiring rate of 20% in the Americas (North America and Latin America). These rates were much lower in EAF (TO 1.8%; HR 24%) and Asia (TO 0.4% and HR 2.1%). A little over half (55%) of permanent GO® and GE departures were the result of resignations.

There is less disparity for seasonal workers between Business Units with an overall TO of 11%, with 69% of departures resulting from resignations. GO® and GE who left the company before their contracts had expired worked a little more than half (52%) of expected time.

Pressure on the employment market for certain skills and in some countries (e.g., food preparation in general; infant and child care; sports trainers in France) underlines the challenge of attracting talent.

To meet this challenge, efforts launched in France in 2011 to boost the employer brand (with creation of the tagline “Le bonheur de se révéler”) were expanded in 2013 with above-the-line and below-the-line communications campaigns, including social media. A network was forged with renowned professionals and hospitality schools (Ecole Hôtelière de Lausanne and Institut Paul Bocuse for food & beverage trades), prestigious spa brands including Carita, Cinq Mondes and Payot, and state and local employment offices.

To adapt to new generations changing modes of communication, Club Méditerranée has developed 25 “Club Med Jobs” websites in 10 languages to support all recruitment campaigns.

Club Méditerranée’s employer branding efforts were recognized by the 2013 Randstad Awards, where it won in the sector of Retail & Hospitality - Catering.

Over 10,000 people aged 18 to 65 were interviewed for a perception study to rate the attractiveness of 250 major French employers.
Club Méditerranée was singled out in the “Retail & Hospitality – Catering” category for two key elements: a pleasant working environment and job attractiveness (over 100 positions at the head offices and villages).

Organizational changes and village closures:

To safeguard its competitiveness in crisis-stricken markets (especially Italy and France), Club Méditerranée was forced to internalize calls from its Italian indirect customers to Italy. This resulted in changes to the organization of its French call center, which had previously handled such calls. These organizational changes were accompanied by a consultation process with the relevant employee representative bodies, negotiations of severance conditions, and support measures to facilitate a return to work. As a result of these efforts, a significant number of departures – 17 out of 20 – were voluntary.

Club Méditerranée is also continuing to upgrade its village properties to meet the tastes of an international and increasingly exacting customer base. This has resulted in some village operations being discontinued. In 2013, these included Beldi (Turkey), Otranto (Italy) and Meribel Aspen Park (France). Discontinuing village operations is also subject to negotiations in compliance with local laws.

See social indicators tables in section 4.5.2

Compensation and benefits

Club Méditerranée has a payroll of €294 million, which represents 21% of Group revenue, unchanged since 2011. Club Méditerranée SA (CMSA) accounts for 52% of the Group’s total payroll.

	2011	2012	2013
Payroll reported to turnover	21.0%	21.0%	20.9%

[10] *Turnover (TO) is expressed as a percentage and represents the number of employees leaving before the end of their employment contract with Club Méditerranée, divided by number of positions during the period*

Average gross monthly salaries per full-time equivalent employee are:

- €1,120 for seasonal village GO®, and €862 for seasonal GE;
- €1,738 for permanent village GO®, and €750 for permanent village GE ;
- €3,205 for permanent non-village employees.

Average wages for permanent GO® and GE have not changed significantly since 2011. Changes in average wages for seasonal GO® and GE are the result of population movements related to village openings and closures.

See social indicators tables in section 4.5.2

The Group has a wide variety of employment contracts owing to the regional diversity of the villages, the many home countries of employees, their employment status (permanent or seasonal, GO® or GE, etc.) and the jobs they do. Salary levels depend on the contract type and on the employment and recruitment market. The Group's compensation policy respects all local laws on minimum wages and is governed by principles of merit recognition and fairness.

Compensation is based on performance, which is formally evaluated during an annual or bi-annual meeting between the GO® or GE and his or her manager.

Salaries are raised once a year: Depending on local laws and conditions, an overall budget for salary increases is set with the social partners. During the salary review process, consolidations are made to ensure that raises are linked to performance evaluations and that no discrimination is practiced, particularly related to age or gender (CMSA level).

With regard to social protection, Club Méditerranée enrolls its employees in basic plans and, depending on local conditions and requirements, establishes supplemental plans for important risks.

In 2013, the Group set up a reporting tool to gain a more comprehensive overall view of its compensation and benefits systems. The variety of payroll systems, which differ in each country, does not currently permit reliable consolidation of this information.

4.2.2. Organization of working time

Working time is organized according to applicable regulations and local statutory limits for both GO® and GE. The length of the work week varies between 39 and 48 hours.

In the villages, working hours may be fixed or variable, depending on the period, to allow for adjustment to seasonal fluctuations in fill rates, including in the permanent French villages. In the French villages, working time is regulated by an agreement signed between the unions and CMSA in 2000. GO® and GE are entitled to time off in lieu of overtime pay for time worked between 35 and 39 hours.

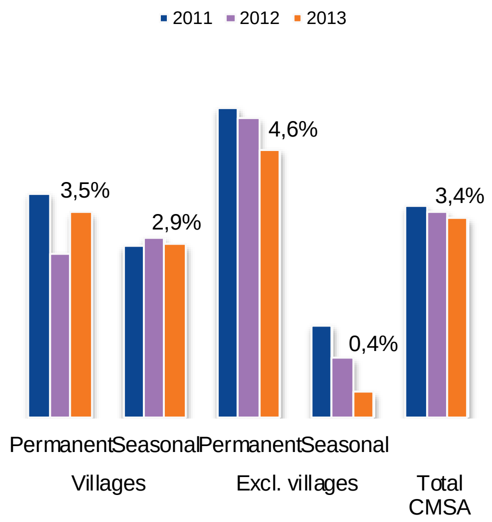
The Paris and Lyon head offices and sales agencies have been covered by a working time agreement since 1999. These offices operate based on a work week of 37 hours and 30 minutes, supplemented by 12 days off in lieu as well as two extended weekends for public holidays per year. Very little overtime is recorded at these sites. Agencies operate based on annualized working time.

The section of the collective agreement on professional gender equality that focuses on work/life balance was signed in 2012 at the CMSA level. Its provisions include: limits on work meetings, which should not start before 9:00 am or end after 6:30 pm, except in exceptional cases; extension of leave days for "a sick child" to include "family obligations", such as adjustment periods for children entering child care or preschool; the alignment of treatment of paternity leave with that of maternity leave; and, the expansion of places available at intercompany child care facilities.

Absenteeism

For CMSA, the absenteeism rate[11] is 3.4%, a slight decline since 2011.

Change in abseteeism rate
Scope: CMSA

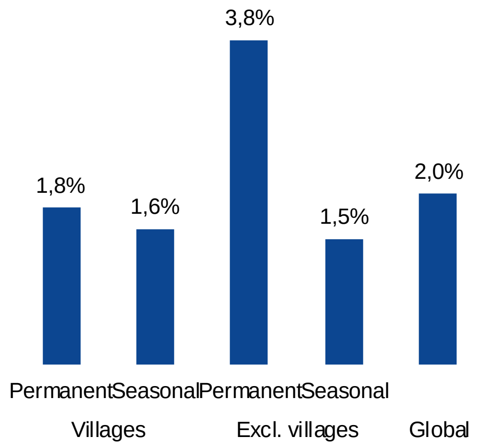


To consolidate the data and better prioritize the issues related to global absenteeism, the absence tracking process was extended to the entire Club Méditerranée group for the first time in 2013.

The rate of absenteeism (World scope, excluding the Americas) was 2% in 2013. It is difficult to draw conclusions without more past data. The challenge will be to create a historical comparison, and continue to improve the reliability of data entered and the consolidation of this data in the information system.

[11] *The absenteeism rate is defined as the percentage of the total number of days absent, converted to FTE, divided by the total number of FTEs over the period. Leave days are accorded for reasons of illness, family obligations, military service, disability, incapacity and work accidents (travel and job-related)*

Absenteeism rate
Scope: Global excl. Americas



Absenteeism among permanent non-village employees is higher than for permanent village employees at both CMSA and World scope (excluding the Americas). This is mainly due to a higher proportion of non-village female employees, which entails more absences related to maternity leave.

4.2.3. Social dialogue

Club Méditerranée has continually focused on building and sustaining social dialogue at its various establishments around the world (villages and head offices). One manifestation of this is the presence of employee representatives at almost every village, including those that operate seasonally.

In Europe, the Group created a European Social Dialogue Committee (ESDC) in 1996, before it was required by law. The committee brings together union representatives from the various European countries where it operates. In 2004, the Group signed an agreement with international trade unions (EFFAT-IUF) on the respect for fundamental rights at work. This agreement, which was expanded and renewed in 2009, reaffirms the trade union rights of all employees around the world.

See section below on the summary of current agreements.

Organization of social dialogue

For CMSA and French employees assigned to foreign posts, regular dialogue is established with the various representative bodies (Works Council, employee representatives, the Committee on Health, Safety and Working Conditions) which are informed about the company's business situation, its strategic aims and any developments that could impact the operations and organization of the company.

Five trade unions are represented at CMSA to negotiate and sign various collective bargaining agreements with the company.

At the European level**, the European Social Dialogue Committee** (ESDC) is composed of 15 members and five nationalities, including: French, Italian, Greek, Portuguese, and Spanish (currently vacant). It specifically addresses issues of employment, recruitment, development and CSR. It met four times in 2013.

Across the world, social dialogue is developed closest to the ground with elected employee representatives at almost all sites (villages and head offices). These teams meet regularly at each site, in facilities and with resources provided by Club Méditerranée. In most cases, the frequency of these meetings is higher than that stipulated by local law. Depending on the laws in force and the nature of the issue, agreements are negotiated at either the national level or at the establishment level with the country or regional HR managers.

Social relations are managed locally, at both village and country level, and are issues-based in order to address employees' concerns as close to the source as possible.

Summary of collective agreements

More information about the agreements:

MAJOR AGREEMENTS IN EFFECT IN CMSA

Agreements	Date of signature
DISABILITY	
Agreement on the employment of people w ith disabilities	First signature : May 3rd, 2007 Renew ed in 2010 and 2013 Duration of agreement: 3 years
PROFESSIONAL EQUALITY	
Agreement on professional equality Men/w omen	June, 7th 2012 Duration of agreement: 3 years
WORKING TIME	
Aagreement on the reorganization and reduction of w orking time - Headquarters	May, 19th1999 Duration of agreement: undetermined
Agreement on the organization and w orking time - Villages	November, 17th 2000 Duration of agreement: undetermined
FORECASTING MANAGEMENT JOBS AND SKILLS	
Agreement on the conditions of implementation of the individual right to training and actions "related to changing jobs or job retention" and those for the "development skills" training plan	November, 29th 2004 Duration of agreement: undetermined
Collective agreement concerning the statutes "frames" and "foremen"	August, 4th2006 Duration of agreement: undetermined
FUNDAMENTAL RIGHTS	
Agreement on Respect for fundamental rights at work and transnational mobility of GE employees in the Europe-Africa zone	April, 16th 2004 Extended on July 28th, 2009 Duration of agreement: undetermined
MUTUAL HEALTH INSURANCE	
Agreements establishing a system of collective security "deaths, disabilities, disability" - FRAMES / NO FRAMES	December 16th, 2003 Duration of agreement: undetermined
Agreement establishing a system of collective security “medical reimbursement”- FRAMES / NO FRAMES	December 16th, 2003 Duration of agreement: undetermined

4.2.4. Health and Safety

Health and safety conditions at work

Club Méditerranée has developed a high degree of expertise in preventing risks related to the health, hygiene and safety of its customers and employees.

All employee training stresses the safety of employees and customers as a top priority. Club Méditerranée also puts a special focus on prevention and on providing medical support and assistance to its teams whenever necessary. The Health, Safety and Security department and its networks of coordinators are vital to this effort.

See and the chapter on internal controls, sections 2.3.2.2 and 2.3.2.5.

Based on lessons learned in the villages, the prevention policy is based on identifying the causes of accidents.

In 2013, educational tools were redeveloped to form a single module that addresses all priority issues, including health, lifestyle, alcohol, risky behaviors and addictions. This module will be rolled out to all GO® and GE in 2014.

In the area of AIDS prevention, Club Méditerranée was the first company to distribute condoms freely to its employees (since 1985), and to include prevention guidelines in all GO® and GE training courses. Nurses in the villages and the HSS department are available to assist GO® and GE in obtaining free AIDS screenings.

In France, occupational hardships were evaluated in the villages, and 30 sensitive positions were identified. Preventive actions were developed for these positions after consulting with the social partners.

Frequency and severity of work accidents and work-related illnesses

Accidents during work-related travel or on the route usually taken by the employee between his or her home and place of work are recorded as travel accidents and classified as work accidents.

Work accidents are also any incidents resulting in an inability to work at least one day in 2013 on a World scope, excluding the Americas (unreliable and unreported data).

2013	Number of work accidents	Duration of accidents (days)	Absenteeism
Villages	511	9,890	0.32%
Excl. Villages	26	2,079	0.35%
Total	**537**	**11,969**	**0.33%**

The unique features of village life and activities mean that some occupations have a higher risk of accidents – particularly food preparation and sports activities.

In France, the single-document occupational risk assessment (known by the acronym "DUERP") identifies problems by workplace and occupation in terms of working conditions and hardships. This assessment is used to develop corrective and/or preventive action plans. It also serves as a long-term management and tracking tool and allows for consolidation by scope (head office, agency, village, etc).

Well-being at work

Convinced for decades that "happy GO®/GE make happy GM®", Club Méditerranée focuses on the well-being and development of its employees, who are key to the quality of the customer experience. Its vigilance extends to its offices, sales agencies and villages, where the specific working and living conditions require careful listening and tailored actions.

In 2013, a global diagnostic led to a new project on "Well-being at work". It is based, among other things, on the comprehensive study carried out in 2011 on how to prevent psycho-social risks, the "Club Med Spirit" study, and a sociological study done in 2010.

It includes six sub-projects:

- GO® orientation;
- training;
- communication;
- handling sensitive situations;
- GO®-GE survey; and
- secondary prevention.

Its goal is to improve the factors that directly or indirectly affect the quality of life at work and which have been identified as priorities.

Improvements in 2013 were:

- The orientation process for new GO® at the corporate offices was completely revamped during the year and two orientation days were held under the new system;
- A new internal communications platform called "Enjoy" portrays the Club Med Spirit and highlights the teams' successes. Launched in July 2013, it had 1,324 subscribers by the end of October;
- New training modules were developed for managers and deployed starting in December 2013. These focus on employee recognition and appreciation, valuing the contributions of each person, and preventing psychosocial risks;
- A methodology was designed for a global GO®/GE survey.

For office staff, the issue of work/life balance has been incorporated into the framework agreement on professional gender equality for CMSA since 2012 (see section 4.2.2). In Brazil, the "Bem Estar" ("Wellbeing") program launched in 2012 was continued in 2013.

In 2012, an assessment of GO® and GE housing was carried out to measure the gap between reality and the housing charter. Based on the findings in two areas, "Hard" (buildings) and "Soft" (rooms fit-out), a road map was developed by each BU for inclusion in their three-year strategic plans.

4.2.5. Training and talent development

Developing employability is essential at Club Méditerranée because it is one of the key pillars that make it attractive as an employer, especially when recruiting vast numbers of candidates for seasonal positions. For GO®, this development takes place through professional enrichment and personal growth related to the life experience offered by Club Med. For the Group, the main benefits it can offer are therefore training, and a rich and varied career path.

A study * conducted in 2013 with former GO ® and GE shows that 86% of respondents believe "have had a significant professional contribution" during their time at Club Med, and 81% believe that "having a rich personal contribution" .

Therefore, they are 64% have found a job within three months after their experience Club Med 90% recommend Club Med experience to a close.

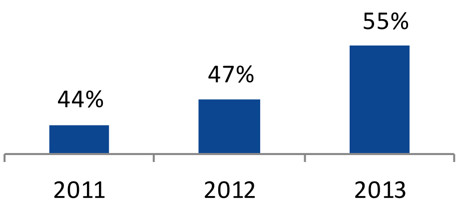
* *Internet survey conducted in September 2013 in four countries with GO®/GE who left Club Med between 2007 and 2012 – i.e., 1,215 respondents in the four countries.*

A University to accompany and support the Group's strategy

Training is a vital way to strengthen employability. With that in mind, Club Méditerranée created a “Talent University” (TU) in 2006 as an essential platform for implementing its strategy.

More than 10,000 GO® and GE receive training there each year, which represents 55% of the GO® and GE employed for at least 30 days. In addition, 71% of GO® and GE working in the villages in the last two years have received training, and between 2011 and 2013, the proportion of GO® and GE trained worldwide rose from 44% to 55%.

% of GO®-GE having received training
Scope: Worldwide



In 2013, 281,998 hours of training were provided, benefiting 12,098 employees.

Figures on training reflect a time-lag with the data reporting periods, as from FY 2013 (from September 1 of year N-1 to August 31 of year N). In addition, some reported figures were identified as in error and corrected in the 2012 report.

For more details, see the tables in section 4.5.2

The university network (based in Paris, with satellites in Lyon, Miami, Singapore, Shanghai and Rio) provides a training structure that is linked to the strategic reality of the business and through which employee orientation and development programs can be carried out.

It has a standing team of 40 specialist job trainers, including 20 Village Training Coordinators (VTC) based in the villages, as well as a network of nearly 100 ad hoc trainers. The University also regularly calls on external service providers to add to its training offer.

See .

An annual training event: Talent Campus

Talent Campus is a major annual training event for Club Méditerranée. Held at Opio-en-Provence in 2013, it brought together some 1,200 employees for three weeks of training and development in technical and management skills and professional conduct. The event is also an opportunity to share the Group’s vision and strategic challenges, and to create time for sharing and friendship.

Since 2011, a Talent Campus event has also been held in Asia.

Major development goals and achievements in 2013

- **New programs to develop skills**

In a French job market pressured by shortages in the hospitality trades, Club Méditerranée has partnered with the national employment agency, Pôle Emploi, to create a program that eases the hiring and integration of nearly 200 unskilled job seekers. Two positions are concerned: room staff (valet, maid) and server. The program offers 10 days of training to familiarize them with the corporate culture and the expectations of a high-end clientele, to master technical trades and to understand the Club Méditerranée environment.

A specific training course for the 5-Trident range has been developed in partnership with a recognized provider.

Language courses in English, Chinese, German, Spanish, Italian and Japanese have been developed for village GO® and GE, in addition to language workshops for employees at the corporate offices. These courses are covered by the statutory individual training allowance (droit individuel à la formation, or DIF) in France.

- **Developing GO®/GE employability through certification and diploma programs**

In 2013, recognition of the professional and personal experience of GO® and GE led to:

- 17 village managers enrolling in a one-year Master’s degree program in Administration and International Trade, with a specialization in “International Entrepreneurship and SMEs”. In partnership with the Université Paris-Est Créteil Val de Marne (UPEC), this program recognizes and validates the management experience of Chiefs of Villages;
- Around 100 GO® and GE enrolling in a skills recognition program (validation d’acquis d’expérience, or VAE) which

offers diplomas ranging from vocational certificates to Masters' degrees;
- 217 GO® receiving training under a professional development contract. In this program, all participants with work/study contracts follow a five-day "Club Méditerranée" course that lets them discover specific aspects of their future position within the corporate environment. This integration program has reduced turnover among this group from 33% to 12%. Over the same period, this change was accompanied by a 15% increase in the success rate on exams (from 71% to 86%).

Developing management talent consistent with the strategy and originality of the Club Med Spirit

Launched in 2011, "Manager by Club Med" is a training program for 1,250 village and non-village managers to align and standardize management practices at Club Méditerranée. The four days of training aim to support the development of the managerial culture of Club Méditerranée, to put people first when considering business performance, and to define and strengthen the differentiating aspects of a "Club Med" manager.

Key figures for "Manager by Club Med":

- 4 days of in-house training
- About 300 managers trained in 2013
- 18 trainers certified by the Krauthammer firm to deliver in-house training

Talent development through career and geographical mobility

Club Méditerranée enables many GO® and GE to grow within the company, and to thus increase their level of responsibility. Indeed, nearly 25% of GO® and 6% of GE change positions from one year to the next (on average during winter/summer seasons).

The Group offers career development pathways that give GO® and GE the opportunity to rise to managerial responsibilities: 100% of village managers and 99% of village service managers are the product of internal promotions.

See figures on job mobility in the appendix to section 4.5.2.

Several mechanisms are in place to manage these movements:

- The village talent committee, which manages talent pools and succession planning;
- The "Key GO®/GE" program, which offers personalized development and growth opportunities to rising leaders;
- The "GO® Experts" program: a foundational course that enables knowledge capitalization through knowledge management. A choice of modules on knowledge transfer and behavioral change is also offered to support them in their work as experts.

The workforce planning agreement (GPEC) expired in December 2012 and is scheduled to be renegotiated in 2014.

In 2004, a framework agreement was signed on the transnational mobility of GE employees in the Europe-Africa region. This agreement, which was expanded and renewed in 2009, concerns GE from Turkey, Morocco, Tunisia, Mauritius, Greece, Italy and Portugal who have the necessary experience and qualifications. It allows them to take positions at Club Méditerranée sites other than in their home country, as long as it meets the needs of the company and the desires of the person concerned and where such solutions are unlikely to threaten positions, working conditions, wage levels or other social conditions for employees in the host country.

This mobility allows us to continue building our local talent pools by offering rising leaders the opportunity to travel and to receive training. It also helps to retain this talent and strengthen our employer attractiveness while supporting Club Méditerranée's upscale strategy through the assignment of the best hospitality professionals to our renovated 4 and 5 Trident villages.

See summary table of agreements in section 4.5.2

4.2.6. Equal treatment

Diversity and preventing discrimination

As a signatory to the **Diversity Charter** in 2004 (the year of its launch), Club Méditerranée has long been sensitive to issues of diversity in the workplace. By tradition and especially considering the countries where it operates, Club Méditerranée promotes pluralism of origins and seeks diversity through recruitment and career management.

The principles of diversity and non-discrimination have been reaffirmed in the code of ethics since 2009. (See internal standards in section 2.3.2.2 on the internal control framework.)

This diversity, this "cultural melting pot", is a central element that for many years – and now more than ever – has forged the culture and identity of Club Méditerranée. Among the elements that illustrate and help to ensure non-discrimination are the importance placed during the recruitment process on relational skills and on the objective assessment of associated skills.

Recognizing that progress was still possible and vigilance still needed, Club Méditerranée undertook an assessment and implemented an improvement plan in 2008 (Averroes project).

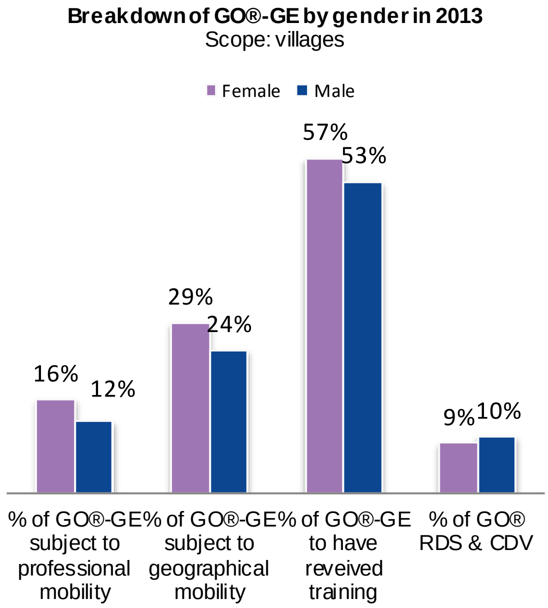
Hiring diversity for GO® and GE is reflected today, for example, by the number of nationalities represented in each village:

- 98 nationalities represented
- 85% of Club Med villages have seven or more nationalities among their employees
- 35% of villages have 14 or more nationalities among employees
- some villages can have up to 26 different nationalities.

Measures taken to promote equality between women and men

In the villages, women benefit somewhat more than men (in FTE) from occupational and geographical mobility, as well as from training. The proportion of women managers is slightly lower than that of men among village managers and Service managers.

In addition, the proportion of women on Club Méditerranée's Leadership Committee is 48%, which is three times the average of the world's top 12 economies (source: TheOfficialBoard.com based on a panel of 38,000 global companies).



Agreement on Professional Gender Equality (CMSA)

In 2012, Club Méditerranée SA and its French subsidiaries signed a collective agreement on Professional Gender Equality.

This agreement aims to advance the principle of professional equality in work relationships and to enable all workers to better attend to their family obligations. It focuses on three areas of action: hiring, promotion and work/life balance. The measures in place include:

- Monitoring the hiring process for village GO® and GE with a position-based analysis of gaps in the breakdown of men and women between applicants and those hired;
- Setting progress targets on the proportion of women promoted to service manager in village Mini Clubs, Events and Bars;
- Mechanisms to strengthen support during lengthy absences, such as interviews with a manager both before and after maternal, paternal or parental leave;
- Aligning the treatment of paternity leave to that of maternity leave;
- Extending the right to exceptional "sick child" leave (5 days a year) to cover the period of adaptation to child care arrangements (institutional child care, home-based child care, nanny, etc.) or entry into preschool;
- Considering the family and marital status of service managers and GO® in village hiring and assignment decisions.

In addition, a "comparative situation report" is prepared annually on the general conditions of employment and training for women and men in the company. It is subject to consultation with the Works Council and is shared with the Board of Directors.

Lastly, a monitoring committee meets each year with the social partners to review the indicators defined in the agreement.

Measures taken against age-based discrimination

Since 2009, Club Méditerranée SA and all French subsidiaries have been party to a collective agreement on the employment of "seniors" – i.e., people aged 50 and over.

The overall objective for this agreement is to maintain employment of this group based on actions in the following areas:

- Development of skills, qualifications and access to training;
- The transfer of knowledge and skills;
- Planning for end of career and the transition between work and retirement.

A monitoring committee meets annually with social partners to review the indicators; in 2013 it met on January 26.

Since July 2013, negotiations have been ongoing for an expanded agreement that would define actions for the hiring and integration of young people aged 30 and under.

However, this "Intergenerational" agreement also aims to continue developing and strengthening actions for older people in the areas of development, access to training, career planning and the transition between work and retirement.

Lastly, the agreement will seek to highlight and galvanize the various mechanisms in place for the transfer of Corporate and village knowledge that exists at CMSA.

Equal treatment related to disabilities

In 2013, the Group continued to be mobilized on the issue of disabilities, and **a third agreement was signed for the years 2013/2014/2015.**

For more details on the actions of Mission Handicap, see the factsheet

Figures for fiscal 2013

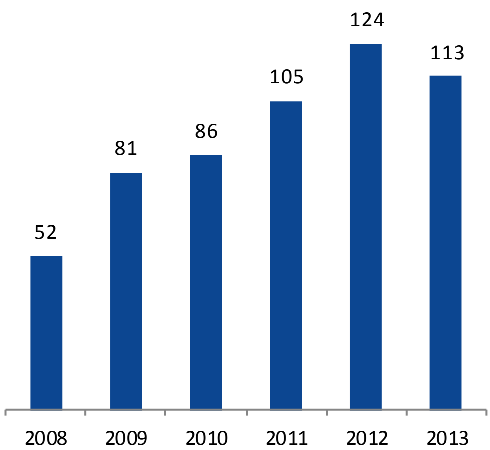
22 new hires and 122 salaried employees (fixed-term, permanent contracts) at October 31, 2013

Figures are calculated between January 1 and October 31 of each year for reporting on the calendar year to the regional labor authorities (DIRECCTE[12]), keeping in mind that the main recruiting campaign to hire seasonal employees for Mountain villages (open in December) runs from September to November.

Number of beneficiary units *

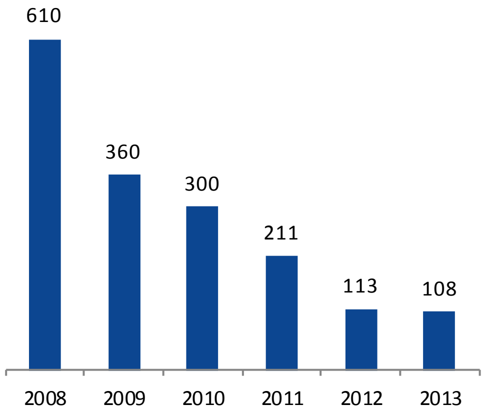
(December 2013)

** Equivalent of a full-time worker with disabilities*



[12] *DIRECCTE: Regional directorates for business, competition, consumer affairs, labor and employment*

Amounts paid to AGEFIPH (K€)
(December 2013)



4.2.7. Promotion and respect of the principles of the ILO's fundamental Conventions

In addition to applying and promoting the freedom of association and the right to collective bargaining (see section 4.2.3. "Social relations") and as part of the fight against discrimination (see section 4.2.6. "Equal treatment") in all countries where it operates, Club Méditerranée only hires employees who are over the age of 18 and prohibits all forms of forced or compulsory labor. It promotes fundamental rights at work through its Ethics Charter (see section 4.3.4 in the Societal report), specific contractual clauses with suppliers (see section 4.3.2.1 in the Societal report), as well as the collective agreement on the respect for fundamental rights at work (mentioned in section 4.2.3), which refers directly to ILO principles and describes in detail Club Méditerranée's commitment to respect them.

4.3 SOCIETAL REPORT

See the methodology note, societal indicators and table of societal indicators in section 4.5.3.

4.3.1. Communities: respect and contribution

Introductory comment: It should be noted that beyond the actions described below**, the management of impacts on local communities is also reflected in the deployment of Green Globe certification** (see section 4.4.1.). This process also impacts our relationships with host communities, especially through criteria based on socio-economic and cultural issues.

4.3.1.1 Respect for host communities: an invitation to respect and to discover

Respect for host countries and their inhabitants is one of the founding principles of Club Méditerranée and is an essential condition for the local acceptance of its villages.

Preventing the sexual exploitation of children in tourism

This concern for respect relates to all of the riches of the country hosting a village, starting with the most precious of them: its children.

The actions defined in the partnership agreement signed with ECPAT in 2005 were renewed in 2013, with the further distribution of the joint Club Méditerranée - ECPAT leaflet that ties in with the NGO's communication campaign. These leaflets are sent to the homes of French customers heading to sensitive countries. Outreach is also conducted via the commercial website in several countries, including France and the US.

In 2013, nearly 37,000 leaflets were sent to the homes of French customers, bringing the total number sent since 2005 to nearly 670,900.

ECPAT fights against child prostitution, child pornography, and the trafficking of children for sexual purposes. It is an international organization that is present in over 70 countries worldwide. Many tourism professionals are committed with ECPAT to fight against the sexual exploitation of children in tourism.

www.ecpat.net

For prevention efforts on the ground, support for Atfalouna, an association that helps street children in Marrakech, has been continued (financial support, donation of equipment, invitations to celebrations).

An invitation to respect the host country

Since 2008, the Discovery Centers at all African and European villages have displayed a charter on respecting the local hosts, their culture, environment and economy and distributed it to all GM® going on excursions. The charter is tailored to the countries concerned and is available in each country in French and English (and some other languages).

In villages where the Green Globe certification process is deployed (see section 4.4.1.3), the awareness poster in the rooms of all GM® invites them to refer to the Charter.

This charter is also included with the travel itineraries of customers taking Club Med Discovery tours.

In addition, the Ethics Charter (see section 2.3.2.2 on the Internal control framework - Internal standards), available to all GO® and GE, incorporates the principles and commitments that govern the company's relationship with its host countries.

An invitation to discover

The villages represent the first contact customers have with host countries: this is where their voyage of discovery begins. Club Méditerranée has therefore always designed holiday villages that are steeped in the local culture and practices, which can be seen in their architecture, decoration, vegetation, cuisine and more.

The activities offered also reflect the local culture, frequently through lessons in dance, cooking and languages, as well as lectures on the host country. And every week almost all villages organize an evening, an entire day, or special events devoted to the host country or the region.

- **Discovery tours and excursions**

In every village the Discovery Center is located in an area that is easily visible to the GM®; it invites them to discover the host country through a wide range of outside excursions and activities. Services such as child care during the excursion day make organization easier for participating parents. As a result, about one-third of GM® take excursions during their stay.

In addition, since its creation, Club Méditerranée has developed experiences alongside its villages activities, such as vacation tours or vacations combining tours with stays in the villages. Each year, Club Med Discovery Tours offers the exploration of 51 host countries in small groups, directed by guides and assistants.

4.3.1.2 Contributing actively to local development

The presence of a Club Med village has economic and social impacts on the host region. Club Méditerranée is committed to not contenting itself with observing the positive impacts, but to maximizing and developing them instead.

Through local employment

The level of comfort and service, and the variety of activities offered in a Club Med village are reflected in the high number of positions required for a village opening. In 2013, 74% of such positions were awarded to local GO® and GE.

The use of local subcontractors also contributes to boosting the economic and social fabric, in the same way as indirect employment, although this is more difficult to quantify precisely. (See section 4.2.1)

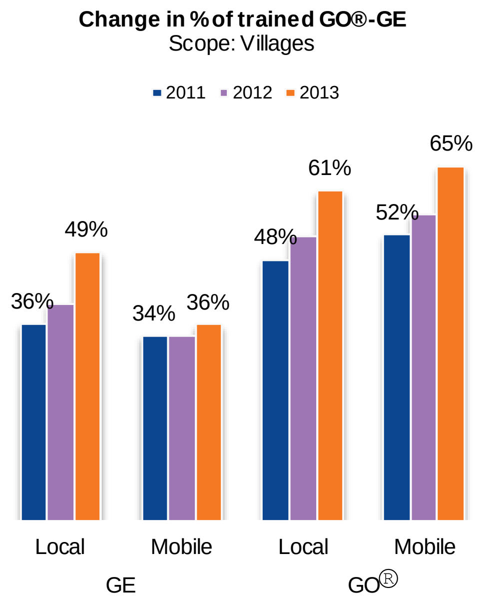
By developing the employability of local workers

Raising the skills and employability of local workers is a priority for the Group.

Thus in 2013, on a World scope:

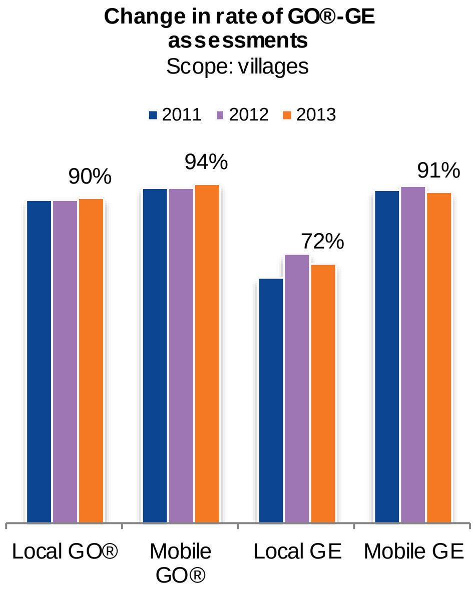
- 48% of GE assigned to a post were trained (up 10 percentage points from a year ago);
- 74% of GE were evaluated in 2013 (evaluation for FY 2012);
- 10% of GE worked outside their home country.

❖ **Training**



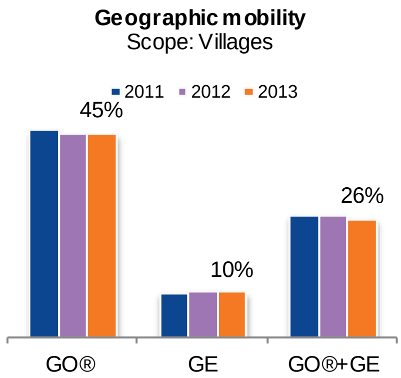
The rate of training of local GO® and GE has risen sharply in three years, especially for GE.

❖ **Evaluation**

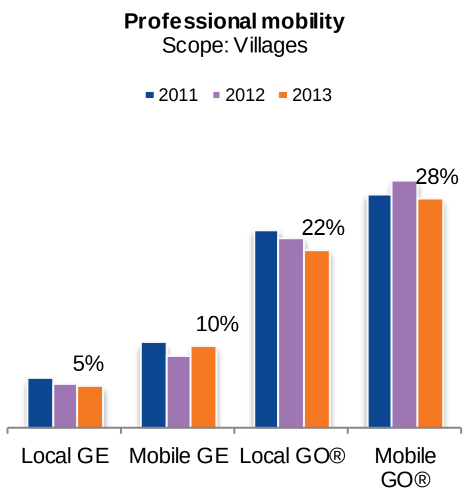


Evaluations of local GO® and GE have continued to increase since 2011 to approximately the level of mobile GO® and GE.

❖ **Geographical and occupational mobility**



The geographical mobility of our GO® and GE has remained stable for three years.

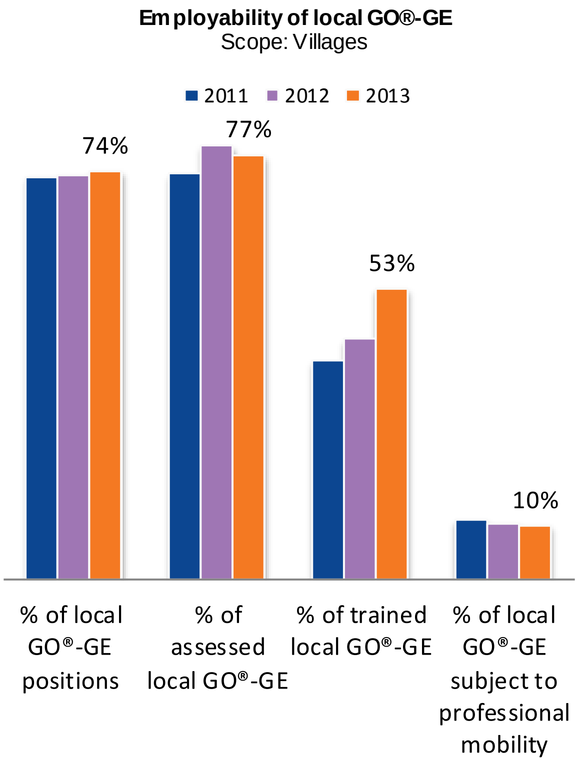


The occupational mobility of local and mobile GO® and GE varies significantly according to their status as a GO® or GE. However, no medium-term trend is emerging, and percentages are subject to fluctuations related to village openings and closings and to job categories.

❖ **Focus on the non-EU agreement**

The agreement on transnational mobility of GE in Europe-Africa enabled 405 seasonal employees to be hired as hotel workers for one season at the French villages. Most of them were from Turkey, Morocco, Tunisia and Mauritius.

See section 4.2.3 on the summary of current agreements



Through local purchases

See section 4.3.2 on responsible purchasing

Through the prevention of counterfeiting

The Group believes that counterfeiting goes against the economic development of its host countries by hindering local creation and sidestepping all social and environmental standards. It therefore decided to raise awareness among its teams and GM® on this topic, particularly through Sustainable Tourism training courses for Club Med Discovery guides, and as part of the rollout of the villages' Green Globe eco-certification.

Through the transfer of know-how and innovation

Boosting the economic and social fabric of a community also involves the transfer of know-how. The Group continually seeks to implement practices and techniques that were previously non-existent locally.

FY 2013 saw China's first swimming pool with an all-biological treatment system installed at the new village in Guilin. This also marks a first for Club Méditerranée. The village also uses a completely natural wastewater treatment system.

See section 4.4.5. "Protecting biodiversity"

In addition, actions taken since 2011 with the National Institute for Agricultural Research (known as INRA) to curb the spread of the red palm weevil were continued during the year (see section 4.4.5.2.). These efforts brought exceptional results, as no losses of palm trees were recorded at infested sites in areas where the pest is not yet controlled. This result serves as an example and a reference for many communities and park managers caring for palm trees throughout the Mediterranean countries, including in Europe. Whenever possible, training for technical teams is extended to hotel employees or nearby environmental services.

4.3.1.3 Beyond contribution: Solidarity

CLUB MÉDITERRANÉE
LA FONDATION

Club Méditerranée Foundation

The Club Méditerranée Foundation, which celebrated its 35th anniversary in 2013, promotes employee volunteerism and skills transfer for solidarity actions, and the recycling of all Club Méditerranée equipment and materials that can be used by non-profit associations.

In 2013, 2,866 GO® and GE volunteers worked under its auspices, with their involvement representing 16,138 hours of volunteer service and skills transfer, including 11,739 hours of working time. The number of hours devoted to solidarity projects rose 41% compared to 2012.

The year was marked by the following: the 13th annual ""Worldwide Snack", which served some 3,000 children worldwide; the 9th annual fundraising day for the Petits Princes association; the opening of the Foundation Space in Belek, Turkey; and the opening of a 9th Sports School for disadvantaged children in Itaparica, Brazil.

For more information www.clubmed.co.uk/foundation

Friends of Club Méditerranée Foundation, under the auspices of the King Baudouin Foundation, which underscores its seriousness and sincerity, is designed to accept financial donations from Club Med customers. Since June 2012, it has enabled the financial support of solidarity programs sponsored by the Foundation in France, Morocco, Senegal and Belgium.

For more information, www.clubmed.fr/amis-fondation

Other solidarity actions, apart from the Foundation

- **Local partnerships**

Other solidarity actions are carried out locally by the villages without all being identified. In 2013, the following actions can be mentioned in particular: actions with disadvantaged children in Marrakech (Morocco) in partnership with the Observatoire de la Palmeraie de Marrakech (OPM) and Albion (Mauritius) with Terre de Paix La Fondation pour L'enfance.

- **Actions with communities to promote hygiene and health**

To fight against AIDS, Club Méditerranée offers free screening and support in accessing care for all its employees (see section 4.2.4.).

In Africa, it facilitates access to treatment against AIDS for the families of local GO® and GE by supplementing state assistance in covering actual costs. It is a member of the "Entreprises et Santé" non-profit association composed of French companies whose African subsidiaries take part in programs to fight AIDS.

4.3.2. Responsible purchasing

Inventor of the all-inclusive vacation, Club Méditerranée has a role as an assembler of various services, in which purchasing plays an active part: Annual purchases total €1,060 million, i.e. approximately 71% of business volume. Responsible purchasing thus fits naturally into the Group's strategy of responsible performance.

The Purchasing and Logistics department, which reports to the corporate Finance department, consists of 58 buyers and logisticians. It is present in 12 countries on 4 continents, and provides the functional link with the procurement and inventory management teams of all villages in the World.

See also section 2.3.2.5 "Control activities / Purchasing"

Since 2007, raising the teams' proficiency in sustainable purchasing has been the focus of regular workshops, especially during annual international conferences. Sustainable purchasing concerns everyone, and is addressed based on the degree of maturity of the geographical regions.

To go beyond best practices and isolated initiatives, since 2010 the responsible purchasing approach has been deeply embedded in the procurement process. It was recognized in 2013 with the award of the Gold Medal ("Trophée d'Or") for "Eco-friendly Purchasing" by the French magazine for purchasing managers, Décision Achats.

4.3.2.1 Purchasing department code of ethics

The five rules of conduct of the Purchasing and Logistics department – Honesty, Integrity, Fairness, Ethical Conduct, and Confidentiality – complement the Group's values.

In 2013, the Purchasing and Logistics code of ethics was revised to better define the commitments and the ensuing rules of conduct.

See www.suppliers.clubmed.com under the "Our values" tab

4.3.2.2 Responsible purchasing policy

Club Méditerranée's approach to responsible purchasing focuses on three pillars of sustainable development: environmental, social and societal. It is integrated at all levels of relationships with suppliers, other internal departments, employees and GM®, and covers the entire Group.

Stages of the purchasing process

Sustainable development actions are incorporated at each stage of the purchasing process:

- In defining the purchasing policy: developing responsible purchasing is one of the five pillars of the policy;
- In sourcing criteria: certifications and/or the implementation of good environmental and social practices are among the first questions asked of any potential new supplier through the dedicated website;
- In the main operating specifications and the selection criteria for tenders and contracts (seven-point liability clause covering ecological and social aspects);
- In reporting on sustainable purchasing: monitoring methods and computer tools have been developed; their use should continue to increase; and
- In improvement processes requested by the buyers from their suppliers.

The commitment to eco-friendly purchasing has been clearly communicated and the sustainable purchasing charter can be downloaded from the website: www.suppliers.clubmed.com

Issues addressed: social, societal, and environmental

Purchasing is a significant part of the Green Globe certification process for the villages: 50 criteria (out of some 300 in the Green Globe database) focus on purchasing and procurement. The aspects covered are social, local, environmental, and the issue of fairness.

❖ **Social and societal**

Since 2006, all Club Méditerranée suppliers are invited to share the Group's values by accepting a new contractual clause on ethics and practices. This clause commits suppliers and service providers on key points: freedom from harassment; no use of child labor; no discrimination; no use of forced labor; existence of a minimum wage; freedom of association and trade union rights.

In 2013, all framework agreements in France include a clause on social responsibility.

Buyers are instructed to work whenever possible with sheltered workshops for disabled workers, to increase purchases of products with a fair trade label (e.g., Max Havelaar, Fairtrade, Ecocert Équitable, Cosmebio), to buy locally and to encourage the relocation of production (*see section 4.3.2.3 on the Agrisud partnership*).

❖ **Environmental**

The CSR clause inserted in contracts also commits suppliers and providers to compliance with environmental regulations, including by avoiding certain products and processes.

In public tender offers, criteria are taken into account on water consumption, energy efficiency, greenhouse gas emissions, waste reduction, biodiversity protection and animal welfare.

Where possible, certified purchases are preferred: organic cotton for some GO® clothing, certified cleaning products, use of "green" energy, FSC or PEFC certified paper for catalogs, vegetable-based inks for catalog printing, etc.

Food purchases emphasize seasonal products and since 2012, the French villages have purchased all whole eggs from cage-free sources.

Charters have been drafted to set guidelines for avoiding the risk of deforestation (Wood Charter in 2006) and the risk of overfishing (Seafood Charter in 2007). Accordingly, only 3% of global seafood purchases come from overfished species not listed in the charter, and 13% from restricted species.

The tonnage of catalogs in the FBS market and NMEA countries has been slashed by 45% since 2009 (970 tons in 2013). This excludes countries that print their catalogs on-site (South Africa, Spain, Israel and Portugal). Since 2010, all catalogs are fully printed on FSC or PEFC certified paper.

Involving central participants

Education and training of the purchasing teams has helped to make the "eco-friendly" approach a key factor in the dialogue and pursuit of solutions with internal customers and suppliers/providers.

Buyers, who convey the message of corporate, social and environmental responsibility to the suppliers and prospective suppliers they encounter, are now reporting a more mature market and a trend among suppliers towards greater consideration of our sustainable development requirements. Suppliers are willing to take action with their subcontractors to follow Club Méditerranée's recommendations, such as the use of eco-certified products by cleaning subcontractors.

Measuring performance

Recent developments in IT systems (contracts databases, items/suppliers repositories) will enable us to better measure the impact of our actions and monitor changes over time, such as increases in certified purchases and local purchases, the earmarking of non-certified purchases that reflect best practices (made from recycled materials, without GMOs, a product of social entrepreneurship, etc.).

4.3.2.3 Focus on local purchases and partnership with Agrisud

Local purchases

Throughout the year, the vast majority of purchases of goods and materials for the villages is from local suppliers in their countries of operation (between 77% and 100%, with an average of 91%)[13]. If a portion of these purchases consists of

[13] *Excluding China*

imports by the local supplier (which is very difficult to assess), this rate nonetheless reflects Club Méditerranée's intention to work as much as possible with local partners, producers and distributors.

See indicators in section 4.5.3.

<u>Supporting and developing local farming: a unique partnership with Agrisud</u>

Finding that in some cases local supply was inadequate to meet its villages' demand for fresh produce, Club Méditerranée decided to help strengthen this network, thereby playing an active role in the economic development of the regions where it operates.
This decision led to a partnership with the NGO Agrisud, signed in late 2008, to enable local producers to supply Club Med villages, and to guide them towards more sustainable land use, based on the principles of agro-ecology.

The benefits include:

- Helping farmers to escape poverty by guiding them towards a market economy and sustainable use of their lands;
- Contributing to the relocation of subsistence farming;
- Buffets offering customers fresh produce that is local, eco-friendly and meaningful;
- Securing supplies of fresh produce and increasing the share of local purchases in Club Méditerranée's procurement process;
- Reducing the CO2 impact of transporting such produce; and
- More firmly rooting the villages in their host communities.

With 180 VSBs [14] supported in five countries, aggregate financial support of €360,000, and 40 tons of produce delivered at the end of 2013, Club Méditerranée is Agrisud's largest partner in the tourism sector.

AGRISUD INTERNATIONAL

For nearly twenty years, the NGO Agrisud has been committed to the fight against poverty and to the food security of the poor in many developing countries in the southern hemisphere.Its answer is to assist these populations in the creation of very small sustainable family farms, rooted in the local market.Its approach is also environmentally friendly and promotes practices that reconcile local development with low environmental impact.
Agrisud, with the help of local partners that it trains, works with very small farms near the Villages to:

- strengthen producers technically (sharing of agro-ecological practices), in terms of business management (supporting the development and analysis of the operating accounts), and organizationally (grouped seed purchases, irrigation systems maintenance, etc.)
- establish a local procurement system that is sustainable (participatory development of a purchasing protocol; positioning of local partners or groups as intermediaries between the producers and the Club Med Village).

www.agrisud.org

[14] *Very Small Businesses*

Agrisud Balance Sheet	start of partnership	2009	2011	2012	2013
Senegal	2009				
Grow ers supported at 4 gardens		40	60	60	139
Procurement at Club Med village (tons)		2	6,9	9,3	9.5 (*)
Brazil	2009				
Families given technical assistance			8	8	9
Procurement at Club Med village (tons)			1,5	2,2	2.1 (**)
Morocco	2009				
VSB supported in technical and business matters			16	35	22
Procurement at Club Med village (tons)			2	1,9	0.4 (**)
Tunisia	2012				
Vegetable grow ers and honey producers supported					10
Procurement at Club Med village (tons)					1.8 (**)
Indonesia	2013				
A first diagnosis was made in spring 2013. It calls for a deepening of fiscal 2014					

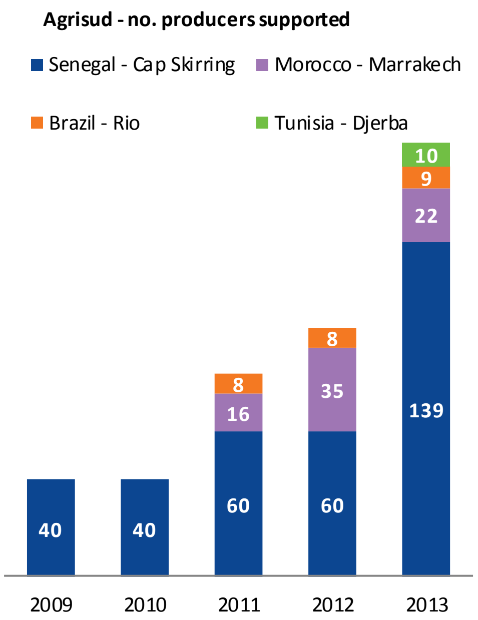
(*) This slight increase is due to delays in placing orders; the causes were analyzed and will be corrected in 2014.

(**) procurement over an incomplete year; recorded mid-2013

2013 project review

In 2013, joint Agrisud-Club Med projects were extended in Senegal, Morocco, Brazil and Tunisia. In addition, an analysis was done for the launch of a new project in Bali (Indonesia), with encouraging results.

To access the 5-year review



4.3.3. Customers: Quality and safety, the foundations of lasting trust

Club Méditerranée has grown alongside its members: They are the ones who, starting in 1950, called the activity leaders “Gentils Organisateurs” (GO®), and were in return called “Gentils Membres” (GM®). The close relationship of trust, and even complicity that has existed between Club Med and its GM® for 60 years is one of its most valuable assets. If it is especially evident in the relationship between the GO® and GM® in the villages, it is also the reflection of the entire organization’s core commitments towards its customers.

4.3.3.1 Responsible communication to customers

The quality and reliability of sales information is the sine qua non of a relationship of trust between a company and its customers, especially when it comes to products as involved as vacations.

In light of this, and of its strong brand awareness and reputation, Club Méditerranée relies on a specific process managed by a specialized service, and on the various departments, including the Legal department, to ensure that promotional materials of every Business Unit are reliable and do not contain exaggerated promises. This includes making sure that the terms and conditions of sale provided for the products and services are clear, complete and reliable.

Club Méditerranée is a member of SETO, the French trade union for tour operators, and adheres to its charter, which aims to inform the consumer about the commitments made by professional tour operators and the guarantees that they offer.

4.3.3.2 Quality and customer satisfaction

Club Méditerranée's quality approach is based on a historical culture of customer satisfaction, and on tools that are embedded in the practices of each profession.

Listening to the GM® begins in the village through the GM®-GO® relationship. After their vacation, the listening continues through the "GM Feedback" survey, an analysis of GM letters and, increasingly, of feedback on specialist websites and social networks.

In the GM® Feedback survey, the number of GM® who were very satisfied was up in 2013 compared to the average of the previous three years.

Furthermore, the "Quali-signs" quality standards are in all villages and compliance with these standards is managed through staff training and various forms of monitoring.

For more information, see section 2.3.2.2 in the "Internal control framework"; the sections on "Product standards" and "Quality standards" and in section 2.3.2.5. "Control Activities", the section on "Service quality".

4.3.3.3 Customer health and safety: Aiming for total peace of mind

The number one priority communicated to all GO® and GE is the safety of people.

The health and safety policy relies on the expertise and coordination of a dedicated Health and Safety department, whose tools, operations and key repositories are described in section 2.3.2.2, "Internal control framework - Internal standards - Crisis management manual and safety charter", and in section 2.3.2.5. "Control Activities - Health, Safety and Security"

For more details see also

GM® indicators and incidents

In 2013, the number of claims (theft and accidents) in the villages fell by 20% (3,711 vs 4,629 in 2012), while costs related to these claims fell by 50% compared to the previous year.

The prevention policy implemented by Club Méditerranée has brought down the number of accidents and thefts significantly.

The most accident-prone activity by far is skiing, for which a specific prevention plan will be implemented for Winter 2014.

4.3.3.4 Accessibility in the villages

To address the accessibility by the various categories of disabled persons to French establishments open to the public (Etablissement Recevant du Public), a working group was formed with members from the Construction, Technical, Legal and the operational departments concerned, to coordinate the compliance of French villages with regulatory standards that will come into force on January 1, 2015.

Accessibility audits on all French villages were completed by the end of 2010. Compliance upgrades were then launched in successive phases.

4.3.4. Summary of actions to promote human rights

In addition to promoting the International Labor Organization's Conventions (discussed in the Social Report, especially in section 4.2.7.) and taking action against corruption (discussed in section 2.3.1), Club Méditerranée promotes the respect for human rights by:

- Fighting against the sexual exploitation of children in tourism (see section 4.3.1.1.);
- Distributing the principles of its Ethics Charter to all employees, and making this document available to all stakeholders: on the corporate website http://www.clubmed-corporate.com/?cat=266 and the jobs website http://www.clubmedjobs.co.uk/knowing-us-better/our-strategy/our-commitments;
- Inserting clauses relating to the respect of human rights in its supplier contracts (see section 4.3.2).

Club Méditerranée is also vigilant about compliance in the purchase and use of land, and with regard to regulations on protected areas and heritage sites. It also ensures that village activities do not impact the water or energy supplies of local communities or compromise the sanitation or delivery of other essential services in neighboring communities. These are mandatory points for obtaining Green Globe certification and are reviewed at each audit.

Lastly, since 2000, Club Méditerranée has been a **signatory to the National Charter of Ethics for Tourism**. This is the French version of the Global Code of Ethics for Tourism, which promotes global, fair, responsible and sustainable tourism.

4.4 ENVIRONMENTAL REPORT

Notes on environmental data:

- The reporting period runs from November 1st to October 31st.
- The scope covers all activities of Villages operated at least one season during the year, whether or not the activity is directly managed by Club Med (spas, shops, etc.). It includes periods of seasonal closure and is based on actual consumption.

For more details, see the methodology note for environmental reporting and the table of indicators in section 4.5.4

4.4.1. Overview of the environmental policy

4.4.1.1 Key issues and commitments

Promoting an appreciation for nature and its benefits is one of the founding principles of Club Méditerranée, whose very name reflects this vocation. As a specialist in dream locations, Club Méditerranée is aware of their fragility and their vital need for protection.

Environmental issues are addressed at three major levels: village construction, village operations, and outreach to customers, suppliers and GO® / GE.

In the context of its “asset light” strategy (management contracts), Club Méditerranée’s ability to drive progress within its sphere of influence (i.e., its investment partners) is becoming a key element in the success of its environmental policy. For example, the Green Globe certification obtained at Sinai Bay in Egypt depended on the combined efforts of Club Méditerranée and its partner, Orascom, and illustrates this win-win dynamic.

4.4.1.2 Organization

Organization of teams

See section 4.1.1 for the organization of the Sustainable Development department.

See section 4.1.2 for the inclusion of stakeholder views.

Environmental issues are addressed in each Business Unit and at each stage of product delivery under the leadership of the Sustainable Development and Technical departments in each region.

In the villages, Technical Managers are key players in the environmental policy. Coordinated by the regional Technical departments, they work closely with all services, and particularly with the Green Globe Coordinators in certified villages or those seeking certification (see section 4.4.1.3.).

The Development and Construction department relies on consultants and project managers who specialize in the environment, in conjunction with our real estate partners.

Tech Care : the environmental reporting tool

Since 2007, environmental data have been drawn from the Tech Care reporting tool (Indicia software, published by Ivalua) which covers all Group villages (World scope).

This tool enables the consolidation of quantitative data (water, energy, waste, GHG emissions, etc.), as well as the collection of qualitative data on context, equipment, practices, and so forth. It serves a threefold objective:

- An operating tool to manage village performance, serves as a village “memory” regardless of technical team changes, and measure progress against targets and return on investment;
- As a baseline for management control of village consumption; and
- As a reporting and consolidation tool for the Group’s non-financial communication and management of the environmental policy rollout.

It uses data on actual consumption, which is recorded largely on a daily basis by the Technical Manager of each village.

It is used to carry out a dual check:

- On the completeness of monthly data by the Tech Care administrator in the Sustainable Development department;
- On the consistency of data on a quarterly and/or monthly basis by the EAF Technical department (World scope).

Tech Care leads an annual project in September that covers nearly 350 qualitative and contextual indicators, which puts these analyses into perspective and provides a better understanding of all the villages’ environmental impacts.

Green Globe international certification for sustainable tourism was launched in 1993 in the United Kingdom. **Based on the commitments made by the tourism industry at the Earth Summit in Rio de Janeiro in 1992**, it applies to all tourism sectors. This demanding certification attests to an establishment's commitment to an active approach to sustainable tourism and ensures that it achieves a high level of performance and instills good practices concerning environmental, social and societal issues.

Member of the Global Sustainable Tourism Council (GSTC), Green Globe has defined its repository based on recognized international standards issued by this organization, known as the Global Sustainable Tourism Criteria (GSTC).

This repository covers the **three pillars of sustainable development** and is based on **40 topics broken down into more than 300 compliance indicators**, some of which are mandatory and others optional. Certification is awarded (by independent third-party audit) when the mandatory requirements are met and when the compliance rate with the indicators is over 50% on each topic. Continuous improvement is necessary to maintain the certification on an annual basis.

To learn more: www.greenglobe.com

4.4.1.3 Green Globe certification: a cross-functional, structured approach to village operation

After eight pilot tests conducted between 2008 and 2010, Club Méditerranée determined that the certification process was effective and relevant for ramping up team commitment and instilling a continuous improvement mindset in each village.

In 2010, Club Méditerranée was the only group in the tourism sector with three internationally recognized certifications: European Ecolabel for tourist accommodations (EE), EarthCheck (EC) and Green Globe Certification (GGC). After a thorough analysis of the various international certifications for hospitality establishments, Club Méditerranée chose to focus on Green Globe certification. This tourism-specific label is based on stringent standards and mandatory improvement measures to win renewal each year. Demanding, comprehensive and practical, Green Globe enjoys a strong reputation and international recognition.

Objective: all villages certified by 2016

The Green Globe certification process launched in 2010 was continued in 2013 with the ongoing deployment of tools (e.g., village diagnostics, Green Globe self-assessments, configurable action plans, training modules, etc.) and with guidance, monitoring and support for the villages involved.

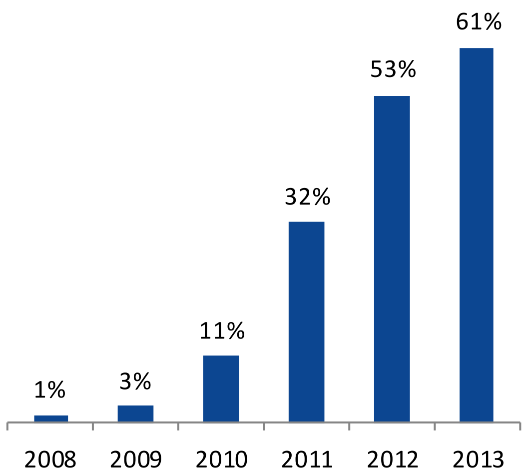
At the end of 2013, 61% of all villages were eco-certified.

See details of eco-certified villages in section 4.5.4.1

In 2013, our efforts were focused on Asia, with the villages of Sahoro and Kabira (Japan), Phuket (Thailand), Bali and Bintan Island (Indonesia) all obtaining certification. This brought the percentage of certified villages in the Asia-Pacific region (excluding China) to 86%.

In the EAF region, all villages involved in the process, namely Avoriaz (France), Villars-sur-Ollon (Switzerland), Sinai Bay (Egypt), and Da Balaia (Portugal), were also certified in 2013. The number of participating villages was lower than initially expected, however, as the operational departments decided to focus for two years on maintaining the certifications already earned.

Change in percentage of eco-certified villages:



A dedicated organization supports the deployment process. It has a dual hierarchy:

- a functional reporting structure with "Green Globe Trotters" reporting to the Sustainable Development department and assigned to several successive villages to provide expertise in the process to obtain first certification;
- an operational reporting structure with "Green Globe Coordinators", i.e., GO® and GE working in the villages who are trained by the Green Globe Trotters and spend a portion of their time ensuring coordination of the action plan and ownership of the process by the village teams.

To ensure lasting progress in the company's practices, tools and processes, a "Green Globe Keeper", reporting to the Sustainable Development department, coordinates the effort and provides necessary support to the Green Globe Coordinators.

It is a highly structured approach for sustainable development implementation in the villages, as well as at the corporate level, where it provides material support for the sustainability actions of the various departments, such as Purchasing, Operations, etc.

It enables better understanding and consideration of sustainable tourism issues in each Business Unit and by everyone concerned. All GO® and GE at villages involved in the Green Globe certification or renewal process are trained in sustainable development issues and their day-to-day impact on what they do. In addition, village managers are given objectives for obtaining and maintaining certification.

4.4.1.4 Sustainable construction: Guidelines, promotion of certification and green innovation

Routinely incorporating an eco-friendly approach and standards into construction projects is a key aim of Club Méditerranée's environmental policy.

The means to achieve it include using its own "Environmental Construction Guidelines" and promoting certification and innovation.

Environmental Construction Guidelines

Club Méditerranée issued its Environmental Construction Guidelines in 2011 to serve as a guide for program managers in the Construction department.

The Guidelines are the result of a comprehensive study on applying environmental criteria in Club Méditerranée villages, whether they are located in cold, temperate or warm climates. They discuss areas of particular interest on each issue, and suggest practical solutions. Major environmental issues are broken down into five key categories – energy, water, waste, pollution and biodiversity – which are themselves divided into specific technical issues.

In 2013, a sixth category on beach development and management was added to the Guidelines.

See section 4.4.5.1. "Protecting biodiversity in construction"

Promoting certification

- For villages built under the direct control of Club Méditerranée, a relevant environmental label is increasingly being sought, both because it helps to bring parties together and optimize the process, and because it recognizes and highlights very high standards. The first example of this effort is the "NF HQE® Methods" certification obtained at Valmorel for high environmental quality in its design, programming and construction phases. For the future village at Val Thorens, set to open in December 2014, energy certification under the "THPE" label (for Très Haute Performance Energétique or "very high energy performance") is being sought.
- For villages built by third parties, Club Méditerranée's objective is to persuade its partners of the merits of a certification process. To this end, specific clauses are included in agreements, starting with the letter of intent, aimed at committing the partner to build according to specific environmental standards and to obtain environmental certification.

Together with the Building Research Establishment (BRE) and Greenaffair consulting firm, a feasibility study was launched for BREEAM certification (for "BRE Environmental Assessment Method") tailored to the specificities of Club Méditerranée's villages and incorporating its Environmental Construction Guidelines. The option to extend this process **to new construction projects is being considered**.

Promoting green innovation

After working with Phytorestore to introduce innovative wastewater treatment techniques through phytoremediation, or "Jardin Filtrants®" (Filtering gardens) at Plantation d'Albion (Mauritius, a first for this country) in 2006 and Yasmina (Morocco) in 2011, Club Méditerranée and Phytorestore teamed up again at Guilin in 2013 to install the first swimming pool with an all-biological treatment system in China, as well as a natural wastewater treatment system in the village.

See section 4.4.5. Protecting biodiversity.

More generally, innovative technologies are continuously being monitored by the technical teams and promising methods are tested. In 2013, for example, a high-tech paint containing microspheres for increased reflection of solar radiation was tested at Punta Cana (Dominican Republic).

See also section 4.4.3.2 on innovative energy equipment.

4.4.2. Pollution and waste management

4.4.2.1 Preventing pollution

Managing wastewater

See section 4.4.3.1 on water conservation

Managing the storage and use of harmful substances

Club Méditerranée uses harmful substances such as paints, swimming pool and kitchen maintenance products, cleaning agents and, to a far lesser degree, pesticides. Misuse or improper storage of these products would pose a threat to the environment and to human health.

As part of the Green Globe certification process for all its villages, Club Méditerranée is committed to more closely monitoring the proper use and storage of such products and to reducing their use or replacing them with eco-certified products where possible. The villages are routinely audited on this mandatory topic in the Green Globe repository.

In France, the replacement of traditional dishwashing and rinse-aid products (the largest item in this category, representing one-third of all cleaning products) with products certified by European Ecolabel was completed in Winter 2012. However, it remains a challenge in the rest of Europe-Africa due to the uneven supply of eco-certified products available in each country.

Other potential sources of pollution

❖ **Refrigerant gases and CFCs**

An inventory was launched in 2012 across all villages to develop a strategy for upgrading facilities. It culminated in 2013 with the replacement of refrigeration and air conditioning systems using R22 refrigerant gas by more energy efficient equipment in the villages at Gregolimano (Greece), Kamarina (Italy), Marrakech (Morocco) and La Pointe aux Canonniers (Mauritius). R22 equipment is also gradually being phased out at Sandpiper (United States), Turkoise (Turks and Caicos) and Punta Cana (Dominican Republic)

❖ **ICPE* Sites (facilities that pose an environmental risk)**

Club Méditerranée has only one ICPE-classified facility, which is subject to declaration only: the gas-powered heating plant in Vittel, France, operated by Idex. This site complies with the following obligations: declaration submitted, ICPE diagnostic completed and restrictions lifted, and compliant monitoring.

❖ **Excessive noise**

Noise and specific actions to curb excessive noise: 39% of villages (vs. 35% in 2012) have a decibel meter and 30% (vs. 34% in 2012) have been evaluated for noise by an outside expert.

Provision for contingencies and losses relating to the environment

No provisions for environmental liabilities arising from court decisions were booked in the Group's 2013 financial statements. Furthermore, no provision for environmental risk was recorded for the year.

4.4.2.2 Waste management

Reducing and recycling waste

The waste management improvement process has been strengthened and accelerated by the Green Globe rollout and consists of:

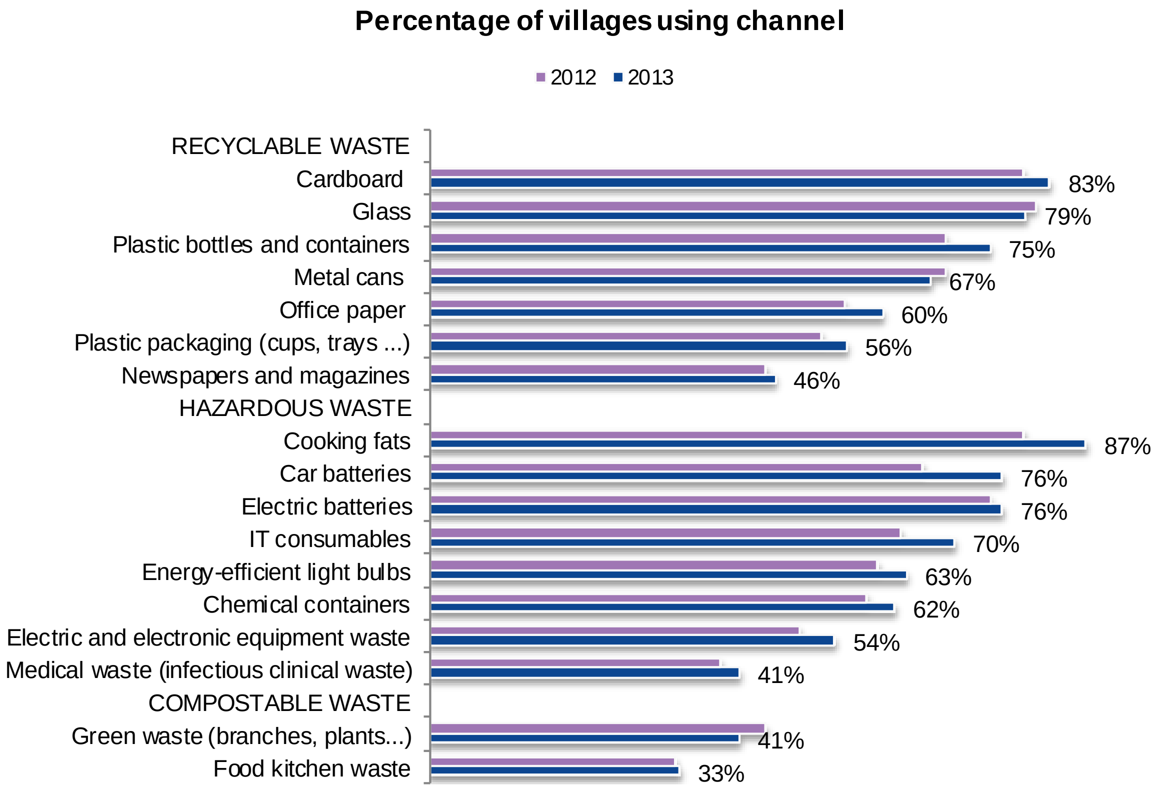
- Systematic sorting and recycling of waste;
- Increasing the reuse of resources and decreasing the use of disposable products;
- Reducing waste at the source via purchasing (minimizing packaging) and changes in services (eliminating some individual packaging);
- Establishing quantitative monitoring of waste; and
- Setting targets for reducing waste that is not reused or recycled.

❖ **Waste sorting**

In 2013, commitments made under the Green Globe certification continued to be implemented with:

- Systematic sorting carried out in all departments;
- More in-depth training on sorting for GO®/GE;
- A more proactive search for channels for composting green waste, recycling canvas and tarpaulins, etc. For example, at Kamarina, Italy, an old canvas tent (over two tons of composite membranes) damaged by a storm was recycled by the specialist Texyloop®. This works out at 1 to 1.5 kilotons of CO_2 avoided when this solution is compared to landfilling or incineration.
- Continued outreach to customers, including through Clean Art Planet workshops for children (see section 4.4.6. on customer awareness), and the partnership with Expédition Med (scientific mission on plastic waste in the Mediterranean Sea).

Lastly, villages continue to work with their suppliers and delivery services on the recovery and reuse of packaging (containers, pallets, plastic crates for fish to replace polystyrene bins, etc.).



Over and above the villages involved in the eco-certification process, all villages now systematically recycle where the appropriate channels are available, as shown by the continued growth of sorting since 2010.

- **Quantitative waste monitoring**

Club Méditerranée has chosen a single indicator for monitoring waste: the weight of residual waste (instead of recycled, reprocessed or recovered). This indicator reflects the end result of all waste reduction, sorting and recovery actions, and is the only one that can reasonably be consolidated on a World scope.

In early 2013, the new waste monitoring procedure, standardized for all sites, came into effect and the Inventory and Supply managers were given the responsibility of monitoring waste. Currently, 92% of them report residual waste quantities.

- **Focus on food waste**

The vast experience of Club Med villages in buffet management (knowing exactly how many meals to serve, and practices such as assisted service, on-demand preparation, frequent refilling of small containers on the buffet line, etc.) helps to control the production of food waste per hotel day. The Group continues to be highly vigilant about food waste and oversees the buffet management.

A new approach is being studied based on a 2011 assessment by Inddigo, which measured food waste at the Vittel village. This assessment confirmed that the quantities of food waste generated were at the low end of the benchmark for commercial and collective catering. Such assessments should be carried out in other villages in order to track improvements.

Estimating quantities of food waste and reducing the weight per THD of unrecovered leftovers are among the 2014 objectives of the environmental policy.

In France, the recycling of food waste is gradually taking place as and when regulatory thresholds are met and channels are created. In 2013, four villages in France recycled their food waste.

See chart above on recycling channels

Managing hazardous waste

Club Méditerranée is concerned about hazardous waste such as cooking oils, batteries, WEEE (waste electrical and electronic equipment) and computer consumables, energy-saving light bulbs, medical waste (infectious clinical waste) and containers of hazardous products (paints, solvents, etc.).

Club Méditerranée's commitment is to use the appropriate channels for all its waste and, as part of the Green Globe deployment, to proactively seek out solutions where they do not currently exist.

Progress made in 2013 includes:

- Regular outreach in all villages on sorting, tracking and maintaining records of this type of waste;
- A proactive search for hazardous waste solutions, as needed, in new villages involved in the Green Globe process, and customer guidance on the proper handling of potentially infectious waste.
- The recycling rates for hazardous waste, where channels exist (World scope), have risen steadily (see chart above

for change in 2013 vs 2012). But the sites are frequently faced with the lack of such channels, especially in African countries.

4.4.3. Sustainable use of resources

Notes on the organization of this chapter:

Sensitive sectors are addressed in the "Environmental" subhead of section 4.3.2 on responsible purchasing.

Food waste is addressed in the "Focus on food waste" subhead in section 4.4.2. on waste management.

Land use is discussed in section 4.4.5. Protecting biodiversity.

Detailed quantitative data are provided in the table of CSR indicators in section 4.5.4.2

4.4.3.1 Water

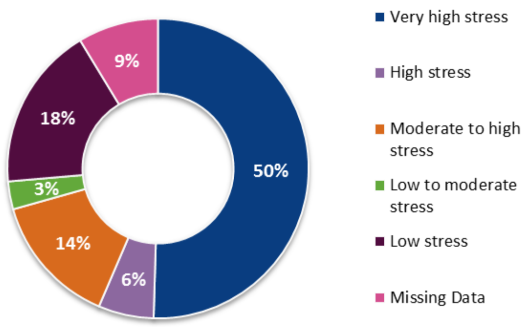
The risks faced by Club Méditerranée on the issue of water mainly relate to threats to physical supply in regions of water stress that could lead to challenges to its drilling rights or conflicts over water use.

Consumption and issues by area of water stress

Risks and opportunities related to water management are mainly local issues, unlike those involving greenhouse gas emissions. That is why in 2013 the analysis of water risks – previously based solely on a mapping of water resources by country – was refined with the use of the World Resources Institute (WRI) Aqueduct tool. This tool enables an analysis of water stress for each village based on its location, by watershed.

Club Méditerranée frequently operates in seaside locations in warm weather regions, which explains why 56% of the water withdrawn by its villages is in areas of high or very high water stress[15].

Water withdrawn by water area (2013)



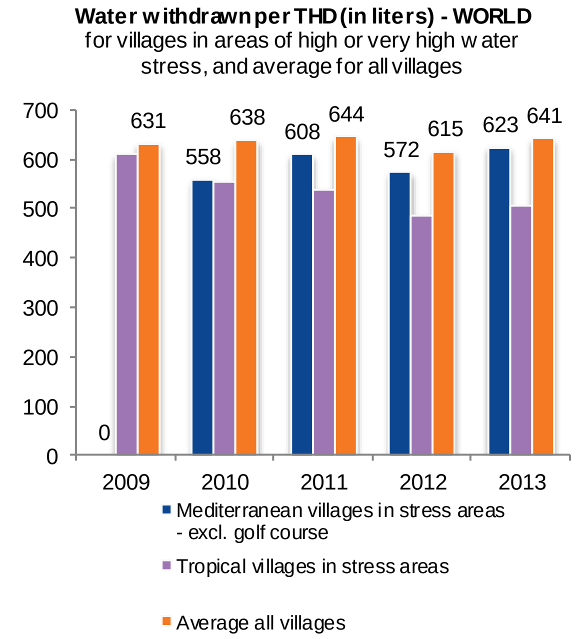
In 2013, consumption per total hotel day (THD) in villages located in areas of high or very high water stress was 623 liters in the Mediterranean region and 503 liters in tropical regions.

As shown in the following diagram, the water consumption ratio per THD is slightly higher in the Mediterranean region and has fallen steadily in tropical regions, despite the upscale strategy. In both cases, the ratio is below the average for all villages (641 liters per THD).

According to the 2013 "Green Hotels" benchmark for luxury hotels, the consumption ratio is excellent in the tropics, but it has gone from satisfactory to high (over 600 liters per THD) in the Mediterranean region in the past year.

In fact, the change in average consumption depends on the structure of the villages and their geographical distribution between regions experiencing water stress and those that are not. The higher ratio for Mediterranean countries in regions of water stress primarily reflects the sharp declines of visitor numbers in several villages (Egypt, Tunisia…), while water consumption for maintenance – particularly irrigation – is independent of the number of visitors.

[15] *Water stress = indicator of water demand compared to water supply (source: WRI Aqueduct).*



Mediterranean villages in areas of high or very high water stress are penalized by greater needs, particularly for watering (less rainfall, more evapotranspiration). This is addressed by more technical management (78% use drip irrigation and timed sprinklers, versus 48% and 46% for the villages as a whole), and a greater reliance on recycled water for irrigation (52% of villages in regions of scarcity against 42% of all villages worldwide).

They are also often penalized by the unavailability of specific equipment, such as granular pot washers (17% in water-scarce countries against 34% for all villages), due to a lack of locally available technology.

Actions to control water consumption

❖ **Reusing recycled water, curbing watering needs**

To ensure the independence of its operations in often far-flung locations, from very early on Club Méditerranée has frequently had to "produce" its own water by drilling wells or through the desalination of seawater and brackish groundwater. Hence its ingrained conservation habits in these areas, such as nighttime watering, reusing treated wastewater, and so forth. Water recycling is a common practice in the villages, especially those with green spaces where virtually all treated water is reused for irrigation.

Forty-nine percent of villages (excluding ski resorts)[16] recycle their water for irrigation.

Sixty-one percent of villages (excluding ski resorts) use their own or purchased recycled water for irrigation.

In 2013, rainwater recovery systems were installed at five new Villas at La Plantation d'Albion (Mauritius).

❖ **Efficient equipment**

Village facilities and equipment have been designed to control water consumption (flow regulators on taps, pressure reducers, water-saving flushing systems, drip irrigation, etc.). In addition, major maintenance work is performed regularly at all villages, such as repairing leaks in the water supply and irrigation systems.

In 2013, work continued on installing water-saving devices on all showers and sinks and implementing centrally-controlled irrigation management.

❖ **Leak detection**

The "Tech Care" environmental reporting module, developed specifically for Club Méditerranée, enables daily monitoring of consumption and makes it easier to detect leaks in the water supply network.

❖ **Special efforts in areas of water stress**

Since 2009, work has been ongoing to repair the water hazard liners at the golf course at Agadir. The capital investment for this project was €80,000 in 2012 and €100,000 in 2013.

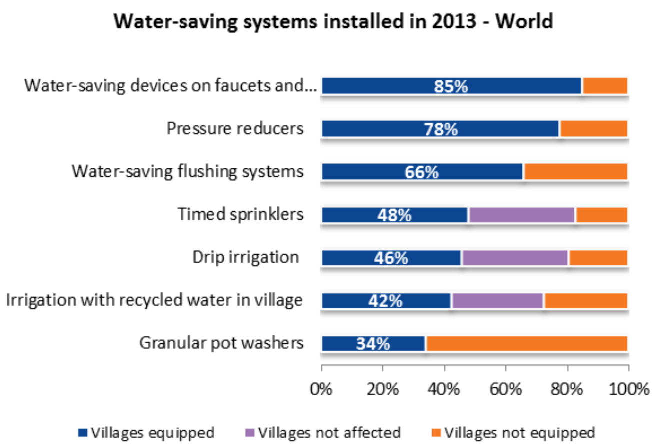
In 2013, in developing the new Villas at Albion (Mauritius), grassy areas were eliminated in favor of spaces planted with decorative shrubs that consume less water and are irrigated by a drip system.

Since 2013, all wastewater at Yasmina (Morocco) has been recovered for watering and meters have been installed in the recycled water and well water systems.

❖ **Changing users' behavior**

To control consumption, behavioral change is just as vital as technical progress. It is therefore natural that outreach to the teams and customers about conserving water resources is a key theme of the environmental awareness policy.

For over 10 years, all customers of Club Méditerranée around the world have been invited to reuse their bath towels if they so wish. This procedure was revised as part of the Green Globe deployment to make it more efficient, and was extended to bed linens in the suites.



[16] *Excluding 21 ski resorts in 2013*

Wastewater treatment and management

❖ **100% of wastewater treated**

Club Méditerranée has always tried to avoid discharging untreated wastewater into the natural environment.

Treatment plants are routinely built when satisfactory water treatment facilities are not available locally, particularly for villages in remote areas or in those lacking infrastructure.

See also the above section on water recycling.

❖ **Preventing contamination of soil and groundwater**

Concerned with avoiding contamination of soil and groundwater, and with protecting its surrounding ecosystems, Club Méditerranée's policy is to prevent pollution through systematic wastewater treatment, run-off management, elimination of pesticides and switching to eco-certified maintenance and cleaning products.

Club Méditerranée is unable to provide measurements of wastewater discharge, as suggested by the GRI.

The only water released by Club Méditerranée is domestic wastewater. Water management is handled locally in the villages, with entries made in the "water logbook" which brings together technical data, administrative authorizations, physical, chemical and bacteriological analyses, treatment protocols and monitoring, network changes, etc., but does not allow for consolidation.

4.4.3.2 Energy

Reducing energy use is a major concern for the Group given the pressures on energy resources, both present and future, and the threat of future repercussions on energy prices and the quality and reliability of supplies.

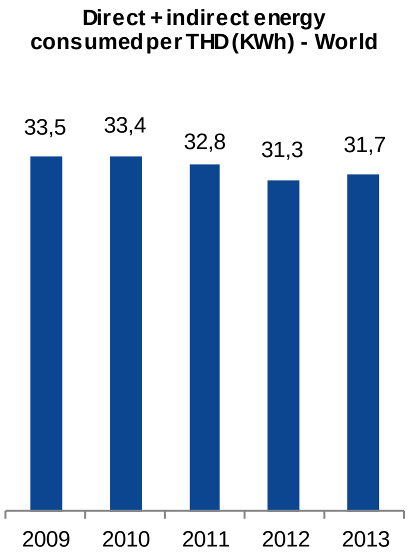
Energy purchases in 2013 were held to 4% of the Group's overall procurement spending.

Consumption ratios and levels

In 2013, the energy efficiency indicator for buildings (the ratio of kWh of direct to indirect energy per total hotel day) was 31.7 kWh/THD. This represents a decline of 6.5% since 2009, but a rise of 1.2% since 2012.

The worsening of the ratio between 2012 and 2013 can be explained by two phenomena:

- Fewer visitors or shortened opening periods in some villages, including Chamonix, Vittel and Meribel, without a commensurate decrease in energy use (due, for example, to the heating of common areas);
- The opening of new upscale villages where energy use is not yet optimized (Pragelato: 51 kWh/THD, Belek: 39 kWh/THD)



Reducing energy needs: bioclimatic design for new buildings and retrofitting for old ones

The first step in reducing energy needs is to increase the energy efficiency of buildings.

For new buildings, see section 4.4.1.4 on sustainable construction.

For existing properties, Club Méditerranée invests each year to make strides in energy efficiency during the repair and maintenance of its buildings.

In 2013, it focused its efforts on insulating the hot water systems of many villages in the Europe-Africa region. Other work included installing roof insulation (Chamonix), double glazed windows (Alpes d'Huez), and exterior wall insulation (Alpes d'Huez, Punta Cana). It also performed energy audits in compliance with the EDF Energy Performance Network (Chamonix and Peisey-Vallandry).

Improving yields: Efficient facilities

❖ **Regularly upgraded facilities**

Energy use is closely monitored in the villages. Each village benefits from regular upgrades to facilities, including building management systems, automatic HVAC shut-off systems, key tags, energy-saving light bulbs, and more.

In 2013, Club Méditerranée replaced single-split air conditioning units with heat pumps and multi-split units (Marrakech, Gregolimano, Kamarina, Kemer). It also upgraded building management systems (Avoriaz and Alpes d'Huez) and refrigeration plants (La Caravelle and Guadeloupe - action eligible for EDF energy savings certificates), reduced power demand at the French sites, improved dishwashing systems, and more.

❖ **Research and testing of innovative solutions**

Club Méditerranée continuously researches and tests innovative energy solutions to rationalize its energy use and reduce its carbon footprint. See also section 4.4.1.4. on green innovation in construction.

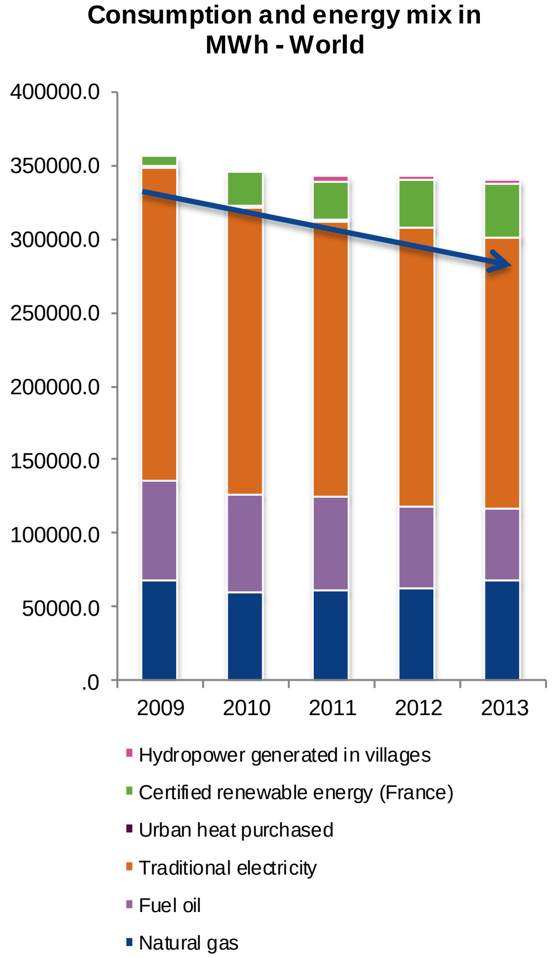
One result is a program launched at Opio-en-Provence to automate the management of some room amenities based on usage and customer expectations. Working with Distech Controls and EnOcean, this project created electricity savings of 60% in the test rooms and was recognized during the "Intelligent Energy" competition organized by EDF in late 2012.

Elsewhere, hotel-specific thermostats made by the Italian specialist Aermec were successfully tested at Gregolimano in Greece.

Other works are in progress, such as with EDF on "smart grids" and energy clearing (to be tested at the Peisey village in 2014), and with Philips to replace high power halogen lighting with LEDs (at Da Balaia, Portugal).

Improving the energy mix

See section 4.4.4 on climate change.



To change the behavior of users

As with water consumption, behavioral change is a vital factor in controlling energy consumption.

Outreach efforts to the teams include:

- Daily recording of actual consumption by the Technical Managers, as well as regular analyses based on the Tech Care system to alert and develop action plans for villages that risk nonconformity;
- Training the GO® and GE teams on best practices;
- A procedure to rationalize use during off-peak seasons.

In addition, the roll-out of Green Globe certification in the villages is helping to raise GM® awareness, including through the poster in each room that says, "Together, let's take care of our environment".

4.4.4. Climate change

4.4.4.1 Reducing greenhouse gas emissions

Detailed quantitative data are provided in the table of CSR indicators in section 4.5.7.

In 2013, the carbon intensity related to building energy use was 10.6 kg CO_2-eq per total hotel day, a reduction of 5% since 2009.

Compared to 2012 the carbon intensity rose slightly by 0.5%, while the direct and indirect consumption of energy per total hotel day was up by 1.2%.

A variety of actions explain these changes:

Reducing energy consumption

See section 4.4.3. on energy

Energy substitution: a gradual, case-by-case move to less carbon-intensive energy

❖ **Changing the energy mix**

Aware of global energy and climate challenges and concerned about the projected rise in energy costs in coming years, Club Méditerranée is determined to reduce its dependence on fossil fuels.

As shown in the diagram above on the energy mix (see section 4.4.3.2 on the energy mix), there has been a steady reduction in fossil fuels (fuel oil and natural gas) consumption since 2009.

In France, the share of electricity guaranteed by renewable energy certificates has risen under contract to 65% for all French villages (excluding Corsica and the Caribbean where the EDF offer does not exist).

(See also below: the section on "Increasing renewable energy").

Since 2012, as part of the EDF Energy Performance Network of the Deux Savoies, the villages at Peisey-Vallandry and Chamonix have been committed to reducing their energy consumption and CO_2 emissions by 6% by 2014.

In 2013, 5-Trident sites saw the launch of newly-listed electric equipment for the maintenance of green spaces.

❖ **Increasing renewable energy**

The Group's overall objective is to aim for 20% renewable energy sources by 2020, in line with the European target. However, the collection of data on kWh equivalents for solar thermal energy is not yet reliable enough for the overall renewable energy indicator to be published.

In 2013, 17% of electricity consumed came from renewable sources (EDF green certificates + hydropower produced in the village.)

In choosing its renewable energy equipment, the Group focused on already mature and high-yield technologies.

- Currently 23% of villages are equipped with solar thermal panels for a total surface area of 2,996 m2 (about 32,250 ft2). This corresponds on average to 26% of hot water needs. In 2013, the solar panel surface area was doubled at Yasmina and Cherating, and the first panels were installed at Rio das Pedras. It's important to note, however, that the closure of two highly-equipped sites (Beldi and Djerba la Fidele) in 2013 caused a 40% decline in the overall solar panel surface area.
- 32% of villages have refrigeration heat recovery units installed as of 2013 (vs 26% in 2012).
- Heat pumps are installed in 17% of villages as of 2013 (vs. 10% in 2012).
- Hydropower generation has completely replaced purchased power in the village of Rio das Pedras since 2011.

Also noteworthy in 2013, Club Méditerranée participated in a study with energy giant Areva on the needs for local hydrogen production to fuel power plants. The idea is to eventually use this technology to replace fuel oil.

Geothermal and wind power are generally not cost-effective solutions, given the seasonal operation of the villages.

Solar photovoltaic does not yet offer sufficient operational efficiencies, and it leads to difficulties in waste management in the event of dismantling. The Group remains on the lookout for mature and efficient technologies that will offer satisfactory returns on investment.

Replacing CFC

Replacing CFC refrigerants that deplete the ozone layer is also an opportunity to reduce GHG emissions.

See section 4.4.2 on pollution and refrigerant gases.

Reducing GHGs related to food

In 2006, a Life Cycle Assessment (LCA) of one village by Bio Intelligence Service showed that food represented a significant share of vacation-related CO_2 emissions. Actions taken in the villages to promote vegetarian foods and agro-ecology are helping to reduce these emissions, although for now they are difficult to track on a regular and precise basis.

See section 4.4.6. on GM® awareness and promoting organic and vegetarian foods.

Logistics and goods transportation

The main ways of reducing greenhouse gas emissions in goods transportation include:

- Preferring local purchases: 80%-90% of goods and equipment are purchased in the countries where the villages are located;
- Grouping village deliveries from one logistics hub per operating region (for example, Arnas, in the Rhône-Alpes region outside of Lyon, for the Europe-Africa region).

In 2012, criteria related to the reduction of GHG emissions (newer-generation vehicles, intermodal freight transportation, and the ratio of air to sea freight) were added to key transportation indicators. The corporate Purchasing and Logistics department works increasingly with carriers to reduce emissions.

GM® and GO® transportation policy

In the short term, Club Méditerranée has few means to curb the environmental impacts of transporting people. The Group does not have the operational control over transportation that it does over its core business of operating its villages. But acting on these means, however limited, remains a responsibility.

By working with environmentally responsible companies, by proposing alternatives to road transportation for all its villages accessible by train, and by seeking to maximize occupancy on its chartered flights, Club Méditerranée strives to limit the impacts linked to the transportation of its GM® and staff.

Significant advances in 2013 include:

- As part of the Green Globe deployment, 40 villages (vs. 19 in 2011) are now monitoring greenhouse gases related to business travel;
- Club Méditerranée worked with its transportation providers to prepare for the new regulatory obligation to inform customers of the quantities of greenhouse gas emissions related to transportation. Due to a lack of information provided by airlines, Club Méditerranée refers its customers to the official "eco-calculator" for aviation-related GHG emissions.

An invitation to carbon offsetting

In parallel to its policy of curbing greenhouse gas emissions, and as part of its outreach to key actors in this effort, since 2008 Club Méditerranée has invited its GM® to learn about and offset the emissions linked to their travel through information in its marketing materials and on the website www.clubmed.co.uk/offsettiong

4.4.4.2 Adapting to climate change

Club Méditerranée seeks to take into account and anticipate the impacts that climate change could have on its business.

See section 2.3.1.1 "Strategic and operational risk"

Coastal erosion and vulnerability

The risk of "sea" destinations losing their attractiveness due to coastal erosion is a key consideration in the design of these villages, which are set back from the shoreline or on stilts, as with the Kani village in the Maldives.

Furthermore, in light of increased coastal vulnerability due to climate change, in 2012 Club Méditerranée commissioned an expert report on beach erosion and sustainable coastal development.

In 2013, new diagnostics were carried out and technical solutions proposed for the flexible management of beach erosion at the sites of Djerba in Tunisia and Da Balaia in Portugal.

After drafting the "Beaches" section of the Environmental Construction Guidelines (see section 4.4.1.4.) in 2012, a protocol was developed in 2013 for the Technical managers on long-term beach monitoring, which includes documenting annual changes and storm impacts.

Other expert analyses have been requested during the upstream study phases for locating new villages.

Lastly, in October 2013, Club Méditerranée sponsored a scientific symposium on natural threats to coastlines, which was held in La Rochelle-Rochefort.

Reduced snowfall in the mountains

The risk of winter sports resorts losing their attractiveness due to reduced snowfall is a key consideration in choosing the location of mountain villages. These are adjoined to major ski areas and activities in the villages are diversified (activities to supplement skiing in winter; summer activities). The newest mountain villages are all designed to be open in the summer also.

Changing weather conditions

The risk of loss of attractiveness due to climate change (rainfall, temperature, extreme weather such as hurricanes and typhoons) is taken into account in risk management in the same way as natural disasters.

4.4.5. Protecting biodiversity

A major advantage of Club Méditerranée's villages is the access they provide to protected natural areas. Indeed, 21% of the villages' total surface area is located in a protected site, with another 51% located near a protected site. Inside the villages, natural spaces and landscapes are preferred, with constructed areas occupying just 8% of the total surface area.

See section 4.5.4.2 "CSR Environmental Indicators" and the table of "villages in and around protected areas" and "Habitat protection"

4.4.5.1 Protecting biodiversity during village construction

Sensitive habitats are identified during the environmental impact study. The mitigation measures mentioned in the study are taken into account during the project by referring to the Environmental Construction Guidelines.

The Environmental Construction Guidelines (presented in section 4.4.1.4.) contain a chapter on biodiversity which covers the following topics:

- Establishing a harmonious relationship with the existing environment (landscaping, materials and awareness);
- Encouraging the presence of plant life (arrangement of outdoor areas and greening of buildings);
- Preferring native and endemic species, and alternative forms of maintenance that respect habitats and wildlife;
- Ensuring well-being and biodiversity (thermal and acoustic comfort).

In addition, the village design and construction site management are intended to protect existing natural vegetation and prevent erosion.

In 2013, the new village of Guilin, in China, installed a swimming pool with an all-biological treatment system that uses phytoremediation, or "Jardin Filtrants®" by Phytorestore. Using no chemical products, treating swimming pool water with aquatic plants guarantees microbiological quality on a par with drinking water, and is more reliable than traditional treatments. (See also section 4.4.1.4. on green innovation).

4.4.5.2 Protecting biodiversity during village operation

Protecting biodiversity during operations is based on:

- The purchasing policy: the wood purchasing charter since 2007, the fish purchasing charter since 2008, increasing the purchase of organic food and eco-certified products: see section 4.3.2.2. Responsible purchasing;
- Raising customer awareness of the exploration and protection of nature: see actions in this area in section 4.4.6.2. on GM awareness;
- The policy on green space management and the protection of endangered species in the villages.

Green space management

- **Differentiated management of green spaces**

Differentiated management of green spaces is a more natural and environmentally-friendly method that advocates treating all green spaces differently according to their use, location and nature (lawns, planted or flowering spaces), and thus promoting biodiversity. Accordingly, village centers are carefully landscaped, while in their surroundings maintenance is more limited and the more remote areas are kept as natural spaces. In this way, an average of 56% of the total surface area occupied by the villages (World scope) remains in its natural state.

Management of green spaces in each village is the responsibility of the Green Space and Environment Manager of the Business Unit. The EAF regional manager in this capacity is also the corporate authority on the subject.

Many villages have already committed to promoting biodiversity through actions such as higher and less-frequent mowing, mulching of garden beds, moderate trimming, use of local flora, etc. Such actions can generate savings in many areas including irrigation water, waste, equipment, fertilizers and pesticides.

- **Selection of plant species**

Plants are selected from the appropriate varieties (primarily local and non-invasive) and endemic species still maintained and often replanted.

In 2013, importing palm trees was banned to prevent the spread of the red palm weevil. (On this point see dedicated section below).

- **Green space care that respects the environment**

The Group is committed to eliminating pesticides for all vegetation (trees, shrubs and lawns), and is turning its efforts towards gradually reducing pesticide use on golf courses.

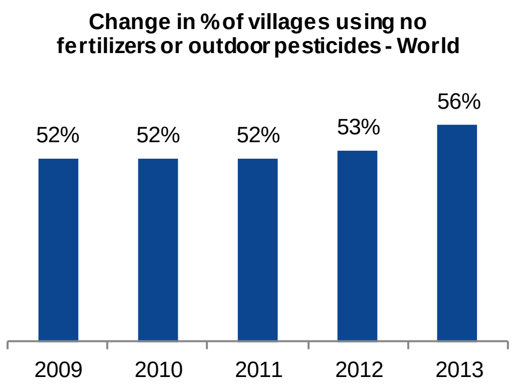
The green space management policy is designed to:

- Eliminate preventive pesticide treatments, using them for pest remedies only;
- Eliminate chemical fertilizers by substituting organic matter inputs by spreading leaves on planting beds and increasing the use of mulching ;
- Prohibit chemical weed killers in favor of thermal weed control (in Europe) or manual weeding in countries with lower labor costs;
- Replace pesticides by natural means that can be used without affecting the environment, such as specific predators for each type of invasion, beneficial insects (selected with scientists to avoid invasive species), sexual confusion and trapping, pheromone[17] traps, essential oils, etc.

[17] *Pheromones: substances emitted by most animals and some plants, which act as messengers between individuals of the same species, transmitting information to other organisms that play a role in sexual attraction.*

In 2013, the differentiated management of green spaces and recycling of green waste by shredding was incorporated into all maintenance contract renewals.

As a result, in 2013, 56% of villages used no nitrogen fertilizers or external pesticides, 35% were using biological treatments and 12% were using beneficial insects in lieu of pesticides.



Lastly, in late 2013, the golf courses at Vittel Ermitage obtained the international GEO(TM) eco-label for sustainable golf development, recognizing the work done by Club Med's golf management and the maintenance company, Techknick Green.

Protection of endangered species

❖ **Maintaining the fight against the red palm weevil**

In order to cope with the rapid spread of the red palm weevil, the Technical Managers and our green space service managers in the Mediterranean basin continued to receive training on how to detect, prevent and eradicate this extremely destructive pest for palm trees. This training was first set up in 2011 with the help of a researcher from the French National Institute for Agricultural Research (known as INRA).

The results from these actions since 2011 are remarkable: no palm tree losses were recorded at infested sites in areas where the red palm weevil has not been controlled in any way.

See also section 4.3.1.2 on transferring innovation to local communities.

❖ **Protection of sea turtles**

The "Very Important Turtles" kit was rolled out in 2013. It was created in 2012 to share best practices among Club Méditerranée villages in areas where sea turtles have their spawning grounds.

Seven villages are now involved in protecting sea turtles and their reproduction: Ixtapa Pacific, Cancun Yucatan and La Caravelle in the Americas, Cherating, Kabira Beach and Bintan Island in Asia and, since 2013, the new village of Belek in Turkey.

It is noteworthy that in 2012, for the first time in decades, turtles returned to nest on the beach of La Caravelle, Guadeloupe.

❖ **Local partnerships**

Protecting biodiversity also takes the shape of partnerships forged at the village level with local environmental associations. These groups apprise the teams of local issues, share their best practices and communications tools, and occasionally lead joint activities aimed at the customers. There are already 12 such partnerships covering 13 villages and addressing issues such as the protection of palm trees, turtles, birds, coral reefs and all local ecosystems.

The existence of such partnerships is one of the criteria valued and monitored by the Green Globe label

4.4.6. GM® awareness and GO® -GE training

4.4.6.1 Training GO® and GE

❖ **Team training**

As part of Green Globe certification, all GO® and GE in the relevant villages are trained on environmental issues and eco-friendly behavior related to their position and their life in the village.

❖ **Committed GO® and GE**

Many villages initiate or accompany local projects that involve the employees in environmental protection: Beach clean-ups, protection of sea turtle eggs, coral reef preservation, and so on.

4.4.6.2 GM® awareness

The exceptional sites in which the villages are located are the perfect place to raise GM® awareness about environmental protection. Club Méditerranée's credo is therefore to celebrate nature in order to create a desire to protect it.

Eco Nature villages by Club Med

As a response to an emerging trend in the market for "green luxury", Eco Nature villages by Club Med represent the quintessence of Club Méditerranée's nature offerings. In the heart of a rare nature preserve, with authentic architecture, combining energy-efficient facilities with sustainable operations and a heightened awareness of the environment, they offer customers a nature experience that is even more spectacular than that of other villages.

Two villages meet these criteria: Cherating in Malaysia and Rio das Pedras in Brazil.

Eco-nature activities for children

❖ **"Happy Nature Box" by Mini Club Med Nature**

In 2013, "Happy Nature Box" activities continued in all Happy Nature and 4 & 5 Trident villages with Mini Club Med in Europe-Africa. Their ambition is to awaken children to the notion of sustainable development and to encourage them to discover the cultural and natural environment of villages, using the themes of energy, music and exploration.

❖ **Clean Art Planet workshop**

In 2013, the Clean Art Planet awareness activity was continued in all the villages. It is designed to offer children the chance to create and exhibit artwork and sculptures designed using plastic objects washed up on the shore or found in nature. Beyond the purely creative aspect, it is also an opportunity to raise awareness of waste sorting and protecting the environment.

Raising GM® awareness throughout their journey

❖ **Offering carbon offsetting**

See section 4.4.4 on climate change

❖ **Discovering nature: educational paths and walking tours**

Instructive signs, botanical paths and books, aromatic gardens, themed walking tours, educational films, biodiversity information points[18] …: these and many more activities and tools allow GM® to better discover the natural riches of local surroundings. The deployment of these actions is accelerating with Green Globe certification, one criteria of which is to offer customers the discovery of biodiversity.

❖ **Informing customers about eco-friendly behaviors in the villages and on excursions**

In the villages, customers are informed about water and energy savings and protecting nature through messages at welcome meetings, on information boards and displayed in the rooms.

A poster hung in all rooms of eco-certified villages (11,150 rooms at the end of 2013) summarizes the village's actions in areas of water, energy and waste management and biodiversity preservation and invites customers to adopt environmentally friendly practices during their stay. These include sorting plastic bottles, turning off lights, heaters or air conditioners, reusing their bath towels, etc.

In all villages, the Discovery Center displays and distributes a charter to GM® informing them about respecting the host country. Significant space is given over to recommendations on the behaviors to adopt to best preserve the resources and the ecosystem of the country visited. (See also section 4.3.1.1).

❖ **Promoting organic and vegetarian products**

Club Méditerranée strives to showcase vegetarian dishes and organic products. For instance, in 2012, villages in Brazil reviewed their menus and now offer a hot and cold vegetarian specialty on each specialty buffet. An organic section is offered at lunch for the three themed buffets (products purchased from the farm cooperative sponsored by Agrisud).

See section 4.3.2.3. on the Agrisud partnership

[18] *Examples taken from Albion (Mauritius), Guilin (China), Cherating (Malaysia), Kabira (Japan) and Kani (Maldives), Marrakech (Morocco), Val d'Isère, Vittel and Opio (France), Columbus (Bahamas), Turkoise (Turk & Caicos)*

❖ **Teaching children about nutrition**

The new Mini Club Med activity, “Super Radish”, teaches children about food in a fun way through participation in culinary activities, entertainment, guessing games, and more. This activity is being gradually extended to all villages in the Europe-Africa region between Summer 2013 and Winter 2015.

Scientific partnerships

Partnership with Expédition Med

Since 2010, Club Med has supported Expédition Med, a scientific expedition that studies pollution caused by plastic in the Mediterranean Sea.

In summer 2013, village Boutiques across Europe-Africa dedicated one day a week (known as “Happy Med” day) to highlighting the Expedition, to which they donated 1% of sales made on those days.

Other outreach actions in the villages with scientists

Other outreach actions are carried out occasionally or regularly. For example, in Rio das Pedras (Brazil), public awareness campaigns as well as work with the local university are focused on the biodiversity of the primary forest (Mata Atlantica, which contains protected species, including cedars, breadfruit and jackfruit. In Malaysia, GM® are taught about the protection of monkeys and turtles on the site through explanatory maps.

4.5. ADDITIONAL INFORMATION AND INDEPENDENT AUDITOR'S CERTIFICATE OF COMPLETENESS AND FAIRNESS OF INFORMATION

4.5.1 Additional information: Stakeholders

Main modes and channels of listening to different groups of stakeholders

<table>
<tr><td>Customers</td><td>Reports from operational and sales teams

"GM Feedback" and customer correspondence

Correspondence Reports from "Green Globe Trotters" (formalized direct discussions with GM® in the villages on sustainable development)

Studies on consumer trends/sustainable tourism
Ad hoc Marketing studies, including for IPSOS 2006</td><td rowspan="6">Sectoral analysis of priority issues led by various entities based on consultation with stakeholder groups:
- GRI Sustainability Topics for Sectors
- Gobal Sustainable Tourism Criteria
- Green Globe repository
- And other sustainable tourism certification standards
- Oxfam-Calvert-Ceres guide on managing climate change impacts by sector
- others

Results and benchmarks of non-financial ratings and analyses:
- BMJ
- Vigéo
- Gaia Index
- Sustainalytics, etc.

Sustainable tourism intelligence:
- Monitoring of literature and media on sustainable tourism
- Ongoing relationships with CSR, Tourism, and Sustainable Tourism experts
- Information sharing with industry companies
- participation in industry efforts (standardization: eg, environmental labeling)</td><td rowspan="6">"Vision DD" project Spring 2012 workshops:
Summaries of investor and media opinions, marketing studies, competitor benchmarking, and input of 15 employees from different departments</td></tr>
<tr><td>Employees</td><td>Team ownership of sustainability initiatives

Social dialogue (in particular CEDS)

Reports from HR and operational teams

Internal studies with employees (SECOR, SORGEM, study on psychosocial risks, etc.)</td></tr>
<tr><td>Communities</td><td>Feedback from local operational departments, the Property Assets & Development department, and the offices of the Chairman and the Corporate Secretary

Local supplier relationships

Social impact studies

Labor relations with local staff representatives

Feedback through Club Méditerranée Foundation</td></tr>
<tr><td>Civil society</td><td>Feedback from partner associations (Group or local, societal or environmental partnerships: eg, Agrisud, Turtle Sanctuary, Parc de la Vanoise, ECPAT)

Dialogue with scientists (eg. IPCC, ISIGE, Expédition Med)

Environmental issues: sectoral benchmarks such as GRI, CDP, Water DP

Life Cycle Analysis (2006)</td></tr>
<tr><td>Investors</td><td>Requests and feedback from investors and banks

Feedback from the Development and Construction teams</td></tr>
<tr><td>Suppliers</td><td>Feedback from buyers and suppliers

Club Méditerranée suppliers website: www.suppliers.clubmed.com

Supplier agreements</td></tr>
</table>

4.5.2. Additional information: CSR social indicators

Summary of reporting methodology

The Group uses the HELIOS software application for its social indicators management and reporting. This tool is used for Global human resources reporting and can collect and consolidate social indicator data upon request.
A Group reporting process has been created and defined in a social reporting "protocol". The data reporting process is centralized, with no intermediate levels of consolidation, and the corporate office manages all queries of the Hélios tools. An organization has been set up to formalize the responsibilities of contributors and to give the Social Research department control over gathering and validating information for external publication. The protocol applies to all key personnel involved in data reporting. It thoroughly details the processes and definitions used for the Group, the data computing methods and the key indicators.
Unless otherwise stated, social reporting covers the following:

- Village employees
- Head Office and Country Office employees

Social reporting does not include trainees, temporary employees or external providers.
To date, the reporting scope is worldwide, with the exception of some data which will be published in upcoming years after stricter requirements are implemented for the relevant information produced in Helios by the HR managers. Where information required for worldwide reporting is unreliable or incomplete, we specify the restricted scope taken into account in the social reporting data.
Reporting period: the period covered by the indicators corresponds to the Group's fiscal year, which runs from November 1st to October 31st. Exceptions to this are specified, such as for training indicators.

Employee movements and changes in consolidation scope 2011-2012-2013:

Changes in consolidation scope result from changes in our village portfolio (new, re-opened or closed for renovation). Some villages are also subject to changes in their hotel capacity in terms of days of opening and number of beds.

Definitions of indicators

Workforce indicators

- Number of employees: number of employees who worked at least once for Club Méditerranée during the period
- Number of assignments: number of contracts/positions assigned to employees during the period
- Number of FTE: theoretical annual full-time positions corresponding to the number of employees during the period
- Number of hires: number of employees given job assignments for the first time at Club Méditerranée during the period.
- Number of departures: number of employees who left Club Méditerranée during the period.
- Number of temp to perm: number of employees whose employment contracts were changed from fixed term to open term, or from seasonal to permanent during the period.

Training indicators

- Because of delays in receiving supporting documentation, and in order to ensure the reliability of data by avoiding estimates, starting in FY 2013 this indicator covers a rolling 12-month period between September 1, year N-1 and August 31, year N.
- To complete some of the information in the training section, some errors were identified and corrected in the 2012 data, which explains the significant change for Europe-Africa and North America business units.
- Training takes into account complete and incomplete sessions without deducting those who were absent. The absenteeism rate is estimated at 2.7%
- Training at SVV subsidiaries (Opio) and other villages done locally is excluded from the reporting scope but actions will be implemented to include the coming fiscal years.
- To avoid skewing the date, the training rate is calculated excluding employees assigned to any village for a period of less than 30 days and/or assigned to "filler" posts.

Job mobility indicators

The job mobility rate is calculated as the number of employees who changed jobs in the year N versus year N-1 in the Winter season divided by the total number of workers in the Winter season. The same calculation is performed for the Summer season before being averaged to obtain an annual figure. To avoid skewing the data, it excludes employees assigned to any village for a period of less than 30 days and/or assigned to "filler" posts.

Geographical mobility indicators:

Geographical mobility is expressed as the number of employee assignments to villages in a country other than their home country divided by the total number of village assignments.

Evaluation indicators:

To avoid skewing the data, the evaluation rate is calculated excluding employees assigned to any village for a period of less than 30 days and/or assigned to “filler” posts and/or who have left the Group during the period.

Absenteeism indicators

- The absenteeism rate is defined as the percentage of the total number of days absent, converted to FTE, divided by the total number of FTEs over the period.
- Villages in the Americas (North America and Latin America) are excluded from the reporting scope of all absences (including illnesses and work accidents) due to a lack of completeness. Actions will be implemented to obtain information for the coming years.
- A breakdown by reason for absence was possible in 2013 through improved control of the reporting tool, but historical data could not be computed on a World scope.
- Absences due to accidents include work and commuting accidents resulting in sick leave.
- There is a risk of overestimation of accidents due to the inability to distinguish between accident-related relapses in the reporting tool for villages outside France (overestimation is projected at 2.4% based on France data).
- Absences for “other” reasons include: family events, therapeutic part-time, partial disability, unjustified absences, Solidarity Day, maternity and paternity leave, administrative formalities (tests, identity papers, etc.).

Health and Safety indicators

- The frequency and severity of accidents could not be published because the data needed for this calculation are not yet complete for the entire consolidation scope in the reporting tool. Actions will be implemented to obtain information for the coming years.
- Work is being done to identify occupational illnesses outside France in order to publish them for the coming years.
- Accidents involving local employees of Opio village are not included in the total of Group accidents, but actions will be implemented to include them in the coming years.

CSE SOCIAL DATA
Reporting for fiscal year Nov 1, N-1 to Oct 31, N

	note	Unit	2011	2012	2013	Ch. vs 2012	GRI4 ref.
EMPLOYMENT - Scope: Global							
Total number of Group employees							
Employees		Nb of employees	23 348	22 972	23 289	1,4%	G4-9
Posts	1	Nb of posts	38 864	37 979	37 314	-1,8%	
FTE		In FTE	12 974	12 827	12 865	0,3%	
of which women (%)		In FTE	39%	39%	40%	+0,5 pts	
of which men (%)		In FTE	61%	61%	60%	-0,5 pts	
of which employees with permanent contract (%)		In FTE	50,6%	49,4%	49,9%	+0,5 pts	
Average age		In years (FTE)	35,8	35,9	36,0	0,3%	
Average seniority		In years (FTE)	7,3	7,5	7,6	1,3%	
Average seniority (permanent staff)		In years (FTE)	10,3	10,7	10,7	0,3%	
Employees excluding villages							
Employees		Nb of employees	2 275	2 309	2 316	0,3%	
Posts		Nb of posts	2 799	2 926	2 650	-9,4%	
FTE		In FTE	1 945	1 945	1 958	0,6%	
of which women (%)		In FTE	67%	67%	66%	-0,4 pts	
of which men (%)		In FTE	33%	33%	34%	+0,4 pts	
of which employees with permanent contract (%)		In FTE	96%	96%	95%	-0,5 pts	
Average age		In years (FTE)	39,9	40,1	40,4	0,7%	
Average seniority		In years (FTE)	11,7	11,8	11,9	0,5%	
Average seniority (permanent staff)		In years (FTE)	12,0	12,1	12,3	1,0%	
Employees - villages							
Employees		Nb of employees	21 073	20 663	20 973	1,5%	
Posts		Nb of posts	36 065	35 053	34 664	-1,1%	
FTE		In FTE	11 029	10 882	10 908	0,2%	
of which Winter seasonal (%)		In FTE	47%	48%	47%	-1,3 pts	
of which Summer seasonal (%)		In FTE	53%	52%	53%	+1,3 pts	
of which women (%)		In FTE	34%	35%	35%	+0,6 pts	
of which men (%)		In FTE	66%	65%	65%	-0,6 pts	
of which GO®		In FTE	38%	39%	38%	-1,0 pts	
of which GE (%)		In FTE	62%	61%	62%	+1,0 pts	
of which GO® with permanent contract (%)		In FTE	18%	20%	19%	-0,2 pts	
of which GE with permanent contract (%)		In FTE	57%	55%	55%	+0,3 pts	
Average age		In years (FTE)	35,1	35,2	35,2	0,2%	
Average seniority		In years (FTE)	6,6	6,7	6,8	1,4%	
Average seniority (permanent staff)		In years (FTE)	9,7	10,1	10,1	0,0%	

Note:

With the new social reporting protocol, assignments for years N-2 and N-1 have been updated since publication of the 2012 annual report. Assignments for the year N-1 (2013) will be readjusted in the 2014 annual report (significant impacts of post-closing entries at 10/31).

CSE SOCIAL DATA
Reporting for fiscal year Nov 1, N-1 to Oct 31, N

	note	Unit	2011	2012	2013	Ch. vs 2012	GRI4 ref.
ENTRIES AND DEPARTURES (Scope: Global)							
NEW HIRES							
Permanent		Nb of posts	722	724	1 023	41%	
Seasonal (1st season)		Nb of posts	6 293	6 221	6 281	1%	
Made permanent		Nb of posts	366	417	269	-35%	
Total Permanent Hires		% of posts	6%	6%	9%	+2,6 pts	
Total Seasonal Hires		% of posts	27%	27%	28%	+1,1 pts	
Total Global Hires		% of posts	**20%**	**20%**	**22%**	+1,5 pts	
GO® excl. villages							
Permanent		Nb of posts	194	246	180	-27%	
Seasonal		Nb of posts	57	94	86	-9%	
Made permanent		Nb of posts	29	32	21	-34%	
Total Permanent Hires		% of posts	9%	11%	8%	-2,9 pts	
Total Seasonal Hires		% of posts	15%	19%	33%	+13,7 pts	
Total Global Hires		% of posts	**10%**	**13%**	**11%**	-1,7 pts	
GO®-GE villages							
Permanent		Nb of posts	528	478	843	76%	
Seasonal (1st season)		Nb of posts	6 236	6 127	6 195	1%	
Made permanent		Nb of posts	337	385	248	-36%	
Total Permanent Hires		% of posts	5%	5%	9%	+3,8 pts	
Total Seasonal Hires		% of posts	28%	28%	28%	+0,9 pts	
Total Global Hires		% of posts	**21%**	**21%**	**22%**	+1,7 pts	
LEAVERS		Nb of posts	3 659	3 271	3 389	4%	
employee decision		% of posts	64%	65%	65%	-0,2 pts	
employer decision		% of posts	24%	24%	27%	+3,2 pts	
by mutual agreement		% of posts	11%	9%	7%	-1,8 pts	
other (death, retirement, illness)		% of posts	2%	3%	2%	-1,3 pts	
Turnover		% of posts	**10%**	**9%**	**10%**	+0,7 pts	
GO® excl. villages		Nb of posts	230	246	227	-8%	
employee decision		% of posts	65%	57%	52%	-4,1 pts	
employer decision		% of posts	26%	30%	33%	+3,0 pts	
by mututal agreement		% of posts	10%	13%	14%	+1,1 pts	
other (death, retirement, illness)		% of posts	0%	1%	1%	+0,1 pts	
Turnover		% of posts	**9%**	**9%**	**9%**	+0,2 pts	
Permanent GO®-GE villages		Nb of posts	596	452	659	46%	
employee decision		% of posts	56%	61%	55%	-5,8 pts	
employer decision		% of posts	42%	33%	43%	+9,9 pts	
by mutual agreement		% of posts	0%	1%	0%	-0,4 pts	
other (death, retirement, illness)		% of posts	1%	6%	2%	-3,7 pts	
Turnover		% of posts	**6%**	**4%**	**7%**	+2,3 pts	
Seasonal GO®-GE villages		Nb of posts	2 833	2 573	2 503	-3%	
employee decision		% of posts	65%	66%	68%	+1,9 pts	
employer decision		% of posts	19%	21%	22%	+0,7 pts	
by mutual agreement		% of posts	13%	10%	8%	-1,6 pts	
other (death, retirement, illness)		% of posts	2%	3%	2%	-1,0 pts	
Turnover		% of posts	**12%**	**11%**	**11%**	+0,1 pts	
Payroll (Scope: Global)							
Excluding villages		in € millions at constant exchange rate	(120,4)	(122,1)	(123,4)	1%	
Villages		in € millions at constant exchange rate	(173,2)	(177,6)	(170,4)	-4%	
Global		in € millions at constant exchange rate	**(293,7)**	**(299,7)**	**(293,8)**	-2%	
Average basic salary							
Excluding villages							
Permanent GO®		In €	(3 164)	(3 168)	(3 205)	1%	
Seasonal GO®		In €	(1 910)	(2 126)	(1 988)	-7%	
Villages							
Permanent GO®		In €	(1 787)	(1 777)	(1 738)	-2%	
Seasonal GO®		In €	(1 123)	(1 134)	(1 120)	-1%	
Permanent GE		In €	(729)	(751)	(750)	0%	
Seasonal GE		In €	(919)	(965)	(862)	-11%	
GO®-GE absenteeism - Scope: CMSA							
Absenteeism rate (%)		As a % of FTE	3,6%	3,5%	3,4%	-0,1 pts	
Total length		In days	46 594	47 455	42 975	-9%	
Permanent GO®-GE villages							
Absenteeism rate (%)		As a % of FTE	3,8%	2,8%	3,5%	+0,7 pts	
Total length		In days	5 519	4 333	4 970	15%	
Seasonal GO®-GE villages							
Absenteeism rate (%)		As a % of FTE	2,9%	3,1%	2,9%	-0,1 pts	
Total length		In days	23 640	26 208	22 796	-13%	
GO® excl. Villages							
Absenteeism rate (%)		As a % of FTE	5,1%	4,9%	4,4%	-0,6 pts	
Total length		In days	17 435	16 914	15 209	-10%	

CSE SOCIAL DATA
Reporting for fiscal year Nov 1, N-1 to Oct 31, N

	note	Unit	2011	2012	2013	Ch. vs 2012	GRI4 ref.
GO®-GE absenteeism - Scope: Global excluding Americas							
Absenteeism rate (%)		As a % of FTE	**nd**	**nd**	**2,0%**		
Total length		In days			72 994		
of which % Illness					50%		
of which % Workplace accident (commute and work)					16%		
of which % other	2				34%		
GO®-GE Permanents villages							
Absenteeism rate (%)		As a % of FTE	**nd**	**nd**	**1,8%**		
Total length		In days			18 747		
of which % Illness					58%		
of which % Workplace accident (commute and work)					22%		
of which % Other	2				20%		
GO®-GE Seasonal villages							
Absenteeism rate (%)		As a % of FTE	**nd**	**nd**	**1,6%**		
Total length		In days			32 391		
of which % Illness					44%		
of which % Workplace accident (commute and work)					18%		
of which % Other	2				38%		
GO®-GE Permanent excluding village							
Absenteeism rate (%)		As a % of FTE	**nd**	**nd**	**3,8%**		
Total length		In days			21 399		
of which % Illness					50%		
of which % Workplace accident (commute and work)					9%		
of which % Other	2				41%		
GO®-GE Seasonal excluding village							
Absenteeism rate (%)		As a % of FTE	**nd**	**nd**	**1,5%**		
Total length		In days			457		
of which % Illness					49%		
of which % Workplace accident (commute and work)					24%		
of which % Other	2				27%		
SKILLS DEVELOPPMENT - Scope: Global							
Number of employees to have received training			9 789	10 305	12 098	17%	
Number of interns		nb sessions x employees	28 951	30 009	30 930	3%	
Number of training hours	3	Nb of theoretical hours	269 793	282 053	281 998	0%	
of which % of Europe Africa			55%	59%	65%	+5,4 pts	
of which % of Americas			33%	30%	22%	-7,9 pts	
of which % Asia			12%	11%	14%	+2,6 pts	
Percentage of GO®-GE to have received training	4						
Percentage of trained GO®-GE		as a % of nb of employe	44%	47%	55%	+7,3 pts	
Percentage of trained GO® excl. villages		as a % of nb of employe	60%	62%	59%	-2,9 pts	
Percentage of trained GO® villages		as a % of nb of employe	50%	54%	63%	+8,6 pts	
Percentage of trained GE villages		as a % of nb of employe	36%	39%	48%	+8,9 pts	
Percentage of trained GO®-GE villages		as a % of nb of employe	42%	46%	54%	+8,6 pts	
EQUAL OPPORTUNITIES (Scope: Villages)							
Professional mobility							
% of female GO®-GE subject to professional mobility		as a % of nb of employe	16%	17%	16%	-1,1 pts	
% of male GO®-GE subject to professional mobility		as a % of nb of employe	13%	13%	12%	-0,5 pts	
Geographic mobility							
% of female GO®-GE subject to geographic mobility		% posts	31%	30%	29%	-1,3 pts	
% of male GO®-GE subject to geographic mobility		% posts	25%	25%	24%	-0,3 pts	
Training							
% of trained female GO®-GE		as a % of nb of employe	46%	48%	57%	+8,6 pts	
% of trained male GO®-GE		as a % of nb of employe	40%	44%	53%	+8,6 pts	
Management							
% of female GO® RDS & CDV	5	As a % of FTE	9%	9%	9%	-0,1 pts	
% of male GO® RDS & CDV		As a % of FTE	10%	10%	10%	-0,1 pts	
Percentage of female GO®-GE in the LC (Scope: Global)	6	As a % of FTE	42%	45%	48%	+2,8 pts	

2. Absences for “other” reasons include: family events, therapeutic part-time, partial disability, unjustified absences, Solidarity Day, maternity and paternity leave, administrative formalities (tests, identity papers, etc.).
3. The theoretical length (in hours) is the number of hours set aside for the training.
4. The increase in this rate is related to both the increase in the number of employees trained and to the new protocol which has enabled more training sessions to be recorded.
5. SM-VM: Service/Activity Managers and village Managers
6. Employee members of the Leadership Committee (LC): employee members of Club Med Business Unit management committees or major corporate functions (Finance, Marketing, HR and Development).

4.5.3 Additional information: CSR societal indicators

Summary of reporting methodology

Societal data come from several sources.

For information on GO/GE premises: See social data.

Purchasing data are reported at Corporate level based on invoicing data from the Oracle/AP database, and the contracts database (for rate of contracts containing the CSR clause). All indicators are calculated once a year for the reporting period exept for the rate of application of the “Seafood Charter”. This rate is calculated based on the Summer of year N-1 and Winter of year N based on data from the Web Nafi (access to queries providing consumption statistics from the Ecomat system used in the villages to place F&B and Supplies orders).

Agrisud data are drawn from Agrisud annual project summary reports.

Quality data are drawn from the “GM® Feedback” satisfaction survey managed by the Quality department.

CSR SOCIETAL DATA

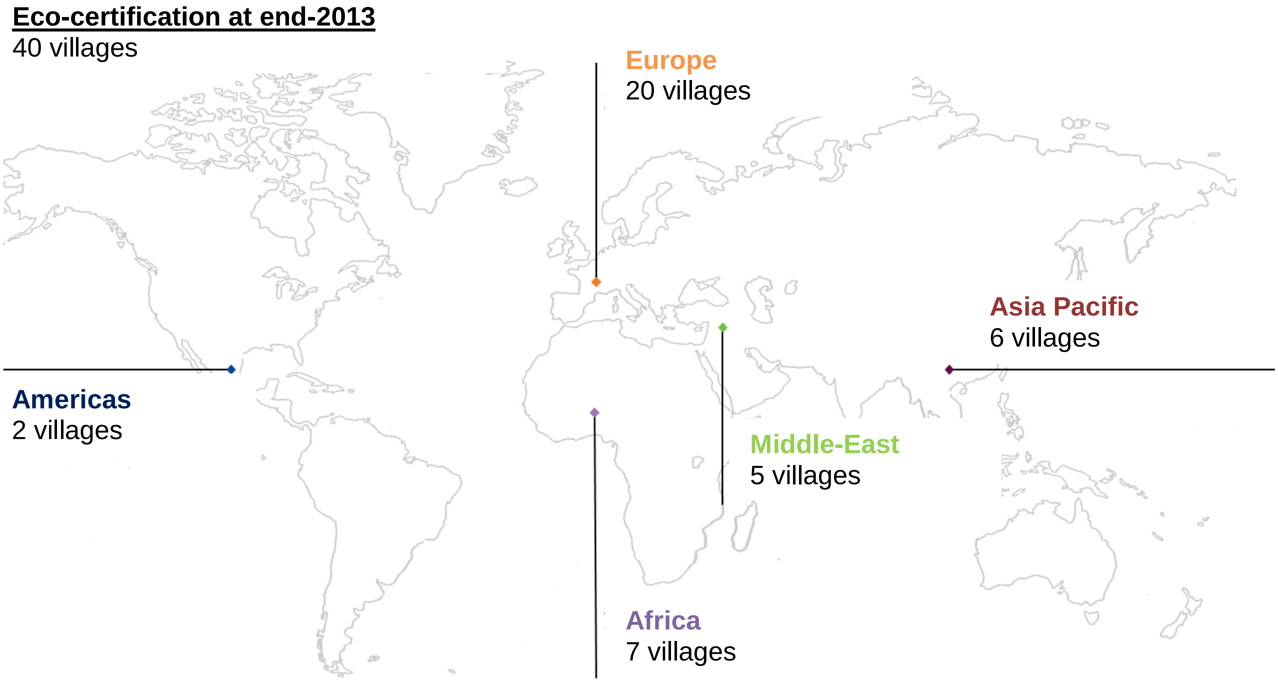
INDICATORS	score	Unit	2011	2012	2013	Chg. vs. 2011	ref. GRI4
LOCAL CONTRIBUTION BY LOCAL EMPLOYEES (village - world scope)							
Share of local jobs among the GO®/GE		% of employees	73%	73%	74%	+0,6 pts	
Local development (village scope)							
Training							
Share of local GO® trained		% of employees	48%	52%	61%	+8,3 pts	
Share of mobile GO® trained		% of employees	52%	56%	65%	+8,9 pts	
Share of local GE trained		% of employees	36%	40%	49%	+9,7 pts	
Share of mobile GE trained		% of employees	34%	34%	36%	+2,3 pts	
Share of local GO®/GE trained		% of employees	39%	43%	53%	+9,2 pts	
Evaluation							
Share of local GO® evaluated		% of employees	89%	90%	90%	+0,2 pts	
Share of mobile GO® evaluated		% of employees	93%	92%	94%	+1,3 pts	
Share of local GE evaluated		% of employees	68%	74%	72%	-2,7 pts	
Share of mobile GE evaluated		% of employees	92%	93%	91%	-2,1 pts	
Share of local GO®/GE evaluated		% of employees	73%	79%	77%	-1,7 pts	
Geographical mobility							
Share of international GO®	1	% of assignments	46%	45%	45%	+0,1 pts	
Share of international GE	1	% of assignments	10%	10%	10%	-0,3 pts	
Share of international GO®/GE	1	% of assignments	27%	27%	26%	-0,6 pts	
Occupational mobility							
% of local GO® who have moved with their job		% of employees	24%	23%	22%	-1,5 pts	
% of mobile GO® who have moved with their job		% of employees	28%	30%	28%	-2,2 pts	
% of GO® who have moved with their job		% of employees	26%	27%	25%	-1,9 pts	
% of local GE who have moved with their job		% of employees	6%	5%	5%	-0,1 pts	
% of mobile GE who have moved with their job		% of employees	10%	9%	10%	+1,1 pts	
% of local GE who have moved with their job		% of employees	7%	6%	6%	+0,0 pts	
% of local GO®/GE who have moved with their job		% of employees	11%	10%	10%	-0,5 pts	
% of mobile GO®/GE who have moved with their job		% of employees	24%	25%	24%	-1,4 pts	
LOCAL CONTRIBUTION (World scope)							
VSB supported - Agrisud partnership		number of VBS	84	103	180		
SOLIDARITY AND CORPORATE FOUNDATION (World scope)							
Grants awarded by the Corporate Foundation to local communities		in € thousands	114	114	114		
Skills transfer during working time		in € thousands	61	117	156		
Volunteering for social causes outside working hours		in € thousands	116	143	127		
In-kind donations to local communities		in € thousands	59	70	52		
Donations via Corporate Foundation	2	**in € thousands**	**350**	**444**	**449**	28%	
RESPONSIBLE PURCHASING (World scope)	**3**						
Share of purchases from host country suppliers		% € thousands	95%	91%	91%		
Standard contracts with sustainability clause (France)		% no. of contracts	na	na	100%		
Paper for Club Med catalogs	4	tons	1 297	1 181	967	-25%	G4-EN1
Share PEFC/FSC paper in catalogs	4	%	100%	100%	100%		G4-EN1
Fishing: compliance with Responsible Purchasing policy	5	% kg	na	na	97%		
RESPONSIBILITY TOWARDS CUSTOMERS (World scope)							
Share of eco-certified village		% number of village	38%	54%	61%		G4-PR3
Customer incidents		no. of claims	na	4 629	3 711		-
ACTIONS TO PROMOTE HUMAN RIGHTS (World scope)							
Aggregate number of ECPAT flyers		number	555 000	634 000	670 900	21%	

Notes:

1. Number of positions in which employees work in a country other than their home country (mobile vs. local).
2. Other not listed exhaustively donations are made locally, which Agrisud
3. World scope (excluding China) all purchasing categories excluding distribution fees, royalties, VAT and duties.
4. All FBS countries (France, Benelux and Switzerland) + all NMEA countries (New Markets Europe Africa) with the exception of countries that print their brochures on site (South Africa, Spain, Israel and Portugal).
5. World scope for seafood purchases, Summer N-1 + Winter N

4.5.4 Additional environmental information

4.5.4.1 Eco-certification of villages



Eco-certification obtained

since	Europe	Afrique	Midle East	Americas	Asia
2008	Opio (*)				
2009				*Ixtapa (2010-13) (**)*	
2010	Chamonix			*Cancun (2010-13) (**)* *Colombus (2010 -13) (**)* *Turquoise (2010-11) (**)* *Punta Cana (2010-11) (**)*	Cherating Beach
2011	La Palmyre Tignes Val d'Isère Serre Chevalier Vittel Le Parc Vittel Ermitage Napitia Gregolimano	Marrakech Palmeraie Djerba la Douce Palmiye and non-operated in 2013: Marrakech Medina Djerba la Fidèle	Albion Les Villas d'Albion La Pointe aux C.	*Rio das Pedras (2010-13)(**)*	
2012	Peisey Aime la Plagne La Plagne 2100 Valmorel Les Chalets de Valmorel St Moritz Wengen	Cap Skirring Hammamet	Kemer Bodrum	La Caravelle Les Boucaniers	
2013	Avoriaz Villars Da Balaia	Yasmina Sinai Bay			Sahoro Phuket Bali Kabira Bintan

All the villages have obtained the Green Globe eco-certification except villages marked xith (*) or (**)
(*) Villages awarded a European eco-label
(**) Villages awarded Earth Check certification until 2011, 2012 or 2013 (not reconducted because a Green Globe certification is planned)

4.5.4.2 CSR environmental indicators

Summary of reporting methodology

Environmental data are drawn from the Tech Care reporting tool *(see section 4.4.12.)*.

The reporting period is from November 1 to October 31 of each year, which corresponds to the company's fiscal year.

For each fiscal year, environmental reporting takes into **account all Club Méditerranée villages worldwide in operation for at least one season of the year concerned.**

Since 2012, all villages have used the reporting software (two villages were excluded until 2011 because their environmental data were not previously provided by our partners: Buccaneer's Creek [Les Boucaniers] in Martinique and Coral Beach in Israel).

The following are therefore excluded:

− Head offices, offices, agencies, and the Club Med 2 cruise ship.

- Closed villages whose operations are discontinued but which remain in the Club Méditerranée portfolio and therefore maintained.

However, **consumption during off-season periods** (including those related to village maintenance work or renovations) **is included in the reporting scope**.

The reporting scope includes all businesses operated directly or indirectly by Club Méditerranée (spas, shops, etc.). From 2013 all fuel from vehicles and boats operated in the villages is also included.

This consists of **monitoring actual fuel consumption** by the Technical Manager of each site, based on:

- The daily recording of water, electricity, and natural gas meter index data; and

- The calculation of monthly consumption based on gauge readings from tanks that store other energy resources (fuel oil, LPG, LNG).

Water consumption in cubic meters is consolidated and includes all water used by the sites, whether paid or free of charge (except the Belek village in Turkey, which currently has no water meter).

Energy consumption is recorded in operational units (in kWh, m^3, or kg). These units are converted and consolidated into kWh of final energy consumed using the ADEME conversion ratios, (for natural gas, at some sites such as Opio, Vittel and Chamonix, the conversion ratio used is the one on the invoice).

From 2013, energy-related greenhouse gas emissions are calculated using the Bilan Carbone® tool according to the GHG Protocol and based on energy quantities expressed in operational units. <u>Historical data have been recalculated according to this methodology.</u>

Management ratios are primarily expressed as per Total Hotel Days (THD), which comprises customers and employees living on-site, including during off-season. As a result, for Club Méditerranée, this ratio is the most representative of its business. The ratio of kWh per m^2 is unsuitable for Club Méditerranée's business because there is too great a disparity and variation from one year to the next in the number of opening days.

CSR ENVIRONMENTAL DATA

Reporting on the fiscal year from November 1, N-1 to October 31, N - Consumption recorded as of Nov.1, 2013

	score	Unit	2009	2012	2013	Chg. vs. 2009	ref. GRI4
SCOPE OF ENVIRONMENTAL REPORTING							
World villages operated (excl. boats)	1	no. of villages	74	68	66		
World villages included in the reporting	2	no. of villages	72	68	66		
Village coverage of report		% no. of villages	97%	100%	100%		
Total hotel days (THD) of the reporting scope	3	**thousands**	10 597	10 953	**10 738**	**1,3%**	
ECO-CERTIFICATION							
Share of operated villages eco-certified		% no. of villages	3%	53%	**61%**	**+58 pts**	
WASTE							
Village tracking of quantities (coverage)		**% no. of villages**	**-**	**71%**	**92%**		**G4-EN23**
Waste incinerated, buried or landfilled per THD	3 & 7	**kg / THD**	not reported	not reported	**1,1**		**G4-EN23**
Share of villages using recycling and treatment channels: see chart in section 4.4.2.2							
WATER	6						
Municipal water		thousands of m3	3 540	3 530	3 447		G4-EN8
Surface water		thousands of m3	480	514	561		G4-EN8
Ground water		thousands of m3	2 537	2 517	2 495		G4-EN8
Purchased recycled water		thousands of m3	127	173	179		G4-EN8
Total water withdrawn		**thousands of m3**	**6 683**	**6 734**	**6 682**	**0,0%**	**G4-EN8**
Water withdrawn per THD		**m3**	**0,631**	**0,615**	**0,641**	**1,5%**	**G4-EN8**
Water withdrawn in water stress regions	4	**thousands of m3**	**3 964**	**3 954**	**3 772**	**-5%**	**G4-EN9**
golf course (Agadir): m3/ha sprayed		m3	17 385	16 615	15 996	-8,0%	G4-EN9
Water withdrawn in water stress regions per THD	3	**m3**	0,577	0,543	0,575	-0,3%	G4-EN9
Water recycled and reused in village		thousands of m3	712	877	899		G4-EN10
% of water recycled and reused		**%**	**11%**	**13%**	**13%**	**+3 pts**	**G4-EN10**
Villages with wastewater treatment facilities		**% no. of villages**	**100%**	**100%**	**100%**		**G4-EN22**
Share of villages with water saving systems: see chart in section 4.4.3.1							
ENERGY							
Natural gas		MWh	72 336	65 999	72 171		G4-EN3.a
Fuel oil		MWh	67 847	54 801	48 092		G4-EN3.a
Total direct energy consumed		**MWh**	**140 183**	**120 800**	**120 263**	**-14%**	**G4-EN3.a**
Electricity purchased		Mwhef	217 762	221 230	219 631		G4-EN3.c
of which certified renewable energy (France)		*Mwhef*	*6 039*	*31 911*	*35 616*		
Hydropower generated in villages		MWh	0	3 221	3 450		G4-EN3.c
Urban heat purchased	10	MWh	1 894	793	*750*		G4-EN3.c
Total indirect energy consumed		**MWh**	**219 656**	**225 244**	**223 831**	**0,3%**	**G4-EN3.c**
Total energy sold (Vittel)			**4 424**	**3 379**	**3 997**		**G4-EN3.d**
Total direct + indirect energy consumed		**MWh**	**355 415**	**342 665**	**340 097**	**-5,3%**	**G4-EN3.e**
Direct + indirect energy consumed per THD	3	**kWh**	**33,5**	**31,3**	**31,7**	**-6,5%**	**G4-EN5**
Share of electricity from renewable sources		**as % of MWh**	**3%**	**16%**	**18%**	**+15 pts**	
Surface area of solar thermal panels		m2	4 843	4 497	2 996		G4-EN6
Share of energy in total purchases (Group)		**as % €**	**3,0%**	**3,8%**	**4,0%**	**+1 pts**	
Share of villages with energy saving systems: see chart in section 4.4.3.2							
BIODIVERSITY							
Surface area of villages in a protected area		% Ha	not reported	20%	21%		G4-EN11
Surface area of villages near a protected area		% Ha	not reported	53%	51%		G4-EN11
Interior footprint of villages		% Ha	9%	8%	8%		
Natural space maintained within the villages		% Ha	53%	52%	56%	+3,1 pts	
Villages using no nitrogen fertilizers or outdoor pesticides		% no. of villages	52%	53%	56%	+4,0 pts	
Villages using biological treatments		% no. of villages	not reported	41%	35%		
GREENHOUSE GAS EMISSIONS (GHG Protocol)	5						
Direct emissions from building combustion systems		tCO2-eq	32 054	27 353	26 501		G4-EN15
Direct emissions related to vehicle and boat fuel		tCO2-eq	not reported	2 167	2 308		G4-EN15
coverage of fuel reporting		*% no. of villages*	-	*62%*	*70%*		*G4-EN15*
Direct fugitive emissions (refrigerant gases)		tCO2-eq	not reported	21 160	21 813		G4-EN15
coverage of refrigerant gas reporting		*% no. of villages*	-	*77%*	*83%*		*G4-EN15*
Total direct emissions (scope 1)		**tCO2-eq**	**-**	**50 680**	**50 623**		**G4-EN15**
Indirect emissions related to purchased electricity		tCO2-eq	85 669	87 662	86 799		G4-EN16
of which avoided emissions deducted (RE certificates - France)		*tCO2-eq*	*338*	*1 787*	*1 995*		*G4-EN16*
Indirect emissions related to urban heat		tCO2-eq	na	na	na		G4-EN16
Total indirect emissions (scope 2)		**tCO2-eq**	**85 669**	**87 662**	**86 799**	**1,3%**	**G4-EN16**
Total emissions (scopes 1+2)		**tCO2-eq**	**-**	**138 342**	**137 422**		
Carbon intensity (building energy) per THD	3	**kg CO2-eq/THD**	**11,1**	**10,5**	**10,6**	**-5,0%**	**G4-EN18**
Carbon intensity (scopes 1+2) per THD		**kg CO2-eq/THD**	**-**	**12,6**	**12,8**		**G4-EN18**
Emissions related to food purchases	9	tCO2-eq		order of magnitude: 140 tCO2-eq			G4-EN17
Energy-related upstream emissions		tCO2-eq	-	13 440	13 145		G4-EN17
... related to customer transportation	8	tCO2-eq		order of magnitude: 1 million tCO2e			G4-EN17
... related to employee transportation (France scope)	11	tCO2-eq		7 157	6 564		G4-EN17
... related to freight and purchasing logistics (EAF scope)	12	tCO2-eq	na	167	131		G4-EN17
Total scope 3 emissions identified		**tCO2-eq**	**6 166**	**20 171**	**13 276**		**G4-EN17**

Notes :

1 - Villages (excluding boat) operated at least one season during the year regardless the operating mode of the activity (spa, boutiques…)
2 - Two villages not included until 2011: Coral Beach and Buccaneer's Creek (Les Boucaniers)
3 - THD: Total hotel days (customers + employees living on site, including during village off-seasons)
4 - Areas of high or very high water stress according to the definition of the World Resources Institute's Aqueduct tool. See subsection 4.4.3.1
5 - GHG Protocol, Emission Factors - ADEME / Bilan Carbone v7.1
6 - Water reporting scope: excludes Belek – no water meter in village
7 - Estimate based on 17% of villages with weight tracking provided by the service provider
8 - Assumption: 1 tCO_2-eq for a medium haul R/T and 3.5 tCO_2-eq for a long-haul R/T
9 - Case Study by Bilan Carbone V1.7 on food purchases at one site with extrapolation of the ratio obtained in $kgCO_2eq$/THD to the Group (with an uncertainty rate of 50%)
10 - 2013 data estimated on the basis of the ratio 2012 to THD
11 - Data on reported CWT scope: Corporate office, French offices and agencies + assignment of French GO®/GE per calendar year (period: calendar year calculated as of Jan. 1, 2013)
12 - World freight from France and returning to France - transportation directed by Club Méditerranée

BIODIVERSITY

Villages in or near protected areas

Habitat protection

Village	Protected Area	Village surface	of which natural surface	Protection and enhancement of biodiversity
Villages in a protected area		**539**	**130**	
Cancun (Mexico)	nature reserve (marine, coral)	7	3	Sea turtle conservation program under the Secretary of Environment in Mexico to protect baby turtles. Mangrove replanting program after 2006 hurricane Use of recycled wastewater for irrigation
Turkoise (Turks & Caicos)	Nature reserve (marine, coral) National park	33	26	Diving program focused on the protection of species and respect for nature, set up in partnership with Beautiful Oceans Use of recycled wastewater for irrigation
Columbus Isle (Bahamas)	Nature reserve (bird sanctuary)	43	20	Diving program focused on the protection of species and respect for nature, set up in partnership with Beautiful Oceans Use of recycled wastewater for irrigation
Sandpiper (USA)	Nature reserve (mangroves)	16	5	Use of endemic plants for green spaces
Itaparica (Brazil)	National park (marine, coral)	33	2	Use of recycled wastewater for irrigation
Trancoso (Brazil)	National park (forest) World Heritage Convention	27	?	-
Kabira (Japan)	National park (marine)	19	5	Sea turtle conservation program Beach cleanup operations Use of recycled wastewater for irrigation
Belek (Turkey)	National park - protected marine area	100	19	Sea turtle conservation program Use of recycled wastewater for irrigation
Vittel (France)	Protected area (Vittel mineral water catchment area)	240	46	Biological pest control of green spaces and golf course for over 20 years Use of beneficial insects to replace pesticides in consultation with scientists Information on tree species and organic cultivation practiced in park management (Vittel) International ecolabel GEO (TM) for the sustainable management of golf courses at Vittel Ermitage since Nov. 2013.
Cargèse (France)	Natura 2000	21	4	-
Village in an exceptional natural site – excl. protected reserve				
Cherating (Malaysia)	60 Ha of tropical primary forest in the Village	85	60	Partnership with the Malaysian Fishery Department responsible for managing the Sea Turtle Sanctuary Partnership with Wild Asia in Cherating on the preservation of biodiversity Explanatory signs on how to behave around monkeys at the site Use of recycled wastewater for irrigation

Village	Protected Area	Village surface	of which natural surface	Protection and enhancement of biodiversity
Villages near a protected area		**1 342**	**1 143**	
Rio das Pedras (Brazil)	National or regional park Nature reserve UNESCO Heritage sites 1,000 Ha of primary Atlantic Forest (Mata Atlantica) outside the village, belonging to Club Méditerranée	1031	1003	University research and education in the ecological reserve and discovery and awareness about the threatened Malta Atlantica forest through nature walks Use of recycled or crushed green waste Use of organic fertilizers and beneficial insects
Kani (Maldives)	Designated a natural area of ecological interest for fauna and flora (bird sanctuary, protected tree species: banyan, coconut, etc.)	12	2	Photo / video presentation with explanations on marine biodiversity and fragility Reuse of algae collected on the beaches as compost to replace chemical fertilizers Use of recycled wastewater for irrigation
Guilin (China)	Karst mountains listed as World Heritage by UNESCO	47		Use of recycled wastewater for irrigation Treatment of swimming pool water and wastewater by phytoremediation
Pragelato (Italy)	Val Troncea nature park	4		-
Marrakech La Palmeraie (Morocco)	Nature reserve at Les Mouflons (palm grove)	28	?	Partnership with the Observatoire de la Palmeraie in Marrakech to support replanting of the palm grove (2009) Installation of bird nesting boxes (2011) Reduction of noise and light pollution (2011)
Kamarina (Italy)	Pino d'Aleppo Regional Nature Reserve	75	45	Use of recycled wastewater for irrigation
Kemer (Turkey)	National park - protected marine area	40	37	Reuse of green waste recycled externally Use of organic fertilizers to replace chemical fertilizers
Palmiye (Turkey)	National park - protected marine area	18	6	Use of green waste recycled externally Vegetable garden in the village for children's awareness programs Map of the gardens for a botanical tour
Villars-sur-Ollon (Switzerland)	National or regional park	8	5	
Chamonix Mont-Blanc (France)	Aiguilles Rouges Massif Nature Reserve	2	0	Replanting of green spaces with native species in consultation with the ONF (forest service)
Opio en Provence (France)	Natura 2000 area (Loup river and gorges)	46	22	Replacement of pesticides with beneficial insects in consultation with scientists (2009) Natural treatment of the olive grove Study and identification of flora and fauna in the village by Gaiadomo (2011)
La Palmyre Atlantique (France)	"Les Combots d'Ansoine" coastal protection area	24	22	Replacement of pesticides with beneficial insects in consultation with scientists (2010) Signing of "My Establishment is a Bird Sanctuary" convention and creation of a bird sanctuary (2011) Use of recycled wastewater for irrigation
Serre-Chevalier (France)	Ecrins National Park	9	1	Use of organic fertilizers to replace chemical fertilizers
Peisey Vallandry (France) Tignes Val Claret (France) Val d'Isère (France)	"Members' Area" of the Vanoise national park			Customer education as part of Green Globe certification
Méribel (France) Val Thorens (France)	"Members' Area" of the Vanoise national park			
Other villages engaged in actions to protect biodiversity				
Ixtapa (Mexico)	Sea turtle conservation program under the Secretary of Environment in Mexico to protect baby turtles Protection of two tree species (parotid and mangle) Use of recycled wastewater for irrigation			
Bintan Island (Indonesia)	Sea turtle conservation program with enclosures to protect eggs until hatching and release Harmful and dangerous animals (snakes, scorpions, etc.) are brought alive to local authorities for analysis Use of recycled wastewater for irrigation			

4.5.5. Independent Auditor's certificate

Review report by one of the Statutory Auditors, named independent third-part, on consolidated social, environmental and societal information published in the management report

Fiscal Year ended October 31, 2013

For the attention of the Shareholders,

In our capacity as one of the Statutory Auditors of the company Club Méditerranée, named independent third-part, whose accreditation request has been assessed acceptable by the COFRAC on September 12th 2013, we hereby present you with our report on the consolidated social, environmental and other sustainable development information present in the management report (hereinafter the "CSR Information"), prepared for the year ended October 31, 2013 pursuant to Article L.225-102-1 of the French Commercial Code (Code du commerce).

Responsibility of the company

The Board of Directors is responsible for preparing a management report including the CSR information provided for in Article R.225-105-1 of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the reporting criteria used (the "Reporting Criteria") available for consultation at the headquarter of the Company.

Independance and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures that aim to ensure compliance with rules of ethics, professional standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditor

Based on our work, our responsibility is:

- to attest that the required Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of CSR Information);
- to express limited assurance on the fact that, taken as a whole, CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Criteria (Considered opinion on the fairness of CSR Information).

To assist us in conducting our work, we referred to the CSR experts of our Firm.

Our work was conducted during the months of September to December 2013.

Attestation of completeness

We conducted the following procedures in accordance with professional standards applicable in France and with the French legal order of May 13, 2013 determining the methodology according to which the independent third party conducts its mission:

- We got acquainted with the direction that the Group is taking in terms of sustainability, with regard to the social and environmental consequences of the company's business and its societal commitments and, where appropriate, the actions or programs that stem from it;
- We have compared the CSR Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code;
- We have verified that the CSR Information covered the consolidated scope, i.e., the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in the methodological note presented with the CSR Information of the management report;
- In the event of omission of certain information, we have verified that explanations were provided in accordance with the third paragraph of Article R. 225-105.

Based on our work, we attest to the completeness of the required CSR Information in the annual report.

Considered opinion on the fairness of CSR Information

❖ **Nature and scope of procedures**

We conducted our procedures in accordance with professional standards applicable in France, with the French legal order of May 13, 2013 determining the methodology according to which the independent third party conducts its mission and with International Standard ISAE 3000.

We have carried out the following work to obtain limited assurance on the fact that the CSR Information does not contain any material anomalies that would call into question its fairness, in all material aspects, in accordance with the Reporting Criteria. A higher level of assurance would have required more extensive work.

We performed the following work:

- We identified the individuals who, within the Group , are in charge of the collection of CSR Information and, where appropriate, those who are in charge of internal control and risk management procedures;
- We assessed the appropriateness of the Reporting Criteria with respect to its relevance, completeness, neutrality,

clarity and reliability, by taking into consideration, when relevant, the sector's best practices;

- We verified the set-up of a process to collect, compile, process and check the CSR information with regard to its completeness and consistency. We familiarized ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information. We have conducted interviews with individuals responsible for the CSR Information preparation;
- We selected the consolidated information to be tested[19] and determined the nature and scope of the tests by taking into consideration their significance with respect to the social and environmental consequences related to the Group's activity as well as its corporate commitments.
  - Concerning the quantitative information we consider to be the most significant:
    - For the consolidating entity and controlled entities, we have set up analytical procedures and verified, using sampling techniques, the calculations as well as the consolidation of this information;
    - At the sites that we have selected[20] based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we have:
      - conducted interviews to verify the proper application of procedures and identify potential missing Information;
      - conducted substantive tests, using sampling techniques, to verify the calculations performed and reconcile data with supporting evidence.

        The selected sample represents 16% of energy consumptions and between 22 to 26% of quantitative HR information.
  - Concerning the consolidated qualitative information that we consider to be the most significant, we have reviewed the related source documents and conducted interviews to corroborate this information and assess its fairness.
- Regarding the other published consolidated information, we have assessed its fairness and consistency in relation to our understanding of the Group and, where necessary, through interviews or by consulting documentary sources.
- Finally, we have assessed the relevance of the explanations relating to, where necessary, the absence of certain information.

Because of the use of sampling techniques, and because of other limits inherent to the functioning of any information system and internal control system, the risk of missing out a significant anomaly in the CSR Information cannot be totally eliminated.

[19] *Number and distribution (gender, age, location) Hiring and firing, number of days of absence due to accident; training hours completed; Energy - total consumption (excluding transport) GHG emissions related to energy; water - Total water withdrawn; recycling rates and waste monitoring; biodiversity indicators; Eco-certification villages hotel days Subtotal (JHT*

[20] *Opio-en-Provence (France), Vittel (France), Valmorel (France), Palmiye (Turkey), Marrakech La Palmeraie (Marocco)*

❖ **Conclusion**

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, has been presented fairly, in all material aspects, in accordance with the Reporting Criteria.

Neuilly-sur-Seine, December 19, 2013

One of the Statutory Auditors,

DELOITTE & ASSOCIES

Jean-François Viat

5 - FINANCIAL STATEMENTS

5.1 - CONSOLIDATED FINANCIAL STATEMENTS……..….p125

5.1.1 Summary
5.1.2 Notes to the consolidated financial statements
5.1.3 Statutory Auditor's Report on the Consolidated Financial Statements

5.2 - PARENT COMPANY FINANCIAL STATEMENTS……p174

5.2.1 Summary
5.2.2 Notes to the parent company financial statements
5.2.3 Statutory Auditor's Report on the parent company Financial Statements

Guilin - China

5.1 • CONSOLIDATED FINANCIAL STATEMENTS

5.1.1. Summary

Consolidated income statement 126

Consolidated statement of comprehensive income 127

Consolidated statement of financial position 128

Consolidated statement of cash flows 129

Change in consolidated debt 129

Consolidated statement of changes in equity 130

5.1.2. Notes to the Consolidated Financial Statements

Note 1 – General information 131

Note 2 – Summary of significant accounting policies, basis of consolidation 131

Note 3 – Changes in scope of consolidation 141

Note 4 – Segment information 142

Note 5 – Real estate development 143

Note 6 – Goodwill, business combinations and impairment tests 143

Note 7 – Intangible assets 144

Note 8 – Property, plant and equipment 145

Note 9 – Non-current financial assets 146

Note 10 – Assets held for sale 148

Note 11 – Other receivables 148

Note 12 – Cash and cash equivalents 149

Note 13 – Share capital and reserves 149

Note 14 – Share-based payments 151

Note 15 – Pensions and other long-term benefits 153

Note 16 – Provisions for contingencies, claims and litigation 155

Note 17 – Income taxes 157

Note 18 – Borrowings and interest-bearing liabilities 159

Note 19 – Financial risk management 163

Note 20 – Other liabilities 163

Note 21 – Employee benefits expense and number of employees 163

Note 22 – Management of Assets

Operating Income 164

Note 23 – Other Operating Income and Expense 164

Note 24 – Financial Income/(Expense) 164

Note 25 – Share of income of associates 165

Note 26 – Earnings per share 165

Note 27 – Notes to the consolidated statement of cash flows 165

Note 28 – Related-party transactions 166

Note 29 – Commitments and contingencies 168

Note 30 – Fees paid to the Statutory Auditors 169

Note 31 – Subsequent events 169

Note 32 – Scope of consolidation at

October 31, 2013 170

5.1.3. Statutory Auditors' Report on the Consolidated Financial Statements 173

5.1.1 Summary

Consolidated income statement

	Note	2012	2013
Group revenue [1]	**4**	**1,459**	**1,408**
Villages revenue	**4**	1,447	1,400
Other income		9	8
Total income from ordinary activities		**1,456**	**1,408**
Purchases		(562)	(537)
Outside services		(286)	(284)
Employee benefits expense	**21**	(299)	(288)
Taxes other than on income		(28)	(28)
EBITDAR - Villages	**4**	**281**	**271**
Rent		(155)	(153)
EBITDA - Villages	**4**	**126**	**118**
Depreciation and amortization expense		(65)	(64)
Provision expense, net		1	1
Operating Income - Villages	**4**	**62**	**55**
Management of Assets Operating Income	**22**	**(26)**	**(22)**
Other Operating Income and Expense	**23**	**(14)**	**(19)**
Operating Income/(loss)		**22**	**14**
Interest and related income (expense) on net debt	**24**	(13)	(10)
Other financial income and expense		5	(1)
Financial income/(expense)	**24**	**(8)**	**(11)**
Profit/(loss) before tax		**14**	**3**
Income tax	**17**	(14)	(14)
Share of income of associates	**9.1 and 25**	2	2
Net income/(loss)		**2**	**(9)**
- attributable to the Parent Company		1	(11)
- attributable to minority interests	**13**	1	2

(in euros)			
Basic earnings/(loss) per share	**26**	0.02	(0.36)
Diluted earnings/(loss) per share	**26**	0.02	(0.36)

(1) of which €8 million in Management of Assets Revenue in 2013 and €12 million in 2012.

Consolidated statement of comprehensive income

(in € millions)

	Note	2012	2013
Net income/(loss)		**2**	**(9)**
Translation adjustments	**13.1**	8	(32)
Gains/(losses) on cash flow hedges taken to equity	**13.1**	1	(1)
Revaluation of available-for-sale financial assets		(1)	
Other comprehensive income after tax and before comprehensive income of associates		**8**	**(33)**
Translation adjustments of associates	**13.1**		(1)
Other comprehensive income		**8**	**(34)**
Comprehensive income		**10**	**(43)**
- attributable to the Parent Company		11	(41)
- attributable to minority interests		(1)	(2)

There is no tax effect on other comprehensive income. All comprehensive income may be recycled in the income statement.

Consolidated statement of financial position

ASSETS

(in € millions)

	Notes	10/31/2012	10/31/2013
Goodwill	6	31	31
Intangible assets	7	49	51
Property, plant and equipment	8	803	743
Non-current financial assets	9	90	91
Total fixed assets		**973**	**916**
Deferred tax assets	17	22	21
Non-current assets		**995**	**937**
Inventories		34	34
Trade receivables		46	39
Other receivables	11	117	132
Cash and cash equivalents	12	65	66
Current assets		**262**	**271**
Assets held for sale	10	12	8
Total assets		**1,269**	**1,216**

EQUITY AND LIABILITIES

(in € millions)

	Notes	10/31/2012	10/31/2013
Share capital		127	127
Additional paid-in capital		611	292
Retained earnings/(deficit)		(279)	10
Net profit/(loss) for the year		1	(11)
Equity attributable to the Group	**13.1**	**460**	**418**
Minority interests	**13.2**	**62**	**54**
Shareholders' equity		**522**	**472**
Pensions and other long-term benefits	15	24	24
Borrowings and interest-bearing liabilities	18	136	151
Other liabilities	20	37	38
Deferred tax liabilities	17	49	45
Non-current liabilities		**246**	**258**
Provisions	16	24	25
Borrowings and interest-bearing liabilities	18	47	42
Trade payables		117	121
Other liabilities	20	147	123
Customer prepayments		166	175
Current liabilities		**501**	**486**
Total equity and liabilities		**1,269**	**1,216**

Consolidated statement of cash flows

(in € millions)

	Notes	2012	2013
Cash flows from operating activities			
Net profit/(loss)		2	(9)
Adjustments for:			
Depreciation, amortization and provisions	**27.1**	68	67
Share of income of associates (net of dividends received)		(1)	
Disposal (gains) and losses, net		(7)	(1)
Finance cost, net		8	11
Income tax		13	14
Other		(3)	(3)
Change in working capital and short-term provisions (1)	**27.4**	4	18
Cash generated from operations, before tax and interest		**84**	**97**
Income taxes paid		(13)	(18)
Cash flows from operating activities		**71**	**79**
Cash flows from investing activities			
Acquisition of non-current assets	**27.2**	(50)	(62)
Proceeds from disposals of non-current assets	**27.3**	42	1
Cash flows from investing activities		**(8)**	**(61)**
Free cash flow from operations		**63**	**18**
Cash flows from financing activities			
Proceeds from long-term borrowings		11	20
Repayments of long-term borrowings		(62)	(11)
Interest expenses paid		(11)	(12)
Increase (decrease) in short-term bank loans		8	(1)
Repurchase of non-controlling interests			(3)
Dividends paid and other			(5)
Cash flows from financing activities		**(54)**	**(12)**
Foreign exchange impact on cash and cash equivalents and other			(5)
Net increase/(decrease) in cash and cash equivalents		**9**	**1**
Cash and cash equivalents at beginning of period	**12**	56	65
Cash and cash equivalents at end of period	**12**	65	66

(1) Including charges to/(releases from) short-term provisions considered as accrued expenses

Change in consolidated net debt

(in € millions)

	Note	2012	2013
Net debt at beginning of period	**18.1**	**(165)**	**(118)**
Decrease/(increase) in net debt		47	(9)
Net debt at end of period	**18.1**	**(118)**	**(127)**

Consolidated statement of changes in equity (Note 13)

(in € millions)

	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Translation reserve	Retained earnings/ (deficit) and net profit/(loss)	Equity attributable to the Group	Minority interests	Total equity
At October 31, 2011	**30,250,076**	**121**	**604**	**(10)**	**(40)**	**(227)**	**448**	**64**	**512**
Gains/(losses) on cash flow hedges taken to equity						1	1		1
Revaluation of available-for-sale financial assets						(1)	(1)		(1)
Translation adjustments					10		10	(2)	8
Other comprehensive income					10		10	(2)	8
Net profit/(loss) for the year						1	1	1	2
Comprehensive Income					**10**	**1**	**11**	**(1)**	**10**
Share-based payments	7,991					1	1		1
Compound financial instruments (ORANE bonds) (1)	1,564,492	6	7			(13)			
Dividends								(1)	(1)
At October 31, 2012	**31,822,559**	**127**	**611**	**(10)**	**(30)**	**(238)**	**460**	**62**	**522**
Gains/(losses) on cash flow hedges taken to equity						(1)	(1)		(1)
Translation adjustments					(29)		(29)	(4)	(33)
Other comprehensive income					(29)	(1)	(30)	(4)	(34)
Net profit/(loss) for the year						(11)	(11)	2	(9)
Comprehensive Income					**(29)**	**(12)**	**(41)**	**(2)**	**(43)**
Share-based payments	47,294					1	1		1
Compound financial instruments (OCEANE bonds) (1)	1,711								
Changes in scope of consolidation (2)					1	(3)	(2)	(1)	(3)
Allocation of retained earnings to additional paid-in capital			(319)			319			
Dividends								(5)	(5)
At October 31, 2013	**31,871,564**	**127**	**292**	**(10)**	**(58)**	**67**	**418**	**54**	**472**

(1) ORANE and OCEANE bonds redemptions for new shares.
(2) Repurchase of 21.53% non-controlling interest from Taipe Trancoso Empreendimentos SA.

5.1.2. Notes to the consolidated financial statements

Note 1. General information

Club Méditerranée SA is a société anonyme (joint stock corporation) governed by the laws of France. Its registered office is at 11, rue de Cambrai, 75957 Paris Cedex 19, France. Club Méditerranée shares are listed on the primary market of the Paris stock exchange (Euronext Paris) and are included in the SBF 120 index.

The consolidated financial statements include the financial statements of Club Méditerranée SA and its subsidiaries ("the Group"), and associated companies. The Company's fiscal year covers the twelve-month period ending October 31. The subsidiaries' financial statements cover the same period and are prepared using the same accounting policies.

The Group is a leading global provider of upscale, all-inclusive vacation packages. Details of the Group's activities are provided in Note 4.

The consolidated financial statements for the year ended October 31, 2013 were approved by the Board of Directors on December 5, 2013. All amounts are presented in millions of euros, unless otherwise specified.

Note 2. Summary of significant accounting policies, basis of consolidation

2.1. General accounting framework and context

In accordance with Regulation 1606/2002/EC of the European Parliament and of the Council, dated July 19, 2002, the Group's consolidated financial statements for the year ended October 31, 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) in force in the European Union at that date.

As at October 31, 2013, the accounting standards and interpretations adopted by the European Union are similar to the mandatory standards and interpretations published by the IASB, with the exception of IAS 39, which was only partially adopted. The part which was not adopted by the European Union has no effect on the Group's financial statements. As a result, the financial statements comply with IFRS as issued by the IASB.

In preparing its opening IFRS accounts at November 1, 2004 (date of transition to IFRS), Club Méditerranée applied the following options provided under IFRS 1:

- No restatement of business combinations prior to the date of transition;
- Reclassification in retained earnings of accumulated translation differences as at November 1, 2004;
- Revaluation of certain property, plant and equipment at fair value on the transition date;
- Recognition of non-amortized actuarial gains and losses on long-term benefit obligations at the transition date.

2.2. Changes in the accounting standards

The following standards, revised standards and interpretations adopted by the European Union were applicable as from November 1, 2012.

The amendment to IAS 1 regarding the presentation of items of other comprehensive income had no material impact on the presentation of the Group's consolidated financial statements.

The Group decided against early adoption of the following standards, revised standards or interpretations adopted or being adopted by the European Union as at October 31, 2013 and whose date of mandatory application falls after that date:

Standards, revised standards and interpretations adopted by the IASB		Date of mandatory application in Europe	For the Group, the fiscal year starting on
Amendment to IAS 19	"Employee Benefits"	01/01/2013	01/11/2013
Amendment to IAS 12	"Income Taxes" - Deferred Tax: Recovery of Underlying Assets	01/01/2013	01/11/2013
Amendment to IFRS 1	"First time adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	01/01/2013	01/11/2013
Amendment to IFRS 1	"First time adoption of IFRS" - Government Loans	01/01/2013	01/11/2013
Amendment to IFRS 7	"Financial Instruments: Disclosures" - Offsetting Financial Assets and Financial Liabilities	01/01/2013	01/11/2013
IFRS 13	"Fair Value Measurement"	01/01/2013	01/11/2013
Amendments resulting from the IFRS annual improvement process (May 2012)	Amendment of five standards	01/01/2013	01/11/2013
IFRIC 20	"Stripping Costs in the Production Phase of a Surface Mine"	01/01/2013	01/11/2013
Amendment to IAS 27	"Separate Financial Statements"	01/01/2014	01/11/2014
Amendment to IAS 28	"Investments in Associates and Joint Ventures"	01/01/2014	01/11/2014
Amendment to IAS 32	"Financial Instruments: Presentation" - Offsetting Financial Assets and Financial Liabilities	01/01/2014	01/11/2014
IFRS 10	"Consolidated Financial Statements"	01/01/2014	01/11/2014
IFRS 11	"Joint Arrangements"	01/01/2014	01/11/2014
IFRS 12	"Disclosure of Interests in Other Entities"	01/01/2014	01/11/2014
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transitional provisions	01/01/2014	01/11/2014

The Group is currently assessing the practical implications of applying these standards, revised standards and interpretations and their effect on the consolidated financial statements, in particular the changes in IAS 19, IFRS 10, IFRS 11 and IFRS 12:

- changes to IAS 19 relating to commitments in terms of employee benefits provide for the immediate recognition of actuarial differences in equity, the calculation of returns on financial assets based on the discount rate used to value the transaction, as well as further information to be provided in the financial statements. The Group currently uses the corridor method to recognize actuarial differences in equity. However, the application of this text should not have a material impact on the Group's consolidated financial statements.
- IFRS 10, IFRS 11 and IFRS 12 relating to consolidation redefine the notion of control over an entity, removing the possibility of using the proportional consolidation method in the accounting treatment of joint ventures and specify the information required in the notes to the consolidated financial statements. As none of the entities within the Group's scope are consolidated using the proportional consolidation method, the impact of these changes is currently being assessed.

2.3. Summary of significant accounting policies for the consolidated financial statements

❖ 2.3.1. Measurement methods applied for the preparation of the consolidated financial statements

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets, which have been measured at fair value. The Group opted to measure certain land and buildings at the IFRS transition date at their fair value.

The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions. These assumptions are determined on a going concern basis according to the information available at the time. At each period-end, assumptions and estimates may be revised to take into account any changes in circumstances or any new information that has come to light. Actual results may differ from these estimates. The current economic climate complicates business forecasting and medium-term planning. In the notes to the consolidated financial statements the Group has therefore stated the assumptions used and outlined the results obtained from calculating the sensitivity of these estimates to fluctuations.

Sensitivity is particularly high in:

- impairment tests of non-current assets, because their value in use is based on estimated future cash flows and assumptions concerning future growth rates and discount rates. Several scenarios have been developed for changing cash flows. We have also tested sensitivity to changes in operational assumptions as well as assumptions concerning growth rates and the weighted average cost of capital (WACC) (Notes 2.9.1, 6.2 and 8.2.2);
- estimating provisions for contingencies and litigation;
- determining deferred taxes, particularly in assessing the recoverability of deferred tax assets;
- measuring revenue at the stage of completion of construction contracts;
- estimating the market value of the financial assets and liabilities disclosed in Note 18.5.

❖ 2.3.2. Presentation of the income statement

The consolidated income statement is presented in accordance with the “nature of expense” method.

1) Income from ordinary activities

Income from ordinary activities is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of income can be measured reliably. Total income from ordinary activities includes:

Revenue

Group revenue includes villages’ revenue and revenue from real estate development activities.

Villages revenue corresponds to amounts received on the sale of goods and services by fully consolidated companies in the normal course of business, and is recognized as follows:

- services: “village” revenues are recognized pro rata over the period of service provision. "Transport" revenues are recognized on the travel date. Other revenues are recognized in the period in which the service is provided.
- sales of goods: revenue from the sale of goods is recognized when the goods are delivered and the significant risks and rewards of ownership are transferred to the buyer.

For villages under management contracts, only commissions on sales, marketing and management are recorded as revenue and not the amount billed to customers staying in such villages.

Revenue from real estate development is included in Operating Income - Management of assets. It is recognized according to the percentage of completion of each project being marketed (see Note 2.22).

Other income

Other income mainly includes insurance settlements for business interruption losses as well as government grants recognized in accordance with the accounting methods described in Note 2.20.

2) EBITDAR Villages and EBITDA Villages

The Group monitors the performance of its villages business and sets targets in terms of EBITDA Villages (Operating income - Villages before depreciation and amortization). The performance of the villages (whether owned or leased) is also tracked internally based on Operating income - Villages before interest, taxes, depreciation, amortization and rents, or “EBITDAR Villages”.

3) Operating Income

Operating income is broken down on the income statement between:

- Operating income - Villages: this includes all revenues and expenses directly related to the operation of the villages;
- Operating income - Management of assets: this corresponds to income and expenses related to the management of real estate assets, and includes capital gains or losses on disposals of assets including securities related to the real estate assets of the villages, the costs related to new villages and development projects, and the costs of site closures, whether closed permanently or temporarily for renovations or cases of force majeure. When a seasonal village is closed for renovation, the costs incurred during the village’s usual closing period continue to be recognized under Operating income - villages. Operating income - Management of assets also includes impairment charges and reversals as well as the results of property development;

- Other Operating income and expense: this covers restructuring costs, claims and litigation, and the impact of natural disasters.

4) Financial income/(expense)

Financial income and expense includes interest income and expense on the financial assets and liabilities that make up net debt, presented on a separate line on the income statement.

Other financial income and expense includes:

- discounting adjustments to provisions for pensions and other long-term benefit obligations;
- gains and losses on derivative instruments;
- foreign exchange gains and losses;
- dividends received from non-consolidated companies;
- impairment charges on financial assets;
- disposals of securities of companies unrelated to villages.

2.4. Basis of consolidation

All companies that are controlled by Club Méditerranée SA, directly or indirectly, are fully consolidated. Control is the direct or indirect power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Companies over which the Group exercises significant influence (“associates”) are accounted for by the equity method.

Holiday villages of Thailand, which is 49.21% owned, and Recreational villages, 21% owned, are fully consolidated because Club Méditerranée controls both according to IAS 27 criteria. In particular, the Group is empowered under contract to direct the company’s financial and operating policies.

Société Martiniquaise des villages de Vacances, which is 10% owned, is also fully consolidated because the majority of the associated risks are assumed by the Group.

Subsidiaries are consolidated from the acquisition date, corresponding to the date on which control is transferred to the Group, until the date on which control ceases. The results of consolidated subsidiaries acquired or divested during the year are included in consolidated income from the acquisition date or up to the divestment date.

All intra-group balances and transactions, income and expenses are eliminated in full in consolidation, together with the profits included in the book value of assets acquired in intra-group transactions.

The list of consolidated companies and the consolidation methods applied are presented in Note 32.

2.5. Foreign currency translation

❖ 2.5.1. Translation of the financial statements

The consolidated financial statements are presented in euros. The financial statements of independent subsidiaries whose functional currency is not the euro are translated into euros by the closing rate method, as follows:

- Statement of financial position items are translated at the closing exchange rate at the reporting date;
- Income statement and statement of cash flows items are translated at the average rate for the period.

The resulting translation adjustments are recognized as a separate component of equity, under “Translation reserve”.

The financial statements of companies that are not independent from the parent, Club Méditerranée SA, are translated into euros using the historical rate method, as follows:

- Non-current assets and the corresponding amortization and depreciation charges are translated at the historical rate, corresponding to the exchange rate on the transaction date;
- Monetary assets and liabilities are translated at the closing rate;
- Income statement items (other than amortization and depreciation charges) and statement of cash flow items are translated at the average rate for the period.

The resulting translation adjustments are recorded in “Financial income/(loss)”.

❖ 2.5.2. Transactions in currencies other than the functional currency

Exchange differences on monetary assets and liabilities that are an integral part of the Group’s net investment in a consolidated foreign operation are accumulated in equity until the foreign operation is sold or liquidated.

The same accounting treatment applies to monetary items internal to the Group that are receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, as these items are considered as representing, in substance, part of the Group’s net investment in the foreign operation.

The impact of the translation of other currency transactions is recorded in “Financial income/(loss)”.

❖ 2.5.3. Option selected by the Group on first-time adoption of IFRS

In accordance with IFRS 1 – First Time Adoption of IFRS – cumulative translation adjustments arising on the translation of the financial statements of foreign subsidiaries were reset to zero at November 1, 2004 by adjusting opening retained earnings. Any gains or losses on subsequent disposals of foreign subsidiaries will exclude translation differences that arose before November 1, 2004.

2.6. Business combinations, goodwill and intangible assets

❖ 2.6.1. Business combinations and transactions with non-controlling interests as of November 1, 2009

Business combinations are recognized under the purchase method:

- the acquisition cost is measured at fair value of the consideration transferred, including all price adjustments, at the acquisition date. Subsequent changes in the fair value of such price adjustments are recorded in accordance with IAS 39 or IAS 37;
- the difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed at the date of control is recognized as goodwill in the statement of financial position.

Expenses occurred for business combinations relating to the acquisition are recorded as an expense under "Operating income - Management of assets".

The Group has the option, on an individual transaction basis, to measure non-controlling (minority) interests at full fair value (full goodwill method), or at the fair value of their proportion of identifiable assets and liabilities (partial goodwill method).

Changes in non-controlling interests that do not affect control are now considered to be transactions between shareholders, and their impacts are recognized in equity. Consequently, the acquisition or disposal price is recorded under financing in the statement of cash flows.

When control is taken, the acquirer must remeasure the previously acquired stake at fair value and record the impact of this remeasurement in the income statement.

In a partial disposal of securities which leads to the loss of control, the proceeds from the disposal are treated as a disposal of all of the securities and an acquisition of the stake retained, measured at fair value.

❖ 2.6.2. Business combinations and transactions with non-controlling interests up to November 1, 2009

Business combinations recorded prior to November 1, 2004 have not been retroactively restated in accordance with IFRS. Business combinations carried out since that date is recognized under the purchase method. Assets acquired and liabilities assumed are recognized at their fair value at the date of the combination.

The main differences in accounting treatment compared with the rules set out in Note 2.6.1 are:

- costs directly attributable to the acquisition were recognized against acquisition costs;
- minority interests were measured at the fair value of their proportion of identifiable assets and liabilities (partial goodwill method);
- for business combinations achieved in stages, the revaluation of the previously owned share were recognized against equity;
- for transactions on non-controlling interests, as part of business combinations, increases in shares owned were recognized as acquisitions and decreases as disposals. The difference between the acquisition cost and the proportion of acquired net assets, without a revaluation of the assets and liabilities, was recognized as goodwill. The impact for the disposal of non-controlling interests is recorded in the income statement;
- for acquisitions before November 1, 2009, any adjustments in price will be recognized against goodwill.

❖ 2.6.3. Intangible assets

Intangible assets consist mainly of leasehold rights and other commercial rights as well as information systems. Purchased intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets are analyzed to determine whether they have a finite or indefinite useful life. Based on this analysis, commercial leasehold rights in France have been classified as having an indefinite life. Consequently, these assets are not amortized but are tested for impairment annually and whenever events or circumstances indicate that their recoverable amount may be less than their book value, in accordance with the policy described in Note 2.9.1.

Other intangible assets (software and licenses) are qualified as having a finite life and are amortized over their estimated useful life. The main useful lives are as follows:

Financial information and management systems	
Accounting and management ERP	17 years
Reporting systems	7 - 10 years
Villages management system	5 - 10 years
HR management	3 - 9 years
Other information systems	3 - 5 years
Sales systems	
Booking system	26 years
Internet	3 - 5 years
Revenue management	13 years
Other sales systems	3 - 8 years
Office automation, software and licenses	3 - 5 years
Other amortizable intangible assets	3 - 10 years

These useful lives are reviewed at each year-end and adjusted if necessary. The adjustments are treated as a change in accounting estimates and are made prospectively.

Intangible assets with a finite life are tested for impairment whenever there is an indication that their recoverable amount may be less than their book value (see Note 2.9.2).

2.7 Property, plant and equipment

At the IFRS transition date (November 1, 2004), certain land and buildings were remeasured at fair value (in accordance with the option available under IFRS 1).

Property, plant and equipment are measured using the historical-cost method. They are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cost corresponds to the asset's purchase or production costs plus the directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Production cost includes materials and direct labor, as well as borrowing costs during the construction or production of the asset.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Villages are expected to be used throughout their useful life and depreciation is therefore calculated without deducting any residual value. Useful lives are reviewed at each year-end and adjusted if necessary. The adjustments are treated as a change in accounting estimates and are made prospectively.

The individual parts of each item of property, plant and equipment are recognized separately when their estimated useful life is different from that of the asset as a whole.

The main useful lives are as follows:

Groundworks, foundations and structures	50 years
Framing and roofing	30 years
External and internal walls	25 years
Utility installations (plumbing, electricity, heating, etc.)	20 years
Fixed hotel equipment	15 years
Fixtures and fittings (joinery, wall and floor coverings, windows, etc.)	10 years
Other	3 - 10 years

Property, plant and equipment are tested for impairment whenever there is an indication that their recoverable amount may be less than their book value (see Note 2.9.2).

Property, plant and equipment held under finance leases that transfer substantially all the risks and rewards of ownership to the lessee are recognized as assets.

2.8. Leases

Leases are classified as either finance leases or operating leases depending on the substance of the transaction.

❖ 2.8.1. Finance leases

Finance leases that transfer substantially all the risks and rewards of ownership of the assets to the Group are initially recognized in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the discounted value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest. Finance charges are recorded directly in the income statement.

Since fiscal 2011, land leases may also be classified as finance leases, in accordance with the amendment to IAS 17.

Assets under finance leases are depreciated over their estimated useful life. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, they are fully depreciated over the shorter of the lease term and their useful life.

❖ 2.8.2. Operating leases

Leases that do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

2.9. Impairment of assets

❖ 2.9.1. Goodwill and intangible assets with indefinite useful lives

In accordance with IAS 36 – Impairment of Assets, goodwill and intangible assets with an indefinite life are tested for impairment annually and whenever there is an indication that their recoverable amount may be less than their book value.

For impairment testing purposes, goodwill is allocated to the cash-generating unit (CGU) to which it relates. The CGUs used by the Group are based on the groups of assets used to organize its businesses and analyze their results. Accordingly, goodwill related to village operations is allocated and analyzed by region (see Note 4).

Impairment tests are based on recoverable amounts estimated by reference to market multiples or any other method of measuring the market value of an activity (to determine estimated fair value less costs to sell) or discounted future cash flows (to determine estimated value in use). Value in use is determined based on discounted future cash flows projected over 15 years plus a terminal value. Future cash flows are estimated based on business plans for a maximum period of three years and by applying an estimated growth rate for subsequent periods. The discounted terminal value is calculated using the growth in perpetuity model.

The discount rate used represents the weighted average cost of capital (WACC). This is a post-tax rate applied to post-tax cash flow projections. The recoverable amounts obtained using this method are the same as those that would be obtained by applying a pre-tax discount rate to pre-tax cash flow projections as required by IAS 36.

A single discount rate is used, and the risks (in particular country risk) specific to the CGUs tested are taken into account in future cash flows.

Estimates of recoverable amounts are based on operational plan assumptions concerning village occupancy rates, normalized investment in capital, growth rates for the region or the business, perpetuity growth rates, and discount rates.

Village occupancy rates and normalized investment in capital are estimated on the basis of historical data and operating targets.

Region growth rates used to estimate cash flows beyond the final year of the business plan correspond to expected long-term inflation rates.

A normalized gearing estimated from historical data is used to determine the discount rate. The beta and equity premium used in the calculation are determined using market data from historical databases.

When the values so determined are lower than the net book value of the CGU's assets, an impairment loss is recognized to write these assets down to their recoverable value. This is defined as the higher of the value in use and the net fair value. Impairment losses are recorded in priority against any goodwill allocated to the CGU.

❖ 2.9.2. Property, plant and equipment and intangible assets with finite useful lives

Impairment tests are performed on these assets when there is an indication that their recoverable amount may be less than their book value. This includes:

- evidence that an asset's physical condition has deteriorated beyond the effects of normal wear and tear;
- plans to discontinue or restructure the business segment to which the asset belongs;
- evidence that the asset's economic performance is worse than expected;
- changes in the economic or legal environment, leading to a significant decline in the asset's market value.

Given the specifics of its business model, the Group has determined that for this class of assets, impairment tests are performed at village level, with each village constituting a separate CGU. Groups of villages are established based on similarities in customer preferences in terms of customer origin, destination, nature of services offered, and geographic proximity. Using this method, the Group has identified seven groups of villages. However, on occasion specific individual analyses are made, where appropriate, of villages presenting lasting and significant indicators of impairment.

The recoverable amount of an asset corresponds to the higher of its market value less costs to sell and its value in use.

Market value is estimated on the basis of valuations by independent appraisers, earnings multiples or any other method for valuing an asset. Value in use is determined by estimating discounted future cash flows directly attributable to the villages which are expected to be derived from the asset over an average of 15 years. Future cash flows are estimated based on forecasts for maximum periods of three years and by applying an estimated growth rate for subsequent periods, plus a discounted terminal value calculated using the growth in perpetuity model.

The discount rate and the key assumptions used to determine value in use are described in Note 2.9.1.

If the net book value of a village's assets is greater than the recoverable amount, an impairment loss is recorded for the difference. Impairment losses may be reversed in subsequent periods if the conditions that led to their recognition have changed.

<u>2.10. Available-for-sale financial assets and other financial assets</u>

Financial assets are classified in four categories in accordance with IAS 39, as follows:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial assets.

Financial assets are recognized at the transaction date at their fair value plus directly attributable transactions costs (except for financial asset classes that are valued at fair value through the income statement). Their subsequent measurement depends on their classification.

Financial assets at fair value through profit or loss are classified in current assets and measured at fair value. Changes in fair value are recognized in "Finance cost, net". Derivative instruments are included in this category, except for the portion representing an effective hedge in a designated hedging relationship.

Held-to-maturity investments and loans and receivables are measured at amortized cost, determined by the effective interest method, less any accumulated impairment losses. Gains and losses are recognized in the income statement. These are financial assets with fixed or determinable payments and a fixed maturity. At each period-end, the recoverability of loans is assessed and an impairment loss is recognized if their recoverable amount is less than their book value.

Other financial assets are classified as available-for-sale financial assets and measured at fair value. Gains and losses arising on measurement at fair value are recognized directly in equity until the asset is sold. The fair value of listed securities corresponds to their market value. The fair value of unlisted securities corresponds to their estimated value in use, determined using the most appropriate financial criteria for the issuer's specific situation. When there is objective evidence of a prolonged decline in the fair value of an available-for-sale financial asset, the cumulative loss that had been recognized directly in equity is transferred from equity to the income statement. Investments in non-consolidated companies are classified as available-for-sale financial assets.

2.11. Non-current assets held for sale

In accordance with IFRS 5, non-current assets and groups of non-current assets (disposal groups) are classified as held for sale when their book value will be recovered principally through a sale transaction rather than through continuing use. This is considered to be the case when (i) the asset (or disposal group) is available for immediate sale in its present condition; (ii) management has initiated a plan to sell the asset (or disposal group); and (iii) the sale is highly probable.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their book value prior to reclassification and fair value less costs to sell. They are not depreciated.

Non-current assets held for sale and the related liabilities are presented on separate lines of the statement of financial position.

2.12. Inventories

Inventories are measured at the lower of cost, calculated by the weighted average cost method, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The accounting principles applied to real estate development inventories are explained in Note 2.22.

2.13. Trade and other receivables

Trade receivables are recognized at fair value at the date of original recognition. An impairment loss is recognized when there is objective evidence that the Group will not be able to recover some or all of these debts. Bad debts are written off when it is certain they will not be recovered.

2.14. Cash and cash equivalents

Cash and cash equivalents are held to meet the Group's short-term cash needs. They include cash at bank and in hand, short-term deposits with an original maturity of less than three months and money-market funds that are readily convertible into cash. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15. Provisions

Provisions are recognized when the Group has a present obligation to a third party (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, for example under an insurance policy, the reimbursement is recognized as a separate asset when, and only when, it is virtually certain that reimbursement will be received. The provision expense is recorded in the income statement, net of any expected reimbursement. Where the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects any specific risks associated with the obligation. The increase in discounted provisions due to the passage of time is recognized in "Financial Income/(loss)".

2.16. Pensions and other long-terms benefits

Group employees are covered by various plans providing for the payment of supplementary pensions, length-of-service awards and other long-term benefits in line with the laws and practices in the Group's host countries. A description of the main plans is provided in Note 15.

❖ **Post-employment benefits**

1) Defined-contribution plans

Contributions to government plans and other defined-contribution plans are recognized as an expense for the period in which they are due. No provision is recorded as the Group's obligation is limited to its contributions to the plan.

2) Defined-benefit plans

Obligations under defined-benefit plans are measured by the projected unit credit method. This method involves the use of long-term actuarial assumptions concerning demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and discount rates). These variables are reviewed each year. Actuarial gains and losses – corresponding to the effect of changes in actuarial assumptions on the amount of the obligation – are recognized as explained below. These gains and losses represent assets or liabilities to be amortized.

The interest cost, corresponding to the increase in the obligation due to the passage of time, is recognized in "Financial income/(expense)".

3) Treatment of actuarial gains and losses

Actuarial gains and losses arising on post-employment benefits are recognized in income by the corridor method, applied separately to each individual plan. Under this method, actuarial gains and losses are recognized in the income statement when cumulative unrecognized gains and losses exceed the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets. The portion of actuarial gains and losses that exceeds the 10% corridor is recognized in income over the average remaining service lives of plan participants.

In accordance with the option provided under IFRS 1, unamortized actuarial gains and losses as at November 1, 2004 have been recognized in equity.

4) Past service cost

Past service cost is the increase in the present value of the defined-benefit obligation resulting from changes to post-employment benefits or other long-term benefits. This cost is recognized as an expense over the average period until the benefits become vested. If the benefits are already vested, past service cost is recognized immediately.

5) Curtailments and settlements

Gains or losses on the curtailment or settlement of defined-benefit plans are recognized when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises any resulting change in the present value of the defined-benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognized.

2.17 Current and deferred tax

The tax charge for the fiscal year includes current tax and deferred tax.

In accordance with IAS 12 – “Income Taxes”, deferred taxes are recognized for temporary differences between the book value of assets and liabilities and their tax bases, as well as on tax loss carry forwards, by the liability method using the latest tax rates enacted or substantively enacted. The effects of rate changes are recorded in the income statement.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry forwards and unused tax credits to the extent that it is probable that taxable income will be available or where there is a payable tax liability against which such items can be utilized. The book value of deferred tax assets is reviewed at each period-end.

Tax assets and tax liabilities are offset when the Group has a legally enforceable right to set off the recognized amounts, they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

Income tax expense is recognized in the income statement, except when it relates to items recognized directly in equity in which case it is also recognized in equity.

The levy on business added value (cotisation sur la valeur ajoutée des entreprises - CVAE) is recognized as a corporate income tax. A deferred tax liability on the taxable bases in place at the time of the first application in 2010 was recorded.

2.18 Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recognized at fair value, adjusted for directly attributable transaction costs. They are subsequently measured at amortized cost, using the effective interest method.

❖ 2.18.1. Compound financial instruments

Club Méditerranée’s debt includes bonds classified as OCEANE bonds (convertible into new or existing shares) and ORANE bonds (redeemable for new or existing shares). These financial instruments contain both a debt component and an equity component (conversion into shares - optional in the case of OCEANE bonds).

The debt component is measured at the present value of the future contractual cash flows (including accrued interest, redemption premiums and the settlement of the obligation at maturity), discounted at the market interest rate on the issue date for debt instruments with the same characteristics in terms of maturity and cash flows but without a conversion option. The value of the equity component represents the difference between the nominal amount of the issue and the fair value of the debt component.

Issue costs are allocated to each component in proportion to their respective book values.

The difference between financial expense determined by the effective interest method and the amount actually paid is added to the book value of the debt component, so as to increase the book value over the life of the debt to the amount payable at maturity to settle the obligation if the bonds are not converted (for OCEANE bonds) or to the amount of interest payable (for ORANE bonds).

For ORANE bonds presented for redemption before payment of the coupon, this amount is recognized in accrued interest until the date of redemption in exchange for shares.

❖ 2.18.2. Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method, including issue costs and issue and redemption premiums.

2.19. Derivative financial instruments and hedging instruments

❖ 2.19.1. Measurement of derivative financial instruments

Derivative financial instruments are initially recognized at their fair value on the date when the Group becomes a party to the contractual provisions of the contract. They are subsequently measured at fair value. Derivative instruments with a positive fair value are recognized as an asset and derivative instruments with a negative fair value are recognized as a liability.

❖ 2.19.2. Hedge accounting

The Group uses financial instruments to optimize its borrowing costs and to hedge budgeted future net cash flows in foreign currencies. Derivative instruments are used by the Group as part of its cash flow and fair value hedging strategy to hedge the Group’s exposure to fluctuations in exchange rates. No interest rate hedges have been set up and the Group does not implement any fair value hedging strategy.

Cash flow hedges are hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction, or a firm commitment.

The effective portion of changes in the fair value of cash flow hedges eligible for hedge accounting is recognized directly in equity and reclassified in “Finance cost, net” for the period when the firm commitment or future transaction affects profit or loss. The ineffective portion is recognized in “Finance cost, net”.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss recognized directly in equity is reclassified immediately in “Finance cost, net”. If the hedging instrument no longer meets the criteria for hedge accounting and the forecast transaction is still expected to occur, the cumulative gain or loss recognized directly in equity remains recognized in equity until the forecast transaction occurs. In both cases, the derivative instrument is classified as a financial instrument at fair value through profit or loss and subsequent changes in fair value are recognized in “Finance cost, net”.

The Group’s financial risk management policy is presented in Note 19.

2.20. Government grants

Government grants are recognized when there is reasonable assurance that the conditions attached to them will be met and that the grants will be received. Grants that are intended to compensate costs are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. Government grants related to assets are initially recognized as deferred income (other non-current liabilities) at fair value and subsequently recognized under “Other income” over the useful lives of the assets concerned.

2.21. Cost of advertising and promotion

Advertising and promotion costs are recognized:

- for brochures, upon delivery for use by the Group;
- for commercials, upon delivery;
- for purchases of advertising space, upon first display.

Customer loyalty programs have been recognized in accordance with IFRIC 13 since fiscal 2009. The fair value of the additional benefit gained through the customer loyalty program is recorded in deferred revenue. The fair value thus determined takes into account the probability of use of the benefit on the basis of historical data. The revenue is recognized when the program benefit is used.

2.22. Real estate development

For the real estate development business, costs attributable to each construction project are recorded in real estate development inventories in accordance with IAS 11 and IFRIC 15.

Revenues and costs relating to “off-plan” construction contracts are recognized using the percentage of completion method for each construction project sold. Percentage of completion is determined on the basis of the physical progress of each construction project.

The net profit for this business is recorded in Operating income - Management of assets.

Should the forecast at the end of a construction contract anticipate a loss, a provision for losses on completion is recognized immediately, regardless of the project’s stage of completion.

2.23. Share-based payments

In accordance with IFRS 2, the benefit granted to employees in the form of stock options and stock purchase plans is recognized as an expense over the vesting period (corresponding to the period up to the start date of the exercise period). The cost of these plans – corresponding to the fair value of the employee services rendered, determined using the Black & Scholes option pricing model – is recognized in employee benefits expense with a corresponding increase in consolidated equity. This cost is adjusted based on the actual number of options that will be exercisable at the start of the exercise period. In accordance with the transitional provisions of IFRS 2, only options granted after November 7, 2002 that had not yet been vested at November 1, 2005 were recognized and measured at the IFRS transition date.

2.24. Treasury shares

All Club Méditerranée shares held by the Group, for whatever purpose, are recorded as a deduction from consolidated equity at cost. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of equity instruments issued by the Group.

2.25. Earnings per share

Basic earnings per share correspond to net income attributable to equity holders divided by the weighted average number of shares outstanding during the period, net of treasury shares. In accordance with IAS 33, it also takes into account instruments redeemable in shares, such as ORANE bonds.

Diluted earnings per share take into account dilutive potential ordinary shares, corresponding in the Group’s case to stock options and convertible bonds.

The average number of dilutive potential shares corresponding to stock options is determined by the treasury stock method. The calculation includes only options that are in the money (i.e. options whose strike price is lower than the average Club Méditerranée share price for the period). The strike price is increased by the fair value of the services remaining to be received, determined in accordance with IFRS 2.

For convertible bonds, income attributable to shareholders is adjusted for the interest paid on the bonds, net of tax. This adjusted income is then divided by the average number of shares that would be issued assuming conversion of all the outstanding bonds. Potential ordinary shares corresponding to bond conversions are included in the calculation only if they are dilutive.

Note 3. Changes in scope of consolidation

Changes in the scope of consolidation for the period are presented below:

Number of consolidated companies	Full consolidation	Equity method	Total
Scope of consolidation at 10/31/2012	**86**	**4**	**90**
Newly consolidated companies	3	1	4
Liquidation and mergers	(1)		(1)
Scope of consolidation at 10/31/2013	**88**	**5**	**93**

3.1. Fully consolidated companies

During the first half of 2013, the Group acquired a non-controlling interest of 21.53% in Taipe Trancoso Empreendimentos SA for a total of €3.1 million. The impact of this transaction on the consolidated financial statements is detailed in Notes 13.2.5 and 13.3.

Club Med Editions (incorporated in January 2013), Lagos Empreendimentos Imobiliario (incorporated in May 2013) and Club Med Russia (incorporated in September 2013) were consolidated for the first time in fiscal 2013. They are fully owned by Club Méditerranée SA and are fully consolidated.

Club Aquarius was merged with Club Méditerranée SA in October 2013.

3.2. Companies consolidated using the equity method

Val Thorens Le Caire SAS, created in June 2013, is 22.22% owned by Club Méditerranée SA and is consolidated using the equity method (see Note 9.1).

Note 4. Segment information

In accordance with IFRS 8 – "Operating Segments", the information presented below for each operating segment includes the main indicators monitored by the chief operating decision-maker (the Chairman and Chief Executive Officer) to make decisions about resources to be allocated to the segment and to assess its performance.

The Group is organized into three geographical regions:

- The Europe-Africa region (EAF), comprising the countries of Europe, the Middle East and Africa;
- the Americas region, aggregating the North America (including the West Indies) and South America operating segments;
- the Asia region, comprising the countries of Eastern and Southern Asia and the Pacific (ESAP) and Greater China (China, Taiwan, Hong Kong).

Each operating segment sells vacations and related services and also operates villages. Each operating segment is composed of countries that may be where the vacations are sold (sales), or where the villages are operated (operations), or a combination of the two.

Club Méditerranée is characterized by the creation of intersegment flows, particularly from Europe to Asia and the Americas. Nevertheless, a majority of customers choose destinations in their home region.

The Group also has a real estate development business which builds and sells villas and luxury chalet-apartments.

The Group analyzes its sales performance by outbound zone corresponding to the location of its customers. Revenues are thus monitored in internal reporting as outbound data.

The Group analyzes the operations performance of its villages by inbound zone corresponding to the location of its assets. Operating income - villages, EBITDAR Villages and EBITDA Villages are the main indicators for monitoring operations performance.

The items reported under Operating income - Management of assets and Other Operating Income and Expense are analyzed by type at Group level.

Financing and cash performance (including analysis of financial income and expenses) and taxes on income are monitored at Group level without being reallocated to operating segments.

(in € millions)

10/31/2013	EAF	Asia	Americas	Total
Village Revenue (location of customers)	**1,001**	**192**	**207**	**1,400**
Village EBITDAR	171	64	36	271
Village EBITDA	42	48	28	118
Operating Income-Villages	**9**	**37**	**9**	**55**
Management of Assets Operating Income				(22)
Other operating income and expense				(19)
Operating Income/(Loss)				**14**

(in € millions)

10/31/2012	EAF	Asia	Americas	Total
Village Revenue (location of customers)	**1,045**	**195**	**207**	**1,447**
Village EBITDAR	183	62	36	281
Village EBITDA	54	44	28	126
Village Operating Income	**19**	**35**	**8**	**62**
Management of Assets Operating Income				(26)
Other Operating Income and Expense				(14)
Operating Income/(Loss)				**22**

Villages revenue in France came to €619 million at October 31, 2013 versus €652 million at October 31, 2012.

Real estate development revenue recognized using the percentage of completion method totaled €8 million in 2013 compared to €12 million in 2012 (see Note 5).

Intangible and tangible assets are monitored by geographical areas in the internal reporting:

(in € millions)

10/31/2013	EAF	Asia	Americas	Total
Goodwill and intangible assets	65	11	6	**82**
Property, plant and equipment	315	83	345	**743**

(in € millions)

10/31/2012	EAF	ASIA	Americas	Total
Goodwill and intangible assets	62	12	6	**80**
Property, plant and equipment	330	98	375	**803**

Other segment information available by region:

(in € millions)

10/31/2013	EAF	Asia	Americas	Total
Acquisition of non-current assets	42	6	14	62
Amortization, depreciation and impairment of assets [(1)]	(39)	(9)	(19)	(67)
Non-cash items other than amortization, depreciation and impairment [(2)]	(1)	(1)	3	1

(in € millions)

10/31/2012	EAF	Asia	Americas	Total
Acquisition of non-current assets	28	9	13	50
Amortization, depreciation and impairment of assets [(1)]	(40)	(9)	(20)	(69)
Non-cash items other than amortization, depreciation and impairment [(2)]	2	1	3	6

[(1)] *Including depreciation, amortization and impairment in Management of Assets Operating Income of €(4) million in 2013 and 2012.*

[(2)] *Current and non-current provisions, stock options and government grants.*

Note 5. Construction contracts

In fiscal 2013, revenue from the real estate development business, recognized using the percentage completion method, totaled €8 million, versus €12 million in 2012. This activity, which is recorded under Operating income - Management of assets, broke even in fiscal 2013 and 2012.

For both 2013 and 2012, revenue from real estate development includes the sale of villas at Albion and luxury chalet-apartments at Valmorel.

Costs incurred and attributable to construction contracts are recorded in real estate development inventories. For sold contracts, costs are recognized in proportion to the stage of completion of the construction. Real estate development inventories totaled €21 million at October 31, 2013, compared with €22 million a year earlier.

Note 6. Goodwill, business combinations and impairment tests

6.1. Goodwill and business combinations

Changes in goodwill by region were as follows:

(in € millions)

	10/31/2012 Net	10/31/2013 Net
Villages - Europe-Africa	23	23
Villages - South America	3	3
Villages - Asia	5	5
Total	**31**	**31**

6.2. Impairment tests of goodwill and intangible assets with indefinite useful lives

For the purpose of impairment tests, goodwill is allocated to the cash-generating units (CGUs) represented by the geographical regions. Goodwill recorded on the acquisition of ADL corresponds to the share allocated to village operations; it is therefore allocated to the “Villages Europe-Africa” CGU.

Impairment tests are systematically conducted once a year. The principles underlying these tests are described in Note 2.9.1.

The recoverable amount of the main CGUs to which material goodwill has been allocated is calculated based on their value in use. Value in use is determined by the discounted cash flow method. Future cash flows are estimated based on business plans for a maximum period of three years and by applying a growth rate of 2.5% for the subsequent 12 fiscal years. The terminal value is calculated using the growth in perpetuity model.

The assumptions used for impairment tests on the CGUs to which material goodwill and non-amortizable intangible assets have been allocated are as follows:

(in € millions and %)

	2012			2013		
CGU	Net [(1)]	Discount rate	Perpetuity growth rate	Net [(1)]	Discount rate	Perpetuity growth rate
Villages - Europe-Africa	33	8.1%	2.2%	33	8.1%	2.2%
Villages - South America	3	8.1%	2.2%	3	8.1%	2.2%
Villages - Asia	5	8.1%	2.2%	5	8.1%	2.2%
Total assets to measure	**41**			**41**		

(1) Net value of goodwill and intangible assets with indefinite useful lives allocated to the CGU.

No impairment loss was recorded on the basis of assumptions made and the scenarios tested during the impairment tests conducted in 2013 and 2012 on the CGUs to which goodwill has been allocated. Perpetuity growth rates are those used to calculate the terminal value.

The discount rate determined in accordance with the principles described in Note 2.9.1. was maintained at the 2012 level. The decrease in the risk premium was offset by the higher risk-free rate and beta.

The Group performed sensitivity analyses of values in use for various future cash flow scenarios projected for three years. It also tested the sensitivity of these values to changes in assumptions for the discount rate (+1 percentage point) and the perpetuity growth rate (-1 percentage point).

The values in use resulting from these sensitivity analyses remains above the value of assets tested. Thus, for the regions tested, there is no risk, as far as can be reasonably estimated, that changes in assumptions may lead to an impairment.

For the most sensitive segment, varying the assumptions shows that to cover the assets and for each factor taken separately:

- the discount rate should not exceed 13%;
- the perpetuity growth rate could be less than zero;
- the growth of future cash flows projected over three years may be 13 points lower than forecast.

Note 7. Intangible assets

(in € millions)

	Brands and licenses	Software	Leasehold rights	Other intangible assets	Assets under development	Total
Cost at10/31/2011	**3**	**132**	**13**	**5**	**4**	**157**
Accumulated amortization	(3)	(102)		(3)		(108)
Net at10/31/2011		**30**	**13**	**2**	**4**	**49**
Acquisitions		2			5	7
Amortization		(6)				(6)
Reclassifications and other		4		(1)	(4)	(1)
Cost at 10/31/2012	**3**	**138**	**13**	**4**	**5**	**163**
Accumulated amortization	(3)	(108)		(3)		(114)
Net at 10/31/2012		**30**	**13**	**1**	**5**	**49**
Acquisitions		2		1	5	8
Amortization		(6)				(6)
Reclassifications and other		3			(3)	
Cost at 10/31/2013	**3**	**143**	**13**	**5**	**7**	**171**
Accumulated amortization	(3)	(114)		(3)		(120)
Net at 10/31/2013		**29**	**13**	**2**	**7**	**51**

Intangible assets with indefinite useful lives amounted to €10 million in 2013, unchanged from 2012. Based on the results of the annual impairment tests, no impairment losses have been recognized in relation to these assets (see Note 6.2).

The main capital expenditures in fiscal 2013 concerned the sales systems and the financial and management information systems. In fiscal 2012, the main capital expenditures concerned the sales systems.

Note 8. Property, plant and equipment

8.1. Analysis of changes

(in € millions)

	Land	Buildings and fixtures	Equipment	Other property, plant and equipment	Assets under construction	Total
Cost at 10/31/2011	**207**	**915**	**182**	**118**	**13**	**1,435**
Accumulated depreciation		(429)	(125)	(80)		(634)
Net at 10/31/2011	**207**	**486**	**57**	**38**	**13**	**801**
Acquisitions		17	5	4	26	52
Finance leases			4			4
Disposals		(2)		(1)		(3)
Depreciation		(39)	(14)	(7)		(60)
Impairment		(3)				(3)
Translation adjustments	2	8	2			12
Reclassifications		13	3	2	(18)	
Cost at 10/31/2012	**209**	**944**	**187**	**118**	**21**	**1,479**
Accumulated amortization		(464)	(130)	(82)		(676)
Net at 10/31/2012	**209**	**480**	**57**	**36**	**21**	**803**
Acquisitions		19	10	4	6	39
Disposals			(1)			(1)
Depreciation		(38)	(14)	(7)		(59)
Impairment		(1)	(1)			(2)
Translation adjustments	(10)	(24)	(2)	(1)		(37)
Reclassifications		7	2	8	(17)	
Cost at 10/31/2013	**199**	**925**	**187**	**122**	**10**	**1,443**
Accumulated depreciation		(482)	(136)	(82)		(700)
Net at 10/31/2013	**199**	**443**	**51**	**40**	**10**	**743**

❖ **Fiscal Year 2013**

Major capital expenditures for the year concerned the villages of Pragelato (€6 million), Rio das Pedras (€4 million), Cancun (€2 million), Punta Cana (€2 million) and Phuket (€2 million).

Translation adjustments resulting in a decrease in assets' book value were due mainly to the depreciation of the Dominican peso, the Mexican peso, the Indonesian rupiah, the Brazilian real and the US dollar against the euro.

❖ **Fiscal Year 2012**

Major capital expenditures for the year concerned the Club Med 2 cruise ship (€7 million) and the villages of Sandpiper (€5 million), Yasmina (€4 million), Rio das Pedras (€3 million) and Cherating (€3 million).

The item Impairment includes impairment losses of €3 million related to the closure of villages.

Translation adjustments resulting in an increase in assets' book value were due mainly to the appreciation of the US dollar, the Mexican peso, the Dominican peso, the Thai baht, and the Malaysian ringgit against the euro, partially offset by the fall of the Brazilian real.

8.2. Additional information

❖ 8.2.1. Breakdown of assets by geographical region

Property, plant and equipment break down as follows by geographical region:

(in € millions)

	10/31/2012			10/31/2013		
	Cost	Depreciation and provisions	Net	Cost	Depreciation and provisions	Net
Europe-Africa	699	(369)	330	706	(391)	315
Americas	603	(228)	375	578	(233)	345
Asia	177	(79)	98	159	(76)	83
Total	**1 479**	**(676)**	**803**	**1 443**	**(700)**	**743**

❖ 8.2.2. Impairment tests

Impairment tests were performed on all groups of villages as well as on villages that, in isolation, showed indications of significant or lasting impairment. The recoverable amount was determined based on value in use for all groups of villages or villages tested in isolation.

Value in use was determined using the method described in Note 2.9.2. The assumptions made in 2013 and 2012 to determine the value in use of the villages or groups of villages include a discount rate of 8.1%, a growth rate of 2.5% for the years following the period for projected future cash flows, and a 2.2% growth rate applied to the terminal value.

The Group performed sensitivity analyses of values in use on assets showing indications of impairment for various projected future cash flow scenarios. It also tested the sensitivity of these values to changes in assumptions for the discount rate (+1 percentage point) and the perpetuity growth rate (-1 percentage point).

No impairment losses were booked on the villages as a result of impairment tests and sensitivity analyses performed in 2013 and 2012.

❖ 8.2.3. Other information

At October 31, 2013, property, plant and equipment worth €145 million had been given as collateral for debts, versus €154 million at October 31, 2012. The corresponding debts amounted to €48 million at October 31, 2013 and €55 million at October 31, 2012. These debts may fluctuate depending on drawdowns of the line of credit. Moreover, the three villages pledged (see Note 18.3.3) may, subject to prior approval of the banks, be replaced with other assets of at least equivalent market value.

Non-current assets held as part of finance leases and finance-lease obligations stood at €4 million and €1 million respectively at October 31, 2013.

In 2013 and 2012, borrowing costs related to the financing of capital expenditures during the construction period and recorded in cost of capital were insignificant.

Note 9. Non-current financial assets

(in € millions)

	10/31/2012	10/31/2013
Investments in associates	21	22
Available-for-sale financial assets	5	5
Other non-current financial assets	64	64
Total	**90**	**91**

9.1. Share of income of associates

(in € millions)

	10/31/2012	Net income/(loss)	Dividends paid	Changes in scope of consolidation and other	10/31/2013
SPFT - Carthago	11	2	(2)	(1)	10
Club Med Albion Resorts	3				3
Valmorel Bois de la Croix	7				7
Val Thorens Le Cairn				2	2
Total	**21**	**2**	**(2)**	**1**	**22**

During the year, the Group signed an agreement with various partners to create a mountain village in Val Thorens. As part of this project, the company Val Thorens Le Cairn was created and Club Méditerranée SA took a stake of 22.22% in the capital for a total of €1.6 million and provided a long-term advance of €1 million. Shares of all shareholders were pledged to the bank that provides financing to the company.

All shares in Valmorel Bois de la Croix were also pledged to the banking syndicate in connection with the funding of this company.

❖ **Combined information for all associates**

(in € millions)

	10/31/2012	10/31/2013
Total non-current assets	149	155
Total current assets	18	25
Shareholders' equity	64	69
Non-current liabilities	91	80
Current liabilities	12	31

9.2. Available-for-sale financial assets

(in € millions)

	10/31/2012	10/31/2013
At November 1	**7**	**5**
Disposals	(1)	
Revaluation of available-for-sale financial assets	(1)	
At October 31	**5**	**5**

In 2012, the Group sold its remaining 2.5% stake in Société Immobilière de la Mer (SIM). The revaluation reserve of financial assets held for sale of €1 million was reclassified in Operating income - Management of assets (see Note 13.2.4). The result of this sale had been recorded in Operating income - Management of assets (see Note 22).

Available-for-sale financial assets consist exclusively of shares in unlisted Companies. Shares in unlisted Companies carried at cost amounted to €5 million.

9.3. Other non-current financial assets

(in € millions)

	10/31/2012	10/31/2013
Loans	28	29
Deposits	25	24
Loans to building organizations	7	7
Other	4	4
Total	**64**	**64**

Loans comprise:

- the vendor loan made to Financière CMG on the sale of Club Med Gym in 2008 for €13 million, along with related compound interest of €5 million;
- the convertible bond subscribed from IFH for €3 million. The Group subscribed to the convertible bonds issued by IFH in March 2011 as part of the transfer of shares and bonds from Financière CMG to the IFH Group.

The vendor loan and the convertible bond mature in November 2016 and December 2016, respectively.

- the reclassification of loans granted to partners as part of a management contract for €7 million;
- a long-term advance of €1 million granted to SAS Val Thorens Le Cairn (see Note 9.1).

Deposits consist mainly of deposits under village leases.

Note 10. Assets held for sale

(in € millions)

	Land	Buildings and fixtures	Equipment	Other property, plant and equipment	Assets under construction	Total
Cost at 10/31/2011	**21**	**100**	**6**	**11**		**138**
Accumulated depreciation	(2)	(88)	(5)	(6)		(101)
Net at 10/31/2011	**19**	**12**	**1**	**5**		**37**
Villages sold (1)	(16)	(6)	(1)	(2)		(25)
Cost at 10/31/2012	**3**	**16**	**3**	**3**		**25**
Accumulated depreciation		(10)	(3)			(13)
Net at 10/31/2012	**3**	**6**		**3**		**12**
Villages sold (1)	(1)	(3)				(4)
Cost at 10/31/2013	**2**	**10**	**2**	**3**		**17**
Accumulated depreciation		(7)	(2)			(9)
Net at 10/31/2013	**2**	**3**		**3**		**8**

(1) Excluded from net book value (including impairment reversals of €21 million on Bora Bora and Lindeman Island in 2012).

The assets and liabilities attributable to certain villages have been classified as disposal groups held for sale and reported on a separate line of the statement of financial position, as their sale within 12 months of the date of said classification is considered highly probable. Market constraints could result in this period being exceeded and in the asset being retained as held for sale when the Group remains committed to a disposal plan.These held-for-sale assets do not correspond to discontinued operations as defined in IFRS 5.

In October 2013, Dieulefit village, which was classified in this category, was divested. Three villages classified in this category were divested in fiscal 2012: Méribel Aspen Park, Bora Bora and Lindeman Island. The impacts of these sales are described in Notes 22 and 27.3.

Note 11. Other receivables

	10/31/2012		10/31/2013	
	Cost	Net	Cost	Net
Tax receivables	38	38	36	36
Accrued income	4	4	4	4
Prepayments to suppliers	9	9	12	12
Receivables on sales of non-current assets			6	6
Current accounts receivable from associates (1)	1	1	1	1
Miscellaneous receivables	7	7	14	14
Prepaid expenses	58	58	59	59
Total	**117**	**117**	**132**	**132**

(1) Associates: companies consolidated using the equity method.

In 2013, long-term receivables (those aged beyond one year) totaled €21 million, compared with €18 million in 2012. These mainly included VAT credits and tax credits. The change in long-term receivables is mainly due to the €3 million in CICE tax credits receivable recorded in fiscal 2013 (see Note 21). All other receivables are due within one year.

At end-October 2013, receivables on sales of non-current assets relate to the disposal of a parcel of land and Dieulefit village. Moreover, the increase in payment to suppliers and other receivables is mainly due to advances made under management contracts.

In 2010, the Group and the project partners signed a shareholders' loan agreement with SAS Valmorel Bois de la Croix. The Group's loans and advances to SAS Valmorel Bois de la Croix totaled €1 million at October 31, 2013.

Prepaid expenses correspond mainly to services included in vacation packages that are paid for prior to travel (such as transport and fee-based services), and prepaid rentals.

Note 12. Cash and cash equivalents

(in € millions)

	10/31/2012	10/31/2013
Cash equivalents	11	6
Derivative instruments	2	1
Cash and cash equivalents	52	59
Total	**65**	**66**

Cash equivalents include time deposits of less than three months and money market funds.

Note 13. Share capital and reserves

13.1. Equity management

The purpose of the Group's equity management policy is to optimize the use of shareholders' equity. The Group manages its ownership structure by taking account of changes in the economic environment and acting within the framework of a prudent and rigorous financial policy.

On May 27, 2013, Club Méditerranée's two main shareholders, Axa Private Equity (now Axa Capital / Ardian) and Fosun, and its management, launched a public tender offer to acquire Club Méditerranée shares and convertible/exchangeable bonds (OCEANEs) through Gaillon Invest. The aim for Club Méditerranée is to be able to depend on a stable and strong shareholding structure, and on committed management. Following the AMF's declaration of validity and appeals submitted, the bid, which had been open since July 17, 2013, was suspended pending the Paris Court of Appeal's decision.

The liquidity agreement that the Group had entered into to maintain a liquid market in the Company's shares was suspended following the announcement of the public tender offer, and permanently terminated on July 22, 2013. The liquidity dedicated to the contract but which had not been invested in shares at the termination date was returned to the Company.

After the redemption of all the ORANE bonds in June 2012, the only financial instrument providing access to capital as at October 31, 2013 is the OCEANE which involved the issue in October 2010 of 4,888,481 bonds with a conversion ratio of 1 share per bond. Following the opening of the public tender offer, the conversion ratio was temporarily adjusted to 1.124 shares per bond.

At October 31, 2013, there were 4,886,878 OCEANE 2015 bonds outstanding.

In addition, the Group strives to maintain financial ratios that facilitate its access to the capital markets and optimize the cost of its funding. The gearing ratio increased slightly from 13.2. Changes in consolidated equity.

❖ 13.2.1. Share capital and additional paid-in capital

During fiscal 2013, 1,523 OCEANE bonds were redeemed for 1,711 new shares (see Note 13.2.3) and 47,294 stock subscription options were exercised.

Following these transactions, the share capital of Club Méditerranée SA at October 31, 2013 was €127 million, comprising 31,871,564 shares with a par value of 4 euros.

Following approval by the Shareholders' Meeting of March 7, 2013 to eliminate the accumulated deficit (€319 million) through the reduction of the Company's additional paid-in capital, the item "Additional paid-in capital" stood at €292 million at October 31, 2013 versus €611 million at October 31, 2012.

At October 31, 2012, there were 31,822,559 fully paid-up shares issued and outstanding.

13.2. Changes in consolidated equity

❖ 13.2.2. Treasury shares

During fiscal 2013, Stock option plan H expired: the 166,770 shares held to hedge this plan are therefore no longer allocated to it. During fiscal 2012 and fiscal 2013 no options from this plan were exercised.

Under the share repurchase programs authorized by the Annual Shareholders' Meetings of March 7, 2013 and March 12, 2012, as well as through a liquidity contract, the Company purchased 286,798 shares at an average price of €13.41 and sold 308,727 shares at an average price of €13.43. This program ended with suspension of the liquidity contract following the launch of the tender offer (see Note 13.1).

In fiscal 2012 a total of 688,983 Club Méditerranée SA shares were purchased at an average price of €14.10 and 679,929 shares were sold at an average price of €14.07.

Based on movements in the liquidity contract during the period, a total of 208,804 shares were held in treasury at October 31 2013, versus 230,733 at October 31, 2012. All treasury shares are set to be contributed to the public tender offer.

❖ 13.2.3. Compound instruments - equity component

1) ORANE

In fiscal 2012, 1,565,027 residual ORANE bonds were redeemed for 1,564,492 new shares and 535 existing shares.

Their share of the equity component recorded in "Other reserves" was reclassified to share capital and additional paid-in capital for €13 million.

2) OCEANE 2015

In October 2010, Club Méditerranée issued a convertible bond (OCEANE) redeemable on November 1, 2015 and convertible at any time into one new or existing share per convertible bond. These bonds pay an annual coupon of 6.11%. OCEANE bonds are compound instruments comprising a debt component, which represents the discounted value of cash flows (coupon payments for five years plus redemption value), and an equity component for the balance. Costs related to the issue are allocated to each component in proportion to their respective book values.

At October 31, 2013, the equity component related to the OCEANE 2015 amounted to €4 million excluding the impact of deferred taxes.

❖ 13.2.4. Other comprehensive income

1) Translation reserve

At October 31, 2013, the translation reserve breaks down as follows:

(in € millions)

	Translation reserve - attributable to the Group	Translation reserve - attributable to non-controlling interests	Total translation reserve
At 10/31/2011	**(40)**	**8**	**(32)**
Translation adjustments	14	(2)	12
Amounts reclassified in profit or loss	(4)		(4)
At 10/31/2012	**(30)**	**6**	**(24)**
Translation adjustments	(29)	(4)	(33)
Change in scope of consolidation	1	(1)	0
At 10/31/2013	**(58)**	**1**	**(57)**

In 2013, the decrease in reserves was primarily attributable to the fall of the US dollar, the Brazilian real, the Mexican peso and the Dominican peso against the euro. In 2012, the increase in reserves resulting from translation adjustments were attributable mainly to the appreciation of the US dollar, the Mexican peso and the Dominican peso against the euro, partially offset by the fall of the Brazilian real.

Changes in the scope of consolidation are related to the repurchase of non-controlling interests (see Note 13.2.5).

In 2012, the amount of the translation reserves reclassified in the income statement is mainly due to the liquidation of the company that held Lindeman Island.

2) Revaluation reserves relating to financial instruments

(in € millions)

	Gains/(losses) on cash flow hedges taken to equity	Available-for-sale financial assets
At 10/31/2011	**1**	**1**
Amounts reclassified in profit or loss [1]		(1)
Fair value adjustments	1	
At 10/31/2012	**2**	**0**
Amounts reclassified in profit or loss	(1)	
At 10/31/2013	**1**	**0**

[1] See Note 9.2

Information about stock option plans is provided in Note 14.

❖ 13.2.5. Repurchase of minority interests

During the fiscal year, the Group bought back 21.53% in Taipe Trancoso Empreendimentos SA. In accordance with IAS 27, transactions between shareholders of the same entity, with no change in control, are recognized in equity. The acquisition had no impact on the value of the assets and liabilities of the company in question. The impact on equity equals the cost of acquiring the shares. The impact of a €3 million payment on the statement of cash flows is recorded in financing transactions.

(in € millions)

	Group	Minority interests	Total shareholders' equity
Retained earnings/(deficit) including translation reserve	1	(1)	0
Acquisition cost	(3)		(3)
Net impact	**(2)**	**(1)**	**(3)**

13.3. Minority interests

(in € millions)

	10/31/2012	Net income/(loss) for fiscal	Dividends	Change in scope of consolidation	Translation adjustments	10/31/2013
Itaparica (Brazil)	23	2	(4)		(2)	19
Sté Village Hôtels des Caraïbes (France)	11	1	(1)			11
Holiday Hotels AG (Switzerland)	9					9
Holiday Villages Thailand	8				(1)	7
Belladona Company for H&T (Egypt)	5					5
Covifra (Mauritius)	2					2
Taipe Trancoso (Brazil)	4	(1)		(1)	(1)	1
Total	**62**	**2**	**(5)**	**(1)**	**(4)**	**54**

Note 14. Share-based payments

14.1. Description of stock option and bonus share plans

The stock options granted to members of senior management and certain permanent employees of the Group are exercisable for new shares, with the exception of Plan H options, which are exercisable for existing shares. Since Plan O, no stock options have been allocated to corporate officers. The plans make no provision for cash-based settlement. For Plans P and Q, the vesting of rights for members of the Management Committee and the "Leadership Committee" is conditioned on performance criteria.

Stock option plans granted in 2004 have a ten-year life. Those granted since 2005 have an eight-year life.

Plans H and J expired during fiscal 2013 without any of the options having been exercised. Plan G5 expired during fiscal 2012 without any of the options having been exercised.

During the fiscal year, 47,294 stock options from Plans N and O were exercised. No options were exercised by the corporate officers.

No stock option plans were granted by the Board of Directors during fiscal 2013.

In 2012, 230,000 stock subscription options at an exercise price of €16.13 were granted by the Board of Directors on March 12, 2012 to members of senior management and certain employees. These options are exercisable from March 12, 2015 until March 11, 2020. The plan does not make provision for cash-based settlement. The options exercise price corresponds to the average of the closing prices quoted for Club Méditerranée shares over the 20 trading days preceding the grant date. No stock options were granted to corporate officers under this plan. The vesting of rights allocated to members of the Management Committee and the Leadership Committee (138,250 options) is conditioned on performance criteria. These performance criteria are linked to the achievement of the Company's strategic objectives. Since they are not linked to market data, they were not taken into account in determining the fair value of the options granted. At October 31, 2012, 93,241 stock options from Plans P and Q were canceled due to the non-achievement of one of the performance criteria.

The main characteristics of the plans in progress at October 31, 2013 are as follows:

Main characteristics of stock option plans

	2004	2006	2007	2008	2009	2010	2011	2012
	Plan I	Plan K	Plan L	Plan M	Plan N	Plan O	Plan P	Plan Q
Date of Shareholders' Meeting	3/17/2003	3/17/2003	3/8/2007	3/8/2007	3/8/2007	2/20/2009	2/20/2009	3/3/2011
Date of Board Meeting	1/15/2004	3/14/2006	3/8/2007	3/11/2008	2/20/2009	2/25/2010	3/3/2011	3/12/2012
Number of options granted	272,000	250,000	125,000	244,970	244,490	239,350	240,000	230,000
Options granted to the Senior Management Committee (i.e. its members as at October 31, 2013)	54,500	64,528	63,324	80,224	4,687	45,400	33,004	39,337
Number of senior managers concerned	6	8	9	9	3	8	8	8
Start date of exercise period	1/15/07 + lock-up until 1/14/08	3/14/09 + lock-up until 3/13/10	3/8/10 + lock-up until 3/7/11	3/11/11 + lock-up until 3/10/12	2/20/12 + lock-up until 02/19/13	2/25/13 + lock-up until 2/24/14	3/3/14 + lock-up until 3/2/15	3/12/15 + lock-up until 3/11/16
Expiry of exercise period	2/14/2014	3/13/2014	3/7/2015	3/10/2016	2/19/2017	2/24/2018	3/2/2019	3/11/2020
Exercise price (in euros) (1)	28.47	39.15	39.51	29.71	10.73	11.71	17.32	16.13
Options outstanding on October 31, 2013	142,970	152,128	79,785	196,486	78,890	185,700	162,674	170,973
Number of options exercised in 2013	0	0	0	0	30,294	17,000	0	0
Remaining life	0.3	0.4	1.4	2.4	3.4	4.4	5.4	6.4

(1) For plans preceding 2010, following the capital increase, the number of shares was multiplied by a factor of 1.09 and the exercise prices divided by this same factor.

14.2. Outstanding options

	2012		2013	
	Number	Average strike price (in €)	Number	Average strike price (in €)
Options outstanding at 01/11	1,693,818	26.41	1,655,098	25.18
Options granted during the period	230,000	16.13		
Options exercised during the period	(7,991)	10.73	(47,294)	11.08
Options canceled during the period	(260,729)	25.61	(438,198)	30.91
Options outstanding at 10/31	1,655,098	25.18	1,169,606	23.61
Options exercisable at 10/31	1,086,154	30.58	835,959	26.36

14.3. Fair value of options granted

Fair values were calculated at the grant dates of the various plans using the Black & Scholes option pricing model.

The main data and assumptions used to determine the fair values of options granted under the 2012 plan were as follows:

	Plan Q
Club Méditerranée SA share price at grant date (in €)	16.38
Exercise price (in €) (1)	16.13
Expected volatility (in %)	38.00
Estimated life of the options (in years)	5
Risk-free interest rate (%)	1.76
Fair value per option	**5.96**

(1) Exercise price at grant date of plans.

Expected volatility is determined based on the historical volatility of the security. The risk-free interest rate corresponds to the yield-to-maturity on French government bonds (OATs) over a period equivalent to the life of the options.

The cost recognized in respect of share-based payment plans amounted to €0.6 million in fiscal 2013 and €0.9 million in fiscal year 2012.

Note 15. Pensions and other long-term benefits

15.1. Description of the main Group plans

Group employees receive certain short-term benefits, such as vacation pay, "13th month" bonuses, sick leave, health insurance and unemployment insurance in France.

The Group's post-employment benefit plans are based on legal obligations in each host country and on its subsidiaries' compensation policies. Long-term benefit plans include both defined-contribution and defined-benefit plans.

❖ **Defined-contribution plans**

Under defined-contribution plans, the Group pays contributions to an external fund that is responsible for paying the benefits. The Group's legal or constructive obligation under these plans is limited to the amount that it agrees to contribute to the fund.

The main defined-contribution plans consist of government-sponsored basic and supplementary pension plans in Europe and defined-contribution pension plans in North America.

Contributions to all of these plans are recognized as an expense for the period in which they are due.

❖ **Defined-benefit plans**

Under defined-benefit plans, the Group has an obligation to pay benefits to employees either at the end of their employment or during their retirement. The Group's defined-benefit plans are unfunded and are covered by provisions recorded in the financial statements.

The Group's main defined-benefit plans concern indemnities payable to employees on retirement (France, Greece and Turkey) or when they leave the Group (Italy and Japan).

❖ **Long-term benefits**

Corporate officers receive long-term bonus compensation conditioned on the achievement of objectives set out in Note 28.4. The estimated cost is expensed over the vesting period.

15.2. Defined-benefit plans

❖ 15.2.1. Main actuarial assumptions

The Company's obligations under defined-benefit plans are measured by the projected unit credit method. This method involves the use of long-term actuarial assumptions concerning demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and discount rates). These variables are reviewed each year. Actuarial gains and losses – corresponding to the effect of changes in actuarial assumptions on the amount of the obligation – are recognized as explained below. These actuarial differences are taken into account using the corridor method described in Note 2.16 "Pensions and other long-term benefits".

The assumptions used by the Group for its main plans are as follows:

	2012		2013	
	Japan	Europe	Japan	Europe
Discount rate	1,5%	3,0%	1,5%	3,1%
Long-term salary increases, incl. inflation	1,5%	3,7%	1,5%	3,2%

The discount rates used are obtained by reference to the yields on AA non-financial corporate bonds or sovereign bonds, for each of the countries and maturities equivalent to the term of the plans. For the eurozone, the discount rate is based on the yield of the Iboxx Corporate AA index, for Japan, on that of AA corporate bonds, and for other countries, the rate used is based on the yields of domestic government bonds.

❖ 15.2.2. Funded status of defined-benefit plans

(in € millions)

	10/31/2012	10/31/2013
Present value of the unfunded obligation	24	25
Unrecognized actuarial gains and losses		(2)
Net liability recognized in the statement of financial position	**24**	**23**

❖ 15.2.3. Evolution of defined benefit plans

(in € millions)

	10/31/2012	10/31/2013
Defined-benefit obligation at November 1	20	24
Service cost	1	1
Interest cost (discounting adjustment)	1	1
Actuarial (gains) and losses for the period	3	2
Curtailments/settlements	(1)	(1)
Paid benefits		(1)
Translation adjustments		(1)
Defined-benefit obligation at October 31	**24**	**25**

(in € millions)

	10/31/2012	10/31/2013
Actuarial (gains) and losses for the period	**3**	**2**
Actuarial (gains)/losses related to experience adjustments	1	1
Actuarial (gains)/losses related to changes in assumptions	2	1

❖ 15.2.4. Analysis of defined-benefit plan costs

(in € millions)

	10/31/2012	10/31/2013
Service cost	(1)	(1)
Paid benefits/transactions	1	1
Cost recognized in employee benefits expense	**0**	**0**
Interest cost	(1)	(1)
Financial income/(expense)	**(1)**	**(1)**
Total recognized (expense)/income	**(1)**	**(1)**

15.3. Defined-contribution plans

Contributions under defined-contribution plans (excluding contributions for the government-sponsored basic pension plan in France) totaled €12 million in 2013, compared to €13 million in 2012.

15.4. Long-term benefits

The provision for long-term benefits for corporate officers was €0.7 million in 2013. The characteristics of this long-term compensation are described in Note 28.4.

Note 16. Provisions for contingencies, claims and litigation

(in € millions)

	10/31/2012	Accruals	Drawings	Reversals (surplus provisions)	Reclassification and change	10/31/2013
Provisions for liability claims and damages	3	1	(1)	(1)		2
Site restructuring and closures	5	6	(4)			7
Provisions for litigation, including tax- related	15	8	(3)	(3)	(1)	16
Other provisions	1				(1)	
Total - current	**24**	**15**	**(8)**	**(4)**	**(2)**	**25**

Provisions for litigation cover commercial claims, employee claims, and disputes with government agencies. Provisions are booked for the estimated cost of identified risks on the basis described in Note 2.15.

The nature of the Group's business and the fact that its operations are conducted in a large number of countries with differing and sometimes contradictory regulations is a source of operating difficulties and can lead to disputes with suppliers, owners, employees or local authorities.

The item "Restructuring and site closures" mainly concerns provisions for the closure of villages.

Among the other provisions for litigation, there are no disputes which, taken in isolation, are material.

Provisions, contingent liabilities and contingent assets

The Société Martiniquaise des villages de Vacances (SMVV) received grants from the European Regional Development Fund (ERDF) for the renovation of the Buccaneers village ("Les Boucaniers") in 2003-2004. This project has been audited by the European Court of Auditors, which did not believe that the project was eligible for an ERDF grant. The European Commission ordered the French government to repay the ERDF grant in the amount of €12.5 million. The French government sought an annulment of said ruling before the General Court of the European Union (GCEU). The GCEU upheld the ruling against the French government in December 2011. The French government filed an appeal against this decision on March 5, 2012. On September 26, 2013, the Court of Justice of the European Union rejected the French government's appeal. The Prefecture of Martinique has sent SMVV a collection notice for reimbursement of this sum. SMVV has filed an administrative appeal against the decision in order to suspend the due and payable status of this sum. SMVV believes that it has strenuous arguments to bring proceedings against the French government.

Following the sale of Jet tours in 2008, the buyer objected to the sale price, which it considered too high. In January 2010, the buyer sued Club Méditerranée and its subsidiary Hôteltour, seeking compensation for the alleged harm. On March 30, 2012, the Nanterre Commercial Court dismissed all the buyer's claims. The buyer appealed on May 9, 2012. The Group believes that the buyer's action is unfounded.

In fiscal 2011, a company that had purchased a property complex in Italy from the Group in 2005 took Club Méditerranée SA to court to obtain the revocation, cancellation or termination of the sale agreement..

Note 17. Income taxes

17.1. Income tax analysis

Current and deferred taxes can be analyzed as follows:

(in € millions)

	2012	2013
Current taxes	**(15)**	**(14)**
Deferred taxes on temporary differences	2	
Effect of changes in tax rates [(1)]		(1)
Reassessment of deferred tax assets	(1)	1
Deferred taxes	**1**	
Total	**(14)**	**(14)**

(1) In 2013, rate increases were voted in Greece (from 20% to 26%) and in the Dominican Republic (from 25% to 27%).

The current tax charge was stable compared with 2012, while the deferred tax charge stood at €2 million in 2013, against €3 million in 2012.

During the fiscal year, the limit on the allocation of tax losses carried forward against taxable income above €1 million was decreased from 60% to 50% of taxable income.

The CVAE charge in France is recorded in current taxes (see Note 2.17). This charge was €5 million at October 31, 2013, compared to €4 million at October 31, 2012. A deferred tax liability of €2 million was recognized at the time of the first application in 2010 of the business tax reform.

In 2013, Club Méditerranée SA had a tax group comprising 17 French subsidiaries. The North American tax group, headed by Club Med Sales, comprises four companies.

❖ Effective tax rate

The following reconciliation is based on the current French income tax rate of 36.10%, including the exceptional contribution of 5%, for fiscal years 2012 and 2013.

(in € millions and in %)

	in € millions		Tax rate (%)	
	2012	2013	2012	2013
Income before tax from continuing operations	**14**	**3**		
Standard tax rate in France			**36.10%**	**36.,10%**
Tax at standard rate	**(5)**	**(1)**		
Effect of different foreign tax rates	(1)	9		
Effect of changes in tax rates		(1)		
Taxes for previous fiscal year		(1)		
Unrecognized deferred tax assets on tax losses for the year	(16)	(18)		
Deferred tax assets recognized on tax losses generated in prior years		1		
Tax loss carryforwards utilized during the year	10	3		
CVAE	(4)	(5)		
Permanent differences and other	2	(1)		
Total	**(9)**	**(13)**		
Effective tax rate for the Group	**(14)**	**(14)**	**NA**	**NA**

17.2. Deferred tax assets and liabilities

Deferred tax assets and liabilities break down as follows by statement of financial position item:

(in € millions)

	10/31/2012	10/31/2013
Property, plant and equipment	2	1
Other assets	8	8
Losses carried forward	21	21
Total assets	**31**	**30**
Property, plant and equipment	(57)	(53)
CVAE	(1)	(1)
Total liabilities	**(58)**	**(54)**
Net deferred tax liabilities	**(27)**	**(24)**

The change in net deferred tax liabilities is mainly due to the impact of exchange rates on deferred tax assets and liabilities in foreign currencies.

Deferred tax assets recognized on tax loss carry forwards concern tax groups in France and the United States, Mexico and certain companies in Europe. Deferred tax assets are reviewed at each period-end based on recent operating forecasts.

For the portion realized against future taxable income, the recoverability of deferred tax assets is assessed based on forecasts of taxable income over a period that takes into account the limitations of use of these losses and the recurring or non-recurring nature of the taxable income of the entity. The forecast period for utilizing such losses is typically limited to three to five years of taxable income. This period may be extended when the recurring nature of the taxable income has been established, particularly in North America.

Deferred tax liabilities recognized in equity under the OCEANE 2015 bond issue were insignificant.

17.3. Tax loss carry forwards by expiry date

Tax loss carry forwards for fiscal years 2013 and 2012 can be analyzed as follows by expiry date:

(in € millions)	10/31/2012	10/31/2013
Less than one year	13	12
One to five years	106	62
Beyond	71	70
Evergreen tax losses	520	605
Total tax loss carry forwards	**710**	**749**

During fiscal 2013, €37 million in tax loss carry forwards were reclassified from the “one to five year” category to “evergreen tax losses” following changes in tax legislation.

Deferred tax assets corresponding to these loss carry forwards break down as follows by geographical region:

(in € millions)	10/31/2013		
	Recognized	Un-recognized	Total
French tax group	4	90	94
Other - Europe-Africa	1	80	81
Total - Europe-Africa	**5**	**170**	**175**
U.S. tax group	15		15
Other - Americas	1	26	27
Total - Americas	**16**	**26**	**42**
Asia		1	1
Total deferred tax assets on tax loss carry forwards	**21**	**197**	**218**

At October 31, 2012, deferred tax assets on tax loss carry forwards totaled €203 million, of which €182 million were unrecognized.

Note 18. Borrowings and other interest-bearing liabilities

18.1. Net debt

(in € millions)	10/31/2012	10/31/2013
Cash and cash equivalents	**65**	**66**
Long-term borrowings and other interest-bearing liabilities	136	151
Short-term borrowings and other interest-bearing liabilities	47	42
Total borrowings and other interest-bearing liabilities	**183**	**193**
Net debt	**118**	**127**

18.2. Borrowings and other interest-bearing liabilities by category

(in € millions)	10/31/2012	10/31/2013
OCEANE	74	76
Long-term bank borrowings	41	55
Draw-downs on lines of credit	19	19
Financial lease obligations	2	1
Total long-term borrowings and other interest-bearing liabilities	**136**	**151**
OCEANE	5	5
Current portion of long-term bank borrowings	17	13
Short-term bank loans and overdrafts	24	23
Fair value of derivative instruments	1	1
Total short-term borrowings and other interest-bearing liabilities	**47**	**42**

In 2013, the Group continued its policy of optimizing its sources of funding. In April, the Group raised €20 million through a “Schuldschein”-type private placement. In June, the Group renegotiated the financial terms of the amortizable loan facility that financed renovation work at the Pointe aux Cannoniers village, reducing the interest rate from 6.15% to 4.10% (see Note 18.3.3).

18.3. Characteristics of debt

(in € millions)

	Total at 10/31/2013	Nominal interest rate	Effective interest rate	Expiry date
OCEANE 2015 fixed rate	81	6.11%	9.01%	nov-15
Total bonds	**81**			
Draw-downs on syndicated line of credit	19	Euribor + margin (1)		déc-14
Schuldschein private placement	20	6M Euribor + 300 bps	4.6% (2)	avr-18
Mortgage loan secured by Club Med 2 assets	14	4.73%		avr-18
La Pointe aux Cannoniers loan	15	6.15% / 4.10% (3)	6.24% / 4.28% (3)	janv-18
Other	44			
Total borrowings and other interest-bearing liabilities	**193**			

(1) The margin rate (between 2.0% and 3.25%) on the syndicated line of credit depends on the net debt/EBITDA ratio.
(2) Overall effective rate based on the rate at October 31, 2013.
(3) 4.10% and 4.28% from June 1, 2013.

❖ 18.3.1. OCEANE

At October 31, 2013, Club Méditerranée's borrowings included an OCEANE bond issue maturing in November 2015. The bond's main characteristics are as follows:

	OCEANE 2015
Amount of the issue (in €)	79,999,992
Number of bonds issued	4,888,481
Start date for interest accruals	10/7/2010
Maturity	11/01/2015
Coupon	6.11%
Conversion ratio at maturity (1)	1.124 share for 1 bond
Yield to maturity	6.11%
Effective interest rate	9.01%

(1) Applicable as of October 31, 2013.

Following the opening of the public tender offer, the conversion ratio was temporarily adjusted to 1.124 shares per bond. At October 31, 2013, there were 4,886,878 OCEANE bonds outstanding.

(in € millions)

	OCEANE 2015
Nominal amount of the issue	80
Issuance costs	(2)
Equity component	(7)
Initial amount recognized as a liability	71
Liability at 10/31/2011	**78**
Interest recognized in fiscal 2012	7
Interest paid in fiscal 2012	(6)
Liability at 10/31/2012	**79**
Interest recognized in fiscal 2013	7
Interest paid in fiscal 2013	(5)
Liability at 10/31/2013	**81**
- of which accrued interest	5

❖ 18.3.2. Syndicated line of credit

Club Méditerranée has a €100 million syndicated line of credit obtained on December 10, 2009. This facility initially included a €100 million revolving credit line and a €20 million term loan. The latter was repaid ahead of schedule in March 2011.

In December 2011, the Group renegotiated the €100 million line of credit: the financing conditions were improved and the maturity was extended for two years, until December 2014. The line is subject to bank covenants (see Note 19.5.2).

At October 31, 2013, €20 million had been drawn on the syndicated credit line.

❖ 18.3.3. Other long-term facilities

Other long-term facilities include:

- a "Schuldschein"-type private placement, for €20 million. This financing, issued at 97.715% of par value in April 2013, bears interest at the 6-month Euribor +3% repayable on maturity in April 2018 and is subject to the same bank covenants as those currently borne by the Group.
- borrowings secured by collateral:
  - a loan facility due in 2018 secured by a mortgage on the Club Med 2. At October 31, 2013, the amount outstanding was €14 million;
  - a loan facility due in 2018 for the renovation of the La Pointe aux Canonniers village, secured by a lien on the shares of the company that owns the village. At October 31, 2013, the amount outstanding was €15 million.

The syndicated line of credit is secured by a lien on the shares of companies that own three of the Group's villages.

Debt secured by collateral amounted to €48 million at October 31, 2013, compared with €55 million at October 31, 2012.

18.4. Analysis of borrowings and other interest-bearing liabilities

❖ **18.4.1. By maturity**

Upcoming maturities for debt repayment include:

(in € millions)

	10/31/2012	10/31/2013
Due within one year (including short-term bank loans and overdrafts)	**47**	**42**
Due beyond one year		
2013-2014	5	
2014-2015	34	34
2015-2016	81	81
2016-2017	5	5
Beyond	11	31
Total due beyond one year	**136**	**151**
Total	**183**	**193**

- the syndicated line of credit, originally due in December 2012, has been extended until December 2014 (see Note 19.5.1). At October 31, 2013, only €20 million had been drawn;
- the OCEANE bond redeemable on November 1, 2015 consists primarily of 2015-2016 maturities;
- beyond October 31, 2016, the €36 million in debt consists primarily of the "Schuldschein"-type private placement, the balance of the loan facilities for La Pointe aux Canonniers (January 2018), and the Club Med 2 (April 2018) (see Note 18.3.3).

In the event the public tender offer takes place, some of these maturities may be revised (see Note 19.5.2)

❖ **18.4.2. By interest rate category**

(in € millions)

	10/31/2012		10/31/2013	
Before hedging				
Fixed rate	119	*65%*	115	*60%*
Floating rate	64	*35%*	78	*40%*
Total	**183**		**193**	
After hedging				
Fixed rate	139	*76%*	N/A	
Floating rate	44	*24%*	N/A	
Total	**183**			

At October 31, 2013, the Company no longer uses interest rate hedging instruments. The ratio of fixed-rate to floating-rate debt is 60% to 40%.

❖ **18.4.3. By currency**

(in € millions)

	10/31/2012	10/31/2013
Euro	167	180
Swiss franc	10	9
Brazilian real	3	2
Other	3	2
Total	**183**	**193**

93% of Club Méditerranée Group debt is euro-denominated, and 81% is carried by the parent company, Club Méditerranée SA;

18.5 Fair value of debt

The following table shows the book value and fair value of financial instruments at October 31, 2013:

(in € millions)

	Net book value	Fair value
Foreign exchange derivatives	1	1
Cash and cash equivalents, marketable securities	65	65
Financial assets	**66**	**66**
Bonds	81	97
Other fixed rate borrowings and interest-bearing liabilities	34	39
Other floating-rate borrowings and interest-bearing liabilities	54	54
Short-term bank loans and overdrafts	23	23
Foreign exchange derivatives	1	1
Financial liabilities	**193**	**214**

The book value of the OCEANE bond includes the IFRS restatement attached to the conversion option.

Club Méditerranée holds no traded credit default swaps (credit derivatives); it therefore references the implicit spread on the OCEANE bond, its only traded debt. Nevertheless, on October 31, 2013, with most loans having recently been renegotiated, their credit spreads are considered to be their fair value.

Other data used to calculate fair value (excluding credit spreads) are market data.

Foreign exchange derivatives consist of forward contracts and options. For derivatives classified as cash flow hedges, the effective (recorded under equity) portion of these hedges and the ineffective (recorded under Finance cost, net) portion were not material.

The price of the OCEANE 2015 bond on October 31, 2013 was €19.85 (including accrued interest).

Note 19. Financial risk management

In the normal course of business, the Group is exposed to various financial risks, including market risk (particularly currency risk and interest rate risk), credit risk and liquidity risk.

The Group may use derivative financial instruments to hedge currency risks arising in the course of its business and interest rate risks on floating-rate debt. In practice, these instruments are used primarily to hedge currency risks on forward transactions. The Treasury and Financing unit identifies, assesses, manages and hedges financial risks on a centralized basis in accordance with the policies approved by the Audit Committee.

19.1 Currency risk

❖ 19.1.1. Exposure to currency risk

Club Méditerranée's international operations expose the Group to the risk of fluctuations in foreign exchange rates affecting its income and equity. Its exposure concerns many types of currency risk:

- transaction currency risk arising from commercial activities (in outbound zones) and operating activities (in inbound zones);
- currency risks on financing denominated in a currency other than the borrower's functional currency;
- currency risks on net investments in foreign operations whose impacts are recorded as a change in consolidated equity.

1) Transaction currency risk

The Group's policy consists of protecting itself against the effects of exchange rate changes on reported net income compared with forecasts.

Based on forecasts, the Group hedges exposures for the coming fiscal year in the principal billing currencies (mainly pounds sterling, Canadian and Australian dollars and Korean won) as well as in US dollars, which is both a billing and an operating currency.

Currency risks relating to the Group's other functional currencies (in inbound zones), mainly the Moroccan dirham, Turkish lira, Tunisian dinar, Indonesian rupiah and Thai baht, are not systematically hedged.

Currency risks are hedged using derivative instruments: mainly currency swaps and options, forward contracts and nondelivery forward contracts (NDF).

2) Balance sheet risk

The Group's exposure to currency risks on external debt is limited. Intra-group financing is denominated in the subsidiary's functional currency. Unrealized currency gains and losses on hedges of net investments in foreign operations are recognized directly in "Other comprehensive income".

The Group's net investment in foreign operations is exposed to the risk of fluctuations in foreign currencies against the euro. The impact of these fluctuations on independent subsidiaries is recognized in "Other comprehensive income" (see Note 13.2.4).

❖ 19.1.2. Foreign exchange derivatives outstanding at October 31, 2013

1) Analysis by type and currency

All hedging instruments outstanding at the year-end expire within twelve months.

The table below shows the Group's main exposures arising from international cash pooling and hedges in place at October 31, 2013.

(in € millions)

	10/31/2012	10/31/2013									
	Total	AUD	BRL	CHF	CNY	GBP	HKD	USD	MAD	Other	Total
Foreign currency lending	77		5	3				30		20	59
Foreign currency borrowing	(115)	(7)	(1)	(9)	(4)	(12)	(12)	(44)	(8)	(38)	(134)
Hedges	56	7		5	4	13	12	21		16	77
Fair value of hedges								1			1
Net exposure (1)			5	(1)		1		6	(8)	(2)	
Sensitivity (2)			1	(0)				1	(1)	(0)	

(1) A negative number means that Club Med is a net borrower of the currency; a positive number means that Club Med is a net lender.
(2) A negative number means that a 10% decline of the euro against the currency results in a net loss.

(in € millions)

	10/31/2012	10/31/2013									
	Total	**CAD**	**GBP**	**USD**	**HKD**	**MAD**	**MUR**	**TND**	**MXN**	**Other**	**Total**
Foreign currency expenditures	(147)			(30)		(29)	(30)	(12)	(16)	(21)	(138)
Hedging of costs	29			14			8	1	9	15	48
Foreign currency earnings	157	16	30	23	34					58	161
Hedging of earnings	(54)	(8)	(17)	(23)	(3)					(18)	(69)
Fair value of hedges	1			(1)							(1)
Net exposure (1)		8	13	(15)	31	(29)	(22)	(11)	(7)	34	
Sensitivity (2)		1	1	(2)	3	(3)	(2)	(1)	(1)	4	

(1) A negative number means that Club Med is a net purchaser of the currency, a positive number means that Club Med is a net seller.
(2) A negative number means that a 10% decline of the euro against the currency results in a net loss.

The impact of exchange rate changes on equity can be assessed at October 31, 2013 by the effects of a 10% change of the currency against the euro.

Main exposures to net foreign currency assets

(converted into € millions)

	10/31/2013								
	USD	**DOP**	**MXN**	**BRL**	**MYR**	**THB**	**MVR**	**IDR**	**MUR**
Net assets in foreign currency	58	52	71	68	15	18	18	18	40
Sensitivity (1)	6	6	8	8	2	2	2	2	4

(1) Impact of a 10% decline of the euro against the currency.

At October 31, 2013, there were no hedges on net investments in foreign currency.

2) Analysis by accounting category

(in € millions)

	Fair value			
	10/31/2012		10/31/2013	
	Assets and liabilities		Assets and liabilities	
Fair value hedges (1)			1	
Cash flow hedges	2	1		1
Total	2	1	1	1

(1) Derivatives have short maturities and are renewed regularly, their fair value is not significant.

19.2. Interest rate risk

There are two types of interest rate risk:

- fair value risk on fixed rate net debt. As this type of risk is not hedged, the book value of financial assets and liabilities is not adjusted for changes in interest rates. Fair value risk therefore corresponds to opportunity cost in the event of a fall in interest rates.
- cash flow risk on floating rate net debt, corresponding to the impact on future finance costs of an increase in interest rates.

The interest rate swap that expired in December 2012 has not been renewed.

The Group has a combination of fixed- and floating-rate debt.

At October 31, 2013, the Group's exposure to interest rate risk by maturity was as follows:

(in € millions)

	Total	Less than one year	One to five years	More than five years
Cash and cash equivalents	(66)	(66)		
Floating-rate debt*	78	30	48	
Net floating-rate debt	**12**	**(36)**	**48**	**0**
Fixed-rate debt	115	11	103	1
Total net debt	**127**	**(25)**	**151**	**1**

** Including short-term bank loans and overdrafts.*

The characteristics of the Group's debt are detailed in Note 18.3.

A one-point increase in short-term interest rates applied to the Group's gross floating rate debt would lead to a €0.8 million increase in finance costs. Applied to net debt, the impact would be insignificant.

19.3. Equity risk

The Group does not hold any listed equities, apart from treasury stock (208,804 shares at October 31, 2013) which is recorded as a deduction from equity. As a result, it is not exposed to any risk of fluctuations in stock prices.

19.4. Credit and counterparty risk

❖ 19.4.1. Risk management

Transactions that are likely to generate counterparty risk for the Group include:

- short-term investments;
- vendor loans (e.g., the vendor loan granted as part of the Club Med Gym sale), or third-party loans;
- derivatives;
- trade receivables.

Investments are diversified and involve investment-grade securities, such as certificates of deposit and money market funds, traded with leading banks (with a minimum A2/A/A rating issued by Moody's or Fitch).

The Group uses derivative financial instruments for the sole purpose of reducing its overall exposure to currency and interest rate risk arising from its normal operations. These are limited to regulated markets or over-the-counter transactions with leading financial institutions. The Group is exposed to credit risk on derivative financial instruments if counterparty fails to meet its commitments.

To limit this risk, derivatives are contracted with a wide range of leading counterparties.

Counterparty risk related to trade receivables is limited due to the large number of customers in the portfolio and their geographical dispersion. No counterparty accounts for more than 10% of revenues.

❖ 19.4.2. Maximum exposure to credit risk

(in € millions)

	10/31/2012	10/31/2013
Other financial assets (1)	64	64
Trade receivables and related accounts	46	39
Other assets (2)	59	73
Derivative financial assets (3)	2	1
Marketable securities	11	6
Cash and cash equivalents	52	59
Financial guarantees and off-balance-sheet commitments	16	17
Maximum exposure to credit risk	**250**	**259**

(1) See Note 9.3.
(2) See Note 11 excluding prepaid expenses and including tax receivables for €36 millions
(3) Concerns foreign exchange derivatives only.

19.5. Liquidity risk

❖ 19.5.1. Liquidity level

The table below presents the Group's liquidity position:

(in € millions)

	10/31/2012	10/31/2013
Cash and cash equivalents:	**65**	**66**
o/w CMSA and branches	10	9
o/w subsidiaries	55	57
Lines of credit not drawn down:	**93**	**98**
o/w syndicated line of credit	80	80
o/w confirmed and unconfirmed lines	13	18
Total gross liquidity	**158**	**164**
Short-term borrowings and interest-bearing liabilities	47	42
Net liquidity after deduction of short-term borrowings and interest-bearing liabilities	**111**	**122**

At October 31, 2013, only €20 million had been drawn on the syndicated credit line. This line was renegotiated in December 2011, extending its term by two years until December 2014.

The Group may, from time to time, be subject to certain legal or economic restrictions limiting or restricting financial flows to the parent company. The amount of cash that may be subject to restriction is estimated at €11 million at October 31, 2013.

❖ 19.5.2. Liquidity risk of financial liabilities and debt covenants

Liquidity risk is managed by using diversified sources of financing.

Some of the Group's debt facilities include early repayment clauses that are triggered if debt covenants are breached or assets are sold. Disposals made during the fiscal year did not trigger early repayments or changes in the limit of the syndicated line of credit. This line could be partially reimbursed if the amount of divested assets exceeds €84 million.

The completion of the public tender offer (see Note 13.1) may have an impact on certain sources of financing (OCEANEs, the syndicated line of credit and the "Schuldschein"-type loan have clauses governing events such as changes in control etc.) leading to refinancing under conditions that reflect the Company's new profile.

The most restrictive bank covenants at October 31, 2013 relate to the €100 million syndicated line of credit:

- Off-balance sheet commitments: less than €200 million
- Gearing (net debt/equity): less than 1
- Leverage ratio (net debt/EBITDA[1]): less than 2.5 in 2013 and 2014

- Fixed charge cover (EBITDAR [2]/ (rents[3] + net interest)): greater than 1.4 in 2013 and 2014

At October 31, 2013, the covenants had been met:

- Off-balance sheet commitments: less than €200M:	€86M
- Gearing: less than 1	0.27
- Leverage (net debt/EBITDA (1)): less than 2.5	0.99
- Fixed charge cover: more than 1.40	1.73

(1) Income Villages before depreciation and provisions net of reversals and costs of credit cards
(2) Bank EBITDA before rents
(3) Villages Rents used for calculating EBITDA Villages as presented in the consolidated income statement

❖ 19.5.3 Liquidity risk of foreign exchange derivatives and investments

Given the crisis in the financial markets, cash is invested in short-term, highly liquid instruments whose value is unlikely to fluctuate greatly, primarily money market funds and certificates of deposit (see Note 19.4).

The portfolio of foreign exchange derivatives consists only of straightforward and liquid products. The derivatives portfolio undergoes regular valuation.

Note 20. Other liabilities

(in € millions)

	10/31/2012	10/31/2013
Government grants	30	27
Accrued rentals	7	11
Total other non-current liabilities	**37**	**38**
Accrued expenses	9	7
Accrued personnel costs	45	44
Accrued taxes	22	15
Payables due to suppliers of non-current assets	17	6
Deferred income	46	40
Other liabilities	8	11
Total other current liabilities	**147**	**123**

The change in accrued rentals compared with 2012 is due to the renegotiation of rent on villages in France.

At October 31, 2012, accrued taxes comprised mainly taxes related to disposals in France, including the sale of Méribel Aspen Park village for €3 million. This tax was paid in fiscal 2013.

The change in suppliers of non-current assets is related to differences in the timing of work carried out at the end of the fiscal year (see Note 27.2).

Liabilities with associates (recorded under other current liabilities) totaled €3 million at October 31, 2013, versus €1 million at October 31, 2012.

Note 21. Employee benefits expense and number of employees

(in € millions)

	2012	2013
Wages and salaries	(223)	(215)
Employee benefits obligations	(54)	(51)
Pension contributions	(13)	(12)
Share-based payments	(1)	(1)
Other employee benefits	(8)	(9)
Employee benefits expense - Village Operating Income	**(299)**	**(288)**
Employee benefits expense - Management of Assets Operating Income	(7)	(5)
Total employee benefits expense -Operating Income	**(306)**	**(293)**

In France, the third supplemental Budget Act for 2012 introduced a tax credit to boost competitiveness and employment (Crédit d'impôt pour la compétitivité et l'emploi - CICE) from January 1, 2013. The proceeds related to the CICE came to €3 million for fiscal 2013. This amount was recorded as a reduction to personnel expenses, to which it is tied under IFRS (see Note 11).

Number of employees

At October 31, 2013, employees of Club Méditerranée SA had accumulated 135,087 hours in statutory employee training rights in France.

	Full-time equivalent		o/w seasonal workers and temporary contracts	
	2012	2013	2012	2013
Total number of Group employees	**12,827**	**12,865**	**6,491**	**6,446**

Note 22. Operating income - Management of assets

(in € millions)

	2012	2013
Disposals of villages and other non-current assets	16	3
Disposals of shares	4	
Costs of village/site closures	(7)	(7)
Village opening costs	(1)	(1)
Village deconsolidation costs / write-offs / impairment	(35)	(12)
Other costs	(3)	(5)
Total Management of Assets Operating Income	**(26)**	**(22)**

"Disposals of villages and other non-current assets" mainly reflects the sale of a parcel of land in October 2013. In 2012, it mainly reflected the sale of the Méribel Aspen Park village.

"Cost of village/site closures" includes the cost of village closures for renovation or pending projects, as well as the costs of village closures in cases of force majeure totaling €4 million in 2013 and €2 million in 2012.

"Village deconsolidation costs / write-offs / impairment" includes mainly asset impairments, the impact of provisions and costs related to the deconsolidation of villages (this includes the result of the sale of Dieulefit in 2013 and Bora Bora and Lindeman Island in 2012), and provisions and costs associated with permanent village closures.

In 2012, €4 million in sales of securities of companies whose villages were operated by the Group was recorded under Operating income - Management of assets. This related to the disposal of a 6.92% stake in Carthago and the stake in Société Immobilière de la Mer (see Note 9.2).

Note 23. Other Operating Income and Expense

(in € millions)

	2012	2013
Restructuring costs	(10)	(10)
Costs of claims and litigation	(4)	(6)
Other		(3)
Other Operating Income and Expense	**(14)**	**(19)**

"Other" includes financial advisory fees for the public tender offer.

Note 24. Financial income/(expense)

(in € millions)

	2012	2013
Interest income	3	3
Interest expense on OCEANE/ORANE bonds	(7)	(7)
Other interest expense	(9)	(6)
Net interest income/(expense)	**(13)**	**(10)**
Exchange gains/(losses)	2	1
Other	3	(2)
Financial income/(expense)	**(8)**	**(11)**

The improvement in net interest expense is primarily due to the optimization of funding sources and lower average debt.

In 2012, the category "Other" included the sale of non-strategic participation and the reversal of a provision on loan for €4 million

Note 25. Share of income of associates

(in € millions)

	2012	2013
Share of income of associates	**2**	**2**

Details of the share of income of associates are provided in Note 9.1.

Note 26. Earnings per share

26.1. Calculation of weighted average number of shares

❖ 26.1.1. Basic earnings per share

(in thousands of shares)

	2012	2013
Number of shares at November 1st	31,815	31,823
Number of treasury shares at November 1st	(222)	(231)
Weighted average number of treasury shares purchased/sold during the period	14	19
Weighted average number of shares issued during the period	3	17
Weighted average number of shares at October 31st	**31,610**	**31,628**

(in € millions)

Basic earnings/(loss) attributable to the Group	1	(11)

In accordance with IAS 33, ORANE bonds were taken into account in calculating basic earnings per share in 2012.

❖ 26.1.2. Diluted earnings per share

(in thousands of shares)

	2012	2013
Weighted average number of shares	31,610	31,628
Dilutive potential ordinary shares (stock options)	57	75
Diluted weighted average number of shares	**31,667**	**31,703**

In fiscal 2013, 905,016 potential ordinary shares (stock options and bonus shares) were excluded from the calculation because they were anti-dilutive (1,331,877 shares in fiscal 2012).

For the same reason, potential ordinary shares corresponding to the conversion of OCEANE 2015 bonds (4,886,878 shares) were not taken into account in the calculation in 2013 and 2012 insofar as they would have had an anti-dilutive effect.

No change was made to basic earnings for the calculation of diluted earnings.

26.2. Earnings per share

(in euros)

	2012	2013
Basic earnings/(loss) per share	0.02	(0.36)
Diluted earnings/(loss) per share	**0.02**	**(0.36)**

There are no post-balance-sheet transactions that could affect the calculation of earnings per share.

Note 27. Notes to the consolidated statement of cash flows

27.1. Depreciation, amortization and provisions

(in € millions)

	2012	2013
Amortization and provisions on intangible assets	6	6
Depreciation and provisions on property,plant and equipment [(1)]	63	61
Provisions and other asset impairments	(1)	
Depreciation, amortization and provisions	**68**	**67**

[(1)] Including depreciation and provisions under Management of Assets Operating Income of €4 million in 2013 and 2012.

Provisions on property, plant and equipment include asset impairments related to the closure of villages amounting to €2 million in 2013 and €3 million in 2012.

27.2. Capital expenditure

(in € millions)

	2012	2013
Purchase of intangible assets	(7)	(8)
Purchase of property, plant and equipment	(41)	(50)
Purchase of non-current financial assets	(2)	(4)
Acquisition of non-current assets	**(50)**	**(62)**

Capital expenditure on property, plant and equipment and on intangible assets are described in Notes 7 and 8.1, respectively. This also includes capital expenditure payments of €11 million in 2012.

Capital expenditure on financial assets in the fiscal year mainly related to capital payments and pre-payments to SAS Val Thorens Le Cairn, consolidated by the equity method (see Notes 9.1 and 9.3). In 2012, this mainly related to fully paying up the equity in Valmorel Bois de la Croix, consolidated by the equity method.

27.3. Proceeds from disposals of non-current assets

(in € millions)

	2012	2013
Disposals of villages and other non-current assets	40	1
Repayments of loans and deposits	2	
Proceeds from disposals of non-current assets	**42**	**1**

At October 31, 2013, proceeds from asset disposals totaled €6 million. In 2012, the disposal of the villages of Méribel Aspen Park, Lindeman Island and Bora Bora totaled €30 million, and the sale of securities totaled €10 million.

27.4. Changes in working capital

(in € millions)	2012	2013
Inventories	(4)	
Customers	9	6
Customer prepayments	8	16
Trade payables	3	3
Other receivables and prepaid expenses	(13)	(11)
Other liabilities and deferred income	3	1
Short-term provisions	(2)	3
Total	**4**	**18**

Note 28. Related party transactions

28.1. Transactions between Club Méditerranée SA and its subsidiaries

Club Méditerranée SA, the Parent Company, is responsible for setting the Group's overall business strategy, including in business development, marketing, distribution and communication. It also handles support functions for its subsidiaries such as administration and finance, legal matters and training. Funds are raised by the Parent Company, with justified exceptions, and cash surpluses are centralized.

The Group's main subsidiaries are listed in Note 32.

Transactions between the parent company and its subsidiaries (related parties) are eliminated in the consolidated financial statements.

28.2. Transactions with Club Méditerranée's main shareholders and companies that share senior managers

The Group has signed lease contracts for the operation of certain villages with companies belonging to groups that could be considered related parties under IAS 24. These include Rolaco, Caisse de Dépôt et de Gestion du Maroc, and Carthago.

Rent relating to these contracts expensed in the financial statements totaled €28 million in 2013 and €29 million in 2012. Future minimum lease commitments under the related contracts came to €229 million at October 31, 2013, versus €267 million at October 31, 2012.

In 2012, the Company sold its remaining stake in Société Immobilière de la Mer to a subsidiary of the Caisse de Dépôt et de Gestion (see Note 9.2) for €2 million.

28.3. Transactions with associates

(in € millions)	10/31/2012	10/31/2013
Non-current financial assets		1
Other receivables	1	1
Financial lease obligations	2	1
Trade payables		2
Other liabilities	1	3

Associates (companies consolidated by the equity method at October 31, 2013) are listed in Note 9.1.

In 2013, the Group acquired a 22.22% equity investment in Val Thorens Le Cairn (see Note 9.1 and 9.3).

In 2012, the Group sold 6.92% of its equity investment in the company SPFT - Carthago.

Rental payments recognized as an expense in the financial statements for the operation of certain villages, owned by associates, totaled €21 million in 2013 and €19 million in 2012. The future minimum lease commitments under the related contracts amounted to €224 million at October 31, 2013 and €180 million at October 31, 2012.

Shares in SAS Valmorel Bois de la Croix and SAS Val Thorens Le Cairn have been pledged (see Note 9.1).

28.4. Senior Management compensation

Disclosures of senior management compensation relate to the members of the Management Committee and the Board of Directors at October 31 of each year.

❖ **Short-term benefits**

Gross compensation and related benefits paid (including directors' fees paid to members of the Board of Directors) came to €4.3 million in 2013, versus €4.8 million in 2012.

❖ **Post-employment benefits**

Like all executives of Club Méditerranée SA, senior managers are covered by a supplementary defined-contribution pension plan managed by an outside fund, with contributions representing 5% of their gross compensation for the portion capped at eight times the annual Social Security ceiling, beyond which the contribution rate is 10%. Total contributions to this plan paid on behalf of members of the Management Committee amounted to €0.3 million in fiscal 2013, unchanged from fiscal 2012.

The Board of Directors wished to allow the Chairman and Chief Executive Officer to benefit from the continuity of all or part of his provident insurance and healthcare coverage in the same spirit as the Company's employees. The Board thus decided to extend Henri Giscard d'Estaing's provident insurance and healthcare coverage in the event of dismissal or mutual termination of his employment contract for a period of no more than nine months from the end of any notice period given for the Chairman and Chief Executive Officer. The total amount of the contribution for the maximum period of nine months would be €4,500.

❖ **Long-term compensation**

Due to legislation passed in France in December 2008, corporate officers have not benefited from stock option plans since 2010.

To allow the corporate officers to participate in the Company's performance as part of the achievement of strategic objectives and the performance of the share price, the Board of Directors decided on December 6, 2012 to renew the long-term compensation plan.

The conditions and criteria are as follows:

- Three criteria linked to strategic objectives for 2014, each of which accounts for one third
  - Percentage of 4/5-Trident villages greater than or equal to 70% at October 31, 2014;
  - Percentage of customers from fast developing countries greater than or equal to 30% at October 31, 2014;
  - Net income not including taxes and non-recurring items greater than or equal to 7% of capital employed at October 31, 2014.
- One criterion linked to the share price
  - Performance of the Club Méditerranée share compared to the SBF 120 corresponding to the average (closing price) of the two indices for the reference period, i.e., from November 1, 2010 to October 31, 2014.
- Payment conditions
  - If the share price achieves less than 80% of the performance set out in the criterion above, no long-term compensation is paid.
  - If the share price achieves a performance of between 80% and 150% of the performance set out in the criterion above, a coefficient multiplier is applied to each criterion achieved; the coefficient between these two points is linear.

The amount of long-term compensation that can be paid to corporate officers may vary between 0.27x and 1.5x of their gross annual base salary.

For fiscal 2013, provisions totaled €0.7 million.

❖ **Share-based payments**

No stock option plans were granted by the Board of Directors during fiscal 2013.

During fiscal 2012, a stock option plan was set up for members of senior management and certain employees of Club Méditerranée, with an exercise price of €16.13. Under the plan, 60,000 options were allocated to senior managers. The vesting of these options is subject to performance conditions related to the achievement of strategic corporate objectives. Since they are not linked to market data, these performance conditions were not factored into the valuation of Plan Q.

The total fair value of these Plan Q options, determined in accordance with IFRS 2, is €0.3 million. No stock options were granted to corporate officers under this plan.

The cost recognized in fiscal 2013 for all these plans, as determined in accordance with IFRS 2, was not significant. In 2012, this cost was €0.2 million.

Senior managers exercised 5,886 options during fiscal 2013 (no options exercised in 2012).

Executive officers are required by law to retain a certain proportion of the shares acquired through the exercise of stock options and under share grants, for as long as they remain in office. The proportion corresponds to the equivalent of 30% of the capital gain realized on the exercise of the stock options or the definitive acquisition of the shares received under share grants. This provision applies to stock options and share grants awarded as from 2007.

❖ **Termination benefits**

Retirement obligations recognized for senior managers totaled €1 million in fiscal 2013, versus €0.8 million in 2012.

❖ **Commitments and guarantees**

On December 10, 2008 and March 3, 2011, the Company's Board of Directors, in accordance with Article L.225-42-1 of the French Commercial Code as modified by Act No. 2007-1223 of August 21, 2007, decided on the severance compensation due in the event of the termination(1) of the Chairman and CEO and the Executive Vice-President, as well as on the performance targets to be verified by the Board of Directors in order to determine the payment of such compensation.

Severance compensation in the event of termination(1) (unless termination is due to gross or willful misconduct) would correspond to two years of gross pay (excluding the long-term compensation approved by the Board of Directors on December 6, 2012). This payment is subject to achieving certain performance criteria.

The performance criterion applied corresponds to the average percentage of annual variable compensation actually paid ("variable compensation") compared to the target variable pay used to calculate the variable compensation paid. The average percentage is calculated for a reference period identical to that of their term of service, i.e., 3 years.

The performance criteria are assessed and applied as follows:

- no severance compensation is paid if the average percentage of the variable compensation over the target variable compensation noted for the reference period is less than 40%;
- 50% of the severance compensation is paid if the average percentage of the variable compensation over the target variable compensation noted for the reference period is at least 40%;
- 100% of the severance compensation is paid if the average percentage of the variable compensation over

the target variable compensation noted for the reference period is at least 70%. Compensation will be progressively increased on a linear basis between these two limits.

(1) Termination at the initiative of the Chairman and CEO or Executive Vice-President is not covered under this provision.

In the event that severance payments are made to senior managers, the benefit of the stock options shall be maintained after departure from the Company. No loans or guarantees have been granted to or on behalf of executive directors

Note 29. Commitments and contingencies

29.1. Off-balance-sheet commitments

(in € millions)

	10/31/2012	10/31/2013			
	Total	Less than one year	One to five years	More than 5 years	Total
Commitments given					
Guarantees given [1]					
Europe-Africa	71	24	7	28	59
Americas	34	15	1	5	21
Asia	18	4	0	2	6
Total commitments given	**123**	**43**	**8**	**35**	**86**
Commitments received [2]	**16**				**17**
Mutual commitments					
Unused lines of credit	80		80		80
Rent guarantees	2		1	1	2
Total mutual commitments	**82**		**81**	**1**	**82**

((1) Guarantees given in connection with travel and transport agent licenses (€45 million), guarantees for credit card processors (€14 million), rent guarantees (€10 million) and sellers' warranties relating to asset disposals (€5 million).

(2) Commitments received by the Group relating to travel agencies amounted to €11 million. Guarantees received from contractors involved in village renovation projects under private contracts totaled €6 million.

Loans have been secured by mortgages and liens on the Group's assets (see Notes 8.2.3, 9.1 and 18.3).

29.2. Commitments under non-cancelable operating leases

The Group occupies offices and sales agencies under non-cancelable leases. Some office equipment and village telephone and video equipment are also leased. Under the Group's asset financing policy, certain villages as well as other assets are also leased under non-cancelable operating leases. The following table shows the minimum future lease payments due under these non-cancelable operating leases. The amounts have been translated at the exchange rate prevailing at the reporting date. These rates are not discounted and are indexed to the last known rate. Commitments under non-cancelable operating leases totaled €1,288 million at October 31, 2012.

(in € millions)

	Total minimum future lease payments	2014	2015	2016	2017	2018	2019 to 2021	2022 to 2031	2032 and beyond
Europe - Africa	1072	123	117	116	115	115	266	199	21
Americas	28	5	4	4	4	4	7	-	-
Asia	56	13	13	12	5	4	9	-	-
Total minimum future lease payments	**1156**	**141**	**134**	**132**	**124**	**123**	**282**	**199**	**21**

(en millions d'euros)

Rental expense recognized for operating leases totaled €144 million in fiscal 2013, compared to €145 million in fiscal 2012.

Note 30. Fees paid to the Statutory Auditors

(in € thousands)

	Ernst & Young network				Deloitte network			
	2013		2012		2013		2012	
	Amount excl. VAT	%	Amount excl. VAT	%	Amount excl. VAT	%	Amount excl. VAT	%
Statutory audit, certification, review of separate and consolidated accounts								
Issuer	444	50.6%	491	52.6%	359	54.7%	398	58.6%
Fully-consolidated subsidiaries	383	43.6%	395	42.3%	188	28.7%	201	29.6%
Audit-related services								
Issuer	8	0.9%	7	0.7%	47	7.2%	30	4.4%
Fully-consolidated subsidiaries					13	2.0%	11	1.7%
Subtotal	**835**	**95.1%**	**893**	**95.6%**	**607**	**92.5%**	**640**	**94.3%**
Other services provided to fully consolidated subsidiaries								
Legal and tax advice	43	4.9%	41	4.4%	49	7.5%	39	5.7%
Other								
Sub-total	**43**	**4.9%**	**41**	**4.4%**	**49**	**7.5%**	**39**	**5.7%**
Total fees	**878**	**100%**	**934**	**100%**	**656**	**100%**	**679**	**100%**

Note 31. Subsequent events

No significant events occurred between the reporting date and the date of approval of the consolidated financial statements by the Board of Directors.

Note 32. Scope of consolidation at October 31, 2013

Only the parent company Club Méditerranée SA, whose financial statements are subject to publication, represents a significant share of the Group's assets and revenue.

GROUP				Member of the tax group	Activity
Club Méditerranée SA	Parent company			•	other
	% voting rights	% interest	Method		
EUROPE - AFRICA					
France					
Club Med Centre d'Appels Européen	100%	100%	Full	•	services company
Club Med Services	100%	100%	Full	•	services company
Club Med Marine	100%	100%	Full	•	services company
Hoteltour	100%	100%	Full	•	other
SAS du Domaine de Dieulefit	100%	100%	Full	•	real estate company
Société de Gestion Hôtelière et de Tourisme SA - SGHT	100%	100%	Full	•	services company
Sté Immobilière des Résidences Touristiques - SIRT	100%	100%	Full	•	real estate company
Sté des Villages de Vacances	100%	100%	Full	•	services company
Club Med Villas et Chalets Holding	100%	100%	Full	•	other
Club Med Villas et Chalets	100%	100%	Full	•	other
Club Med Chalets Valmorel (formerly CM Villas La Caravelle)	100%	100%	Full	•	other
Club Med Villas et Chalets Management	100%	100%	Full	•	other
Club Med Editions	100%	100%	Full		other
SAS Valmorel Bois de la Croix	38,15%	38,15%	Equity		real estate company
SAS Val Thorens Le Cairn	22,22%	22,22%	Equity		real estate company
South Africa					
Vacances (Pty) Ltd	100%	100%	Full		sales and marketing company
Club Méditerranée South Africa (proprietary) Ltd	100%	100%	Full		services company
Germany					
Club Méditerranée Deutschland	100%	100%	Full		sales and marketing company
Belgium					
Club Méditerranée SA Belge	100%	100%	Full		sales and marketing company
Croatia					
Club Méditerranée Odmaralista	100%	100%	Full		real estate and services company
Egypt					
Belladona Hotels & Tourism	50%	50%	Full		real estate company
Spain					
Club Méditerranée SA Espagne	100%	100%	Full		sales and marketing company
Servicios Auxiliares del Club Mediterraneo – SACM	100%	100%	Full		real estate and services company
United Kingdom					
Club Méditerranée UK Ltd	100%	100%	Full		services company
Club Méditerranée Services Europe Ltd	100%	100%	Full		other
Greece					
Club Méditerranée Hellas	100%	100%	Full		real estate and services company
Funhotel Ltd (Ermioni)	100%	100%	Full		other
Mauritius					
Holiday villages Management Services Ltd	100%	100%	Full		services company
Compagnie des villages de Vacances de l'Isle de France – COVIFRA	84,43%	84,43%	Full		real estate company
Club Méditerranée Albion Resorts Ltd	22,50%	22,50%	Equity		real estate company
Albion Development Ltd	100%	100%	Full		real estate and services company

	% voting	% interest	Method	Member of the tax	Activity
Israel					
Club Méditerranée Israël Ltd	100%	100%	Full		sales and marketing company
Italy					
New Cefalu Srl	45%	45%	Equity		other
Netherlands					
Club Méditerranée Holland BV	100%	100%	Full		sales and marketing company
Portugal					
Club Med Viagens lda	100%	100%	Full		sales and marketing company
Russia					
Club Med Russia	100%	100%	Full		sales and marketing company
Senegal					
Société Immobilière et de Gestion Hôtelière de Cap Skirring	100%	100%	Full		real estate and services company
Société de Gestion Touristique du Cap	100%	100%	Full		services company
Switzerland					
Club Méditerranée Suisse	100%	100%	Full		sales and marketing company
Holiday Hotels AG	50%	50%	Full		real estate company
Tunisia					
Club Méditerranée Voyages	100%	100%	Full		other
Club Med Basic Tunisie	100%	100%	Full		other
SPFT – Carthago	30,51%	32,24%	Equity		real estate company
Turkey					
Akdeniz Turistik Tesisler A.S.	100%	100%	Full		real estate and services company
Ukraine					
Club Méditerranée Ukraine	100%	100%	Full		sales and marketing company
SOUTH AMERICA					
France					
Club Med Amérique du Sud	100%	100%	Full	•	other
Vacation Resort	100%	100%	Full	•	services company
Club Med Ferias	100%	100%	Full	•	services company
Argentina					
Club Med Argentina SRL	100%	100%	Full		sales and marketing company
Brazil					
Club Med Brasil SA	100%	100%	Full		other
Lagos Empreendimentos Imobiliarios	100%	100%	Full		real estate company
Itaparica SA Empreendimentos Turisticos	51,60%	51,60%	Full		real estate company
Taipe Trancoso Empreendimentos SA	71,53%	71,53%	Full		real estate company
NORTH AMERICA					
France					
Club Med Amérique du Nord	100%	100%	Full	•	other
French West Indies					
Société Villages Hôtels des Caraïbes – SVHC	53,91%	53,91%	Full		real estate company
Société Hôtelière du Chablais	100%	100%	Full	•	real estate and services company
Société Martiniquaise des Villages de Vacances	100%	10%	Full		services company
Bahamas					
Club Méditerranée (Bahamas) Ltd	100%	100%	Full		services company
Columbus Isle Casino	100%	100%	Full		other
Holiday Village (Columbus Island)	100%	100%	Full		real estate company
Shipping Cruise Services Ltd	100%	100%	Full		other
Canada					
Club Med Sales Canada Inc.	100%	100%	Full		sales and marketing company

	% voting	% interest	Method	Member of the tax	Activity
United States					
Club Med Management Services Inc.	100%	100%	Full	••	services company
Club Med Sales Inc.	100%	100%	Full	••	sales and marketing company
Holiday village of Sandpiper	100%	100%	Full	••	real estate and services company
Sandpiper Resort Properties Inc/SRP	100%	100%	Full	••	real estate company
Mexico					
Cancun Property SRL	100%	100%	Full		real estate company
Ixtapa Property SRL	100%	100%	Full		real estate company
Operadora de Aldeas Vacacionales SA de CV	100%	100%	Full		services company
Vacation Properties de Mexico SA de CV	100%	100%	Full		other
Villa Playa Blanca SA	100%	100%	Full		real estate company
Dominican Republic					
Holiday Village of Punta Cana (formerly New co)	100%	100%	Full		real estate and services company
Turks and Caicos					
Holiday villages Providenciales Turks & Caicos Ltd	100%	100%	Full		real estate and services company
ASIA					
Luxembourg					
Club Med Asie	100%	100%	Full		other
Australia					
Club Med Australia Pty Ltd	100%	100%	Full		sales and marketing company
China					
Shangaï CM Holidays Travel Agency Co	100%	100%	Full		sales and marketing company
Korea					
Club Med Vacances (Korea) Ltd	100%	100%	Full		sales and marketing company
Hong Kong					
Club Méditerranée Hong Kong Ltd	100%	100%	Full		sales and marketing company
Maldives					
Maldivian Holiday Villages Ltd	100%	100%	Full		services company
India					
Club Méditerranée Services India Private Ltd	100%	100%	Full		sales and marketing company
Indonesia					
PT Bali Holiday Village	100%	100%	Full		real estate and services company
Japan					
Club Méditerranée KK	100%	100%	Full		sales and marketing company
SCM Leisure Development Co Ltd	100%	100%	Full		services company
Malaysia					
Holiday Villages of Malaysia Sdn Bhd	100%	100%	Full		real estate and services company
Recreational Villages Sdn Bhd	100%	21%	Full		other
Vacances (Malaysia) Sdn Bhd	100%	100%	Full		sales and marketing company
Singapore					
Club Med Services Singapore Pte Ltd	100%	100%	Full		sales and marketing company
Vacances (Singapore) Pte Ltd	100%	100%	Full		other
Taiwan					
Club Med Vacances (Taiwan) Ltd.	100%	100%	Full		sales and marketing company
Thailand					
Holiday Villages Thaïland Ltd	49,21%	49,21%	Full		real estate and services company
Vacances Siam Club Med Ltd	100%	100%	Full		sales and marketing company
Polynesia					
Société Polynésienne des Villages de Vacances	99,94%	99,94%	Full		real estate and services company

Full: fully consolidated

Equity: equity method

Member of the tax group: France (•) and United States (••)

5.1.3. Statutory Auditors' Report on the Consolidated Financial Statements

To the Shareholders:

In accordance with the terms of our appointment by the Annual Shareholders' Meeting, we present you with the following report for the year ended October 31, 2013 on:

- our examination of the accompanying annual consolidated financial statements of Club Méditerranée;
- the justification of our assessments;
- the specific procedures required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, or by other means of selection, the evidence supporting the amounts and disclosures presented in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements have been properly prepared and give a true and fair view of the assets and liabilities, financial position and results of operations of the consolidated companies, in accordance with the International Financial Reporting Standards (IFRS) and related interpretations adopted by the European Union.

II. Justification of our assessments

Under the provisions of Article L.823-9 of the French Commercial Code [Code de Commerce] relating to the justification of our assessments, we draw your attention to the following:

- Note 2.9 "Impairment of assets" to the consolidated financial statements describes the accounting policies and methods used to determine asset impairments. As part of our assessment of the reasonableness of the underlying estimates, we assessed the appropriateness of these accounting policies and methods, as well as of the disclosures made in this note. We also reviewed the consistency of the underlying data and assumptions, and the documents provided. Furthermore, as stated in Notes 6.2 and 8.2.2 to the consolidated financial statements, sensitivity tests were conducted to assess the robustness of the results.
- Note 2.3.2 "Presentation of the income statement" to the consolidated financial statements details the items included in Operating income - Management of assets, including the costs of site closures, and Note 22 "Operating income - Management of assets" to the consolidated financial statements presents the components of this aggregate. We assessed the appropriateness of the methods used and the consistency of the data and assumptions on which the cost estimates of permanent village closures and deconsolidations were based.

The assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

III. Specific procedures

In accordance with the professional standards applicable in France, we have also performed specific checks to verify the information provided in the Group's Management Report.

We have no matters to report concerning the fairness of this information and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and La Défense, December 19, 2013

The Statutory Auditors

DELOITTE & ASSOCIÉS

Jean-François Viat

ERNST & YOUNG AUDIT

Jean-Pierre Letartre

5.2. PARENT COMPANY FINANCIAL STATEMENTS

5.2.1. Summary

Parent Company Statement of Financial Position	**175**
Parent Company Income Statement	**177**
Changes in Net Debt	**178**
Parent Company Results Over Five Years	**179**

5.2.2. Notes to the Parent Company Financial Statements

1. Significant Events of the Year	**180**
2. Accounting Policies and Methods	**180**
3. Notes to the Statement of Financial Position	**185**
4. Notes to the Income Statement	**193**
5. Other Information	**196**
6. Average Number of Employees	**197**
7. Subsidiaries and Equity Investments	**198**
8. Items relating to Associated Enterprises and Equity Investments	**200**
9. Compensation to Members of the Administrative and Management Bodies of the Parent Company	**200**
10. Profit Sharing	**200**
11. Notes to the Statement of Cash Flows	**200**

5.2.3. Statutory Auditors' Report on the Parent Company's Financial Statements

203

5.2.1. Summary

Parent Company Statement of Financial Position

ASSETS

		10/31/2012	10/31/2013		
(in € millions)	Note:	Net	Cost	Depreciation, amortization and provisions	Net
Research and development expense		-	1	(1)	-
Software and licensing		30	135	(106)	29
Goodwill		10	10	-	10
Other intangible assets		-	1	-	1
Intangible assets under development		5	7	-	7
Intangible assets	**3-1**	**45**	**154**	**(107)**	**47**
Land		3	3	-	3
Buildings		5	26	(21)	5
Buildings on land of third parties		75	180	(105)	75
Machinery and equipment		20	89	(70)	19
Other property, plant and equipment		8	42	(33)	9
Property, plant and equipment	**3-2**	**111**	**340**	**(229)**	**111**
Property, plant and equipment under construction	**3-2**	**10**	**7**	**-**	**7**
Investments		290	841	(510)	331
Receivables from investee companies		55	58	-	58
Loans and other non-current financial assets		44	46	-	46
Non-current financial assets	**3-3**	**389**	**945**	**(510)**	**435**
Total non-current assets		**555**	**1 446**	**(846)**	**600**
Inventories		4	4	-	4
Trade receivables	3-4	30	29	(2)	27
Other receivables	3-5	354	319	(18)	301
Marketable securities	3-6	4	7	(3)	4
Deposits and cash	3-6	10	9	-	9
Current assets		**402**	**368**	**(23)**	**345**
Prepaid expenses	3-13-1	36	35	-	35
Issue costs of debt	3-13-5	3	2	-	2
Translation adjustments (assets)	3-14	2	1	-	1
Total assets		**998**	**1 852**	**(869)**	**983**

EQUITY AND LIABILITIES

(in € millions)	Note:	10/31/2012	10/31/2013
Share capital		127	127
Additional paid-in capital		611	292
Legal reserve		7	7
Retained earnings/(losses)		(315)	-
Net profit/(loss) for the year		(4)	(23)
Shareholders' equity	3-7-1	**426**	**403**
Provisions for contingencies		8	15
Provisions for losses		29	27
Provisions for contingencies and losses	3-8	**37**	**42**
Bonds		85	85
Bank loans		59	76
Miscellaneous borrowings and interest-bearing liabilities		135	134
Borrowings and interest-bearing liabilities	3-10	**279**	**295**
Customer prepayments		**57**	**59**
Trade payables		82	85
Tax and social security liabilities		39	32
Operating liabilities	3-11	**121**	**117**
Liabilities on fixed assets and associated accounts		6	3
Other liabilities		28	26
Miscellaneous liabilities	3-12	**34**	**29**
Total liabilities		**491**	**500**
Deferred income	**3-13-2**	**43**	**37**
Translation adjustment (liabilities)	**3-14**	**1**	**1**
Total equity and liabilities		**998**	**983**

Parent Company Income Statement

(in € millions)	Note	2012	2013
Vacation packages - tours - transportation		964	926
Services and sales of goods		46	46
Revenue	4-1-1	**1,010**	**972**
Capitalized goods and services		5	6
Other income		17	16
Reversals of provisions	4-3	8	10
Total income from ordinary activities		**1,040**	**1,004**
Purchases	4-2-1	(469)	(440)
Outside services	4-2-2	(312)	(314)
Taxes other than on income		(17)	(17)
Employee benefits expense		(184)	(176)
Depreciation and amortization expense		(24)	(25)
Provision expense	4-3	(9)	(7)
Other charges		(3)	(2)
Total losses from ordinary activities		**(1,018)**	**(981)**
Operating income		**22**	**23**
Investment income		2	4
Income from other transferable securities and receivables from capitalized assets		8	3
Other interest and similar income		5	5
Reversals of provisions		11	12
Positive exchange differences		11	11
Total financial income		**37**	**35**
Depreciation, amortization and provision expenses		(34)	(54)
Interest and similar charges		(11)	(9)
Negative exchange differences		(7)	(11)
Other financial expenses		(4)	-
Total financial expenses		**(56)**	**(74)**
Financial income/(expense)	4-4	**(19)**	**(39)**
Pre-tax operating income		**3**	**(16)**
Extraordinary income/(loss)	4-5	**(3)**	**(7)**
Income tax		**(4)**	**-**
Net income/(loss)		**(4)**	**(23)**

Changes in net debt

(in € millions)

	Note:	10/31/2012	10/31/2013
<u>OPERATING CASH FLOW</u>			
Net profit for the year		(4)	(23)
Elimination of elements not impacting cash or related to operations			
Depreciation, amortization and provisions on fixed assets	11-1	47	63
Other movements	11-2	(21)	3
Cash flow		**22**	**43**
Change in operating working capital requirements	**11-3**	**12**	**(30)**
Net operating cash flow (A)		**34**	**13**
<u>NET CASH FROM (USED BY) INVESTMENT ACTIVITIES</u>			
Impact of the change of the differences in cash on investment transactions			
Purchases of intangible assets		(8)	(7)
Purchases of property, plant and equipment		(18)	(21)
Purchases of non-current financial assets		(1)	(3)
Total from (used by) investments	**11-4**	**(27)**	**(31)**
Impact of the change of the differences in cash on divestment transactions			
Sale price of non-current assets	11-5	29	-
Disposals of other non-current financial assets		-	-
Total proceeds from disposals of non-current assets		**29**	**-**
Net cash from (used by) investment activities (B)		**2**	**(31)**
<u>NET CASH FROM (USED BY) INVESTMENT ACTIVITIES</u>			
Capital increase		-	1
Other debt flows		(1)	-
Net cash from (used by) investment activities (C)	**11-6**	**(1)**	**1**
Change in debt (A) + (B) + (C)		**35**	**(17)**
Net debt at beginning of period		**(300)**	**(265)**
Net debt at end of period		**(265)**	**(282)**

Net debt corresponds to borrowings and other interest-bearing liabilities less marketable securities, deposits and cash.

Parent Company results over five years

(in € millions)

	2009	2010	2011	2012	2013
I - Equity at the end of the year					
Share capital	113	121	121	127	127
Number of shares issued	28,281,408	30,232,219	30,250,076	31,822,559	31,871,564
Number of shares paid (weighted)	28,281,408	30,232,219	30,250,076	31,822,559	31,871,564
II - Operations and results for the year					
Pre-tax revenue	992	932	974	1,010	972
Result before tax, employee shareholding, and depreciation, amortization and provision expenses	84	16	44	46	40
Income taxes	(1)	1	-	(4)	-
Result after tax, employee shareholding, and depreciation, amortization and provision expenses	(30)	5	7	(4)	(23)
III - Earnings per share (in euros)					
Result after tax and employee shareholding, but before depreciation, amortization and provision expenses	2.93	0.56	1.45	1.32	1.26
Earnings after tax, employee shareholding, and depreciation, amortization and provision expenses	(1.06)	0.17	0.23	(0.13)	(0.72)
Dividend per share (full entitlement)	-	-	-	-	-
IV - Personnel					
Number of employees	7,203	7,295	6,882	6,286	5,903
Amount of total salaries and benefits	189	174	180	184	176

5.2.2. Notes to the Parent Company Financial Statements

Club Méditerranée SA, hereinafter the Company, is a "Société Anonyme" (joint stock Corporation) governed by the laws of France. Its registered office is at 11, rue de Cambrai, 75957 Paris Cedex 19, France.

Below are the notes to the Parent Company financial statements for the fiscal year ended October 31, 2013. The financial statements are expressed in millions of euros (€ millions) unless otherwise stated.

1. Significant Events of the Year

1.1. Significant events

European markets were faced with two crises in 2013: an economic crisis, in particular in France, and a geopolitical crisis in Egypt and Tunisia. The Company took measures in the wake of the deterioration in the Europe-Africa markets by reducing capacity at some villages and deconsolidating non-strategic villages. At the same time, Club Méditerranée continued its international expansion and successfully opened two new villages during the year: Pragelato-Vialattea in Italy and, under a management contract, Belek in Turkey. The operating margin was thus maintained and increased by €1 million compared to 2012 despite a 3.8% drop in revenue.

On May 27, 2013, Club Méditerranée SA's two main shareholders, Axa Private Equity (now Ardian) and Fosun, and its management, launched a public tender offer for Club Méditerranée shares and convertible/exchangeable bonds (OCEANEs) through Gaillon Invest.

The AMF declared the offer valid on July 16, 2013, and it was opened on July 17, 2013.

Following complaints lodged with the Paris Court of Appeal on July 24 and 26, 2013 by minority shareholders CIAM, a merger arbitrage fund, and ADAM, a French minority shareholders' association, seeking the annulment of the decision on the offer's validity, on August 6, 2013 the AMF announced the extension of the bid, which had been set to close on August 30, 2013. The pretrial hearing on the action for annulment was held September 24, 2013. The Paris Court of Appeal has scheduled a full hearing for February 27, 2014, and will issue its judgment subsequently.

The AMF has committed to extending the closing date to no sooner than eight days after the Court has issued its judgment on the action for annulment.

1.2. Subsequent events

No significant events occurred after the date when these financial statements were prepared.

2. Accounting policies and methods

The general accounting conventions have been applied in observance of the principle of prudence and in conformity with the legal and regulatory provisions applicable in France and the basic assumptions aimed at providing a true picture of the company:

- continuity of operation (going concern);
- consistency of accounting methods from one year to the next;
- independence of fiscal years;
- and in conformity with the general rules for preparing and presenting annual financial statements.

The Company follows the rules set forth by the professional accounting plans for hotel industries (CNC Notice 27 dated January 21, 1984) and travel agencies (CNC Notice 34 dated March 12, 1984).

The third supplementary Budget Act for 2012 introduced a tax credit to boost competitiveness and employment (Crédit d'impôt pour la compétitivité et l'emploi - CICE) from January 1, 2013. Proceeds from the CICE came to €2 million for fiscal 2013. This amount was recorded as a reduction to personnel expenses, to which it is tied according to the French National accounting standards body (Autorité des Normes Comptables - ANC) in its information note of February 28, 2013.

2.1. Comparability of financial statements

The Parent Company financial statements are comparable to those published in 2012.

2.2. Evaluation methods

The Company applies CRC Regulation No. 2002-10 dated December 12, 2002 relating to depreciation and amortization of assets and CRC Regulation No. 2004-06 dated November 23, 2004 relating to the definition, recognition and measurement of assets.

2.3. Foreign currency transactions

- **Establishments operating abroad**

The financial statements of establishments operating abroad are translated into euros using the historical rate method, as follows:

- for non-current assets and the corresponding depreciation and amortization expenses, the historical rate is applied;
- for monetary assets and liabilities, the closing rate is applied;
- for the statement of income (excluding depreciation and amortization expenses), the average rate for the period is applied.

Translation differences are posted at the end of the year to ”Finance cost, net”.

❖ **Registered office and villages in France**

Income and expenses in foreign currencies are recorded at their equivalent value in euros on the date of the transaction. Payables, receivables and cash assets in foreign currencies are stated at their equivalent value in euros at the fiscal year-end. Differences arising on the translation of these assets and liabilities in foreign currencies are posted to unrealized exchange gains and losses. A provision for contingencies is established to absorb unrealized exchange losses.

2.4. Intangible assets and property, plant and equipment

Items posted in the accounts were measured by the historical cost method, with the exception of non-current assets remeasured pursuant to the Act of December 29, 1976.

The costs of loans to finance capital expenditure are not included in the acquisition cost of the non-current assets.

The amount of non-current development costs consists of the charges incurred from the time of the Company’s decision to undertake and complete the project.

❖ **Intangible assets**

Intangible assets comprise:

- Research and development expense
- Software and licensing
- Goodwill and leasehold rights of sales offices
- Other intangible assets and assets under development.

Intangible assets are recorded at their acquisition or production cost (including incidental expenses) during the period in which they were acquired. Amortization is calculated on a straight-line basis depending on the expected useful life:

Financial information and management systems	
Accounting and management ERP	17 years
Reporting systems	7 to 10 years
Villages management system	5 to 10 years
HR management	3 to 9 years
Other information systems	3 to 5 years
Sales systems	
Booking system	26 years
Internet	3 to 5 years
Management revenue	13 years
Other sales systems	3 to 8 years
Office automation, software and licenses	3 to 5 years
Other amortizable intangible assets	3 to 10 years

Useful lives are reviewed at each year-end and adjusted if necessary. The adjustments are treated as a change in accounting estimates and are made prospectively.

The periods of amortization of the sales system and financial information system software are prolonged if further development of these applications changes their useful life.

Goodwill

Goodwill (non-amortizable intangible assets) is subject to impairment testing on an annual basis. Impairment tests are based on discounted future cash flows (to determine estimated value in use) and recoverable amounts estimated by reference to market multiples (to determine estimated fair value less costs to sell).

Cash flow projections for future periods are estimated by a projection over the future duration of the lease, historical data over three years, and the budget, based on the discounted terminal value of the assets.

The discount rate used is determined based on weighted average cost of capital.

When the values so determined are lower than the book value, an impairment loss is recognized to write the assets down to their recoverable value. This is defined as the higher of the value in use and the fair value less costs to sell.

Goodwill consists of the business and leasehold rights of the branch sales offices (note 3.1.1.).

❖ **Property, plant and equipment**

Property, plant and equipment are measured using the historical cost method which includes the acquisition and production costs.

Production costs include materials and direct labor, as well as the costs for construction and development.

Depreciation is calculated using the straight-line method based on the useful life of the assets. Useful life is reviewed at each year-end and adjusted if necessary. The adjustments are treated as a change in accounting estimates and are made prospectively.

The individual components of each item of property, plant and equipment are recognized separately when the estimated useful life is different from that of the asset as a whole.

The main useful lives are as follows:

Groundworks, foundations and structures	50 years
Framing and roofing	30 years
External and internal walls	25 years
Utility installations (plumbing, electricity, heating, etc.)	20 years
Fixed hotel equipment	15 years
Fixtures and fittings (joinery, wall and floor coverings, windows, etc.)	10 years
Other	3 to 10 years

Property, plant and equipment are subject to annual impairment tests. When the value in use or market value of non-current assets is less than the net book value, an impairment loss is recorded to write the assets down to their realizable value.

When villages are built or renovated, the costs incurred are shown under fixed assets under construction until the opening date of the village, which is the starting point for these fixed assets being placed in service.

2.5. Non-current financial assets

❖ 2.5.1. Investments

Equity securities are stated at their acquisition cost, less any impairment losses recorded when their market value falls below the book value.

The costs of securities posted to the statement of financial position do not include the costs associated with their acquisition.

The market value is determined by reference to the share of equity that the securities represent, at the closing exchange rate for foreign companies. However, given the method of calculating market value, a decline in the currency is not always sufficient to justify an impairment of securities.

The market value is adjusted where applicable to reflect the intrinsic value of the companies. The criteria applied are as follows:

- historical elements that were used to assess the original value of the securities;
- current elements such as the profitability of the company or the real value of the underlying assets;
- future elements corresponding to the prospects for profitability or realization [of gains] and to future economic trends.

Calculating the value of the securities takes into particular account the maturity of the business (for example, if the business is in a launch phase, no provision is established if future profitability is assured).

Write-downs are recorded on the securities, then on the loans and the current accounts, and finally, if necessary, a provision for contingencies is established.

❖ 2.5.2 Receivables from associates

These are long-term loans to companies in which Club Méditerranée SA has an equity interest. At each period-end, the recoverability of loans is assessed and an impairment loss is recognized if their recoverable amount is less than their book value.

❖ 2.5.3 Loans and other non-current financial assets

Other non-current financial assets include deposits paid and other long-term receivables such as the vendor loan with Financière CMG. The impairment principles for these assets are the same as for receivables from associates.

2.6. Inventories

Inventories are measured at the lower of cost, calculated by the weighted average cost method, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.7. Receivables

Trade receivables are recognized and accounted for at the initial amount of the invoice, net of write-downs of amounts deemed non-recoverable.

An impairment loss is recorded when there is objective evidence that the Company will not be able to recover these debts. The amount of impairment varies depending on the actual possibilities of recovering the debt, carefully evaluated on the basis of the assets of the debtor, the complexity of the recovery action and the general market situation. Bad debts are written off when it is certain they will not be recovered.

2.8. Cash and cash equivalents

Cash and cash equivalents are held to meet the Group's short-term cash needs. They include cash at bank and in hand, short-term deposits with an original maturity of less than three months and money-market funds that are readily convertible into cash. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash assets are recorded at their historical value. When the net asset value of such investment securities is higher than their purchase price, it may not be used as the value on the statement of financial position; conversely any unrealized losses are written down.

2.9. Provisions for contingencies and losses

Provisions are recorded when the Company:

- has a (legal or constructive) obligation to a third party resulting from a past event,
- it is likely that an outflow of resources representing economic benefits will be required to extinguish the obligation, and
- the amount of the obligation can be reliably estimated.

Provisions for liability claims correspond to the estimation made by an insurance broker of the risks associated with the civil and baggage liability litigation, declared on October 31 of every year.

2.10. Pensions and other long-term benefits

Company employees are covered by various plans providing for the payment of supplementary pensions, length-of-service awards and other long-term benefits consistent with the laws and practices in the Company's host countries. The Company applies CNC Recommendation No. 2003-R01 in this regard. A description of the Company's main plans is provided in Note 3.9.

❖ **Post-employment benefits**

1) Defined-contribution plans

Contributions to government plans and other defined-contribution plans are recognized as an expense for the period in which they are due. No provision is recorded as the Company's obligation is limited to its contributions to the plan.

2) Defined-benefit plans

Obligations under defined-benefit plans are measured by the projected unit credit method. This method involves the use of long-term actuarial assumptions concerning demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and discount rates). These variables are reviewed each year. Actuarial gains and losses – corresponding to the effect of changes in actuarial assumptions on the amount of the obligation – are recognized as explained below. These gains and losses represent assets or liabilities to be amortized.

The interest cost, corresponding to the increase in the obligation due to the passage of time, is recognized in "Finance cost, net".

3) Treatment of actuarial gains and losses

These actuarial gains and losses of post-employment advantages constitute assets or liabilities to be amortized. They are recorded in net income according to the corridor method applied plan by plan. Under this method, actuarial gains and losses are recognized in the statement of income when cumulative unrecognized gains and losses exceed the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets. The portion of actuarial gains and losses that exceeds the 10% corridor is recognized in income over the average remaining service lives of plan participants.

4) Past service cost

Past service cost is the increase in the present value of the defined benefit obligation resulting from changes to post-employment benefits or other long-term benefits. Past service cost is recognized as an expense over the average period until the benefits become vested. If the benefits are already vested, past service cost is recognized immediately.

5) Curtailments and settlements

Gains or losses on the curtailment or settlement of defined benefit plans are recognized when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises any resulting change in the present value of the defined-benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognized.

2.11. Interest-bearing liabilities

❖ **2.11.1 OCEANE (convertible bonds exchangeable for new or existing shares)**

At October 31, 2013, the Company's debt included one OCEANE-type bond. Costs related to the issue of these bonds are spread out in charges to be allocated over the life of the bonds. Accrued interest is recorded as interest expense in proportion to the number of days in the period.

❖ **2.11.2 Confirmed line of credit and other borrowings**

At October 31, 2013, the Company has a syndicated line of credit, a borrowing related to the La Pointe aux Canonniers village and a "Schuldschein"-type German private placement borrowing.

The covenants on these loans as at October 31, 2013 have been met (see Note 19.5.2. to the consolidated financial statements). The ratios are calculated based on the IFRS consolidated financial statements of Club Méditerranée Group as at October 31, 2013.

The costs associated with securing these loans are spread out over the life of the loans under "Issue costs of debt".

2.12. Financial instruments

The Company uses financial instruments to hedge net foreign currency exposure for maturities of one year or less.

Since the covers are allocated to events to occur in the following year, the unrealized losses and gains resulting from the remeasurement of the cover instruments are deferred at the time of the transaction.

2.13. Treasury shares

Club Méditerranée shares held by the Company are recognized under marketable securities. Gains or losses realized on the sale of these treasury shares are recorded under “Finance cost, net”.

2.14. Stock options

The Company has set up stock option plans for members of senior management and selected employees.

The stock option plans provide for the issue of new shares that are not recognized as a capital increase until the payments are received. The most recent plan implemented (Plan Q) was approved by the Board of Directors meeting on March 12, 2012.

The stock purchase plans do not provide for the issue of new shares. They are treasury shares.

2.15. Revenue

Services:

- “Stay” revenues are recognized over the period of service provision.
- “Transportation” revenues are recognized on the travel date.
- Other service revenues are recognized in the period in which the service is carried out.

Sales of goods: revenue from the sale of goods is recognized when the goods are delivered and the significant risks and rewards of ownership are transferred to the buyer.

2.16. Tax consolidation

The Company has opted for the tax consolidated regime and is constituted as the head of a group of 17 of its subsidiaries.

As at October 31, 2013 the scope of consolidation includes the following companies:

▪ Companies included in the tax group on November 1, 2012

- Club Med Amérique du Nord,
- Club Med Amérique du Sud,
- Club Med Centre d’Appels Européen,
- Club Med Marine,
- Hôteltour,
- SAS du Domaine de Dieulefit,
- Société Immobilière des Résidences Touristiques,
- Société des Villages de Vacances,
- Société Hôtelière du Chablais,
- Société de Gestion Hôtelière et de Tourisme,
- Vacation Resort,
- Club Med Ferias,
- Club Med Villas et Chalets Holding,
- Club Med Villas et Chalets,
- Club Med Chalets Valmorel (Ex Club Med Villas La Caravelle),
- Club Med Villas et Chalets Management,
- Club Med Services

▪ Companies joining the tax group on November 1, 2012

- None

▪ Companies exiting the tax group on November 1, 2012

- Club Aquarius (ex Loin Voyages)

The tax agreements binding the Parent Company to the subsidiaries are identical and provide that the corporation tax due from the tax group must be borne entirely by the Parent Company, without passing on the future tax savings to the subsidiaries.

3. Notes to the statement of financial position

3.1. Intangible assets

❖ 3.1.1 Cost

(in € millions)	Cost at 10/31/2012	Acquisitions	Placement in service	Cost at 10/31/2013
Research and development expense	1	-	-	1
Software and licensing [(1)]	131	1	3	135
Goodwill [(2)]	10	-	-	10
Other intangible fixed assets	-	1	-	1
Intangible assets under development [(1)]	5	5	(3)	7
Total gross intangible assets	**147**	**7**	**-**	**154**

[(1)] *Capital expenditures during the year focused mainly on the sales systems and the financial and management information systems.*
[(2)] *Goodwill consists of the business and leasehold rights of the branch sales offices.*

❖ 3.1.2 Amortization and impairment

(in € millions)	Amortization and provisions at 10/31/2012	Accruals	Reversals	Amortization and provisions at 10/31/2013
Research and development expense	(1)	-	-	(1)
Software and licensing	(101)	(5)	-	(106)
Total amortization and provisions on intangible assets	**(102)**	**(5)**	**-**	**(107)**

3.2. Property, plant and equipment

❖ 3.2.1 Cost

(in € millions)	Cost at 10/31/2012	Acquisitions [(1)]	Sales and other disposals [(2)]	Reclassifications and other	Cost at 10/31/2013
Land	3	-	-	-	3
Buildings, machinery and equipment	284	14	(5)	2	295
Other property, plant and equipment	39	3	(1)	1	42
Property, plant and equipment under construction	10	-	-	(3)	7
Total gross property, plant and equipment	**336**	**17**	**(6)**	**-**	**347**

(1) Capital expenditures during the year mainly focused on the villages of Pragelato (€6 million), Yasmina (€1 million), Kamarina (€1 million), Marrakech (€1 million), Valmorel (€1 million), Opio (€1 million) and the sales offices (€2 million).
(2) Disposals during the year related to write-offs of fully-depreciated village assets, and mainly on the Djerba la Douce village (€2 million).

3.2.2 Depreciation and impairment

(in € millions)	Depreciation and impairment at 10/31/2012	Accruals	Disposals and reversals [1]	Reclassifications and other	Depreciation and impairment at 10/31/2013
Buildings, machinery and equipment of villages	(184)	(17)	5	-	(196)
Other property, plant and equipment	(31)	(3)	1	-	(33)
Total depreciation and impairment on property, plant and equipment	**(215)**	**(20)**	**6**	**-**	**(229)**

[1] *Disposals during the year related mainly to the write-off of the Djerba la Douce village (€2 million).*

3.3. Non-current financial assets

3.3.1 Cost

(in € millions)	Cost at 10/31/2012	Acquisitions and other increases	Sales and other disposals	Reclassifications and other	Cost at 10/31/2013
Equity investments	772	2	(1)	68	841
Receivables from investee companies	55	3	-	-	58
Loans and other non-current financial assets	44	1	(1)	2	46
Total non-current financial assets	**871**	**6**	**(2)**	**70**	**945**

At October 31, 2013 the Company held:

- €841 million in equity Investments (see Note 7);
- €58 million in Receivables from associates of which the main receivables are those relating to stakes in COVIFRA for a total of €28 million, Club Med Hellas for a total of €18 million and Club Med Amérique du Sud for a total of €5 million (see Note 7);
- €46 million in Loans and other non-current financial assets which mainly include:
  - the vendor loan made to Financière CMG at the time of the disposal of Club Med Gym in 2008 for €13 million and the related accumulated interest for €5 million;
  - deposits for a total of €14 million mainly relating to village leases;
  - loans granted for the participation in construction efforts for a total of €8 million;
  - the convertible bond loan to IFH for a total of €3 million.

Details of movements during the year:

(in € millions)

	Acquisitions	Sales and other disposals	Reclassifications and other
Capital increase by cash contribution	**2**	**-**	**-**
Val Thorens le Cairn	2	-	-
Capital increase through incorporation of receivables			**79**
Club Med North America			56
Club Med South America	-	-	23
Merger			**(11)**
Club Aquarius			(11)
Disposal - liquidation		**(1)**	
Other		(1)	
Subsidiaries and Investee Companies	**2**	**(1)**	**68**
Loans	**3**		**-**
Val Thorens le Cairn	1		-
Other	2		-
Receivables from investee companies	**3**	**-**	**-**
Miscellaneous	1	(1)	2
Loans and other non-current financial assets	**1**	**(1)**	**2**
Changes in non-current financial assets	**6**	**(2)**	**70**

During the year, the Company entered into an agreement with various partners to create a new mountain village in Val Thorens. As part of this project, the company Val Thorens Le Cairn was created. Club Méditerranée SA took a stake of 22.22% in the capital for a total of €2 million and provided a long-term advance of €1 million.

❖ **3.3.2 Impairment**

(in € millions)

	Impairment at 10/31/2012	Expenses [1]	Reversals	Reclassifications and other [2]	Impairment at 10/31/2013
Equity investments	(482)	(39)	1	10	(510)
Total impairment of non-current financial assets	**(482)**	**(39)**	**1**	**10**	**(510)**

(1) Expenses for impairment reflect the deterioration of the net worth of subsidiaries, including €14 million for Club Med Amérique du Nord, €13 million for Club Med Amérique du Sud and €4 million for Club Med Marine (impact on "Finance cost, net)", see Note 4.4).

(2) Reclassifications of €10 million are due to the merger of Club Aquarius (formerly Loin Voyages) into Club Méditerranée SA

3.4. Trade receivables

(in € millions)

	Net at 10/31/2012	Cost at 10/31/2013	Impairment	Net at 10/31/2013
Trade receivables	30	29	(2)	27
Total trade receivables	**30**	**29**	**(2)**	**27**

3.5. Other receivables

(in € millions)

	Net at 10/31/2012	Cost at 10/31/2013	Impairment	Net at 10/31/2013
Amounts due from suppliers, advances paid and assets to be re	5	7	-	7
Current account receivables [(1)]	317	273	(18)	255
Social security and tax receivables [(2)]	25	28	-	28
Other receivables [(3)]	7	11	-	11
Total other receivables	**354**	**319**	**(18)**	**301**

[(1)] The decrease in "Current-account receivables" is primarily due to the Company's participation in capital increases through the capitalization of their current account for €56 million with Club Med Amérique du Nord and for €23 million with Club Med Amérique du Sud.

[(2)] The increase in "Social security and tax receivables" is primarily due to the €2 million tax credit (CICE) recorded during the year.

[(3)] The increase in "Other receivables" is mainly due to advances made under management contracts.

3.6. Cash and cash equivalents

(in € millions)

	Net at 10/31/2012	Cost at 10/31/2013	Impairment	Net at 10/31/2013
Marketable securities	1	-	-	-
Treasury shares [(1)]	3	7	(3)	4
Banks / Cash in hand	10	9	-	9
Total cash and cash equivalents	**14**	**16**	**(3)**	**13**

(1) Treasury shares correspond to:

- *treasury shares acquired under Plan H (stock options plan),*
- *treasury shares acquired through a liquidity contract under share buyback programs authorized by the Annual Shareholders' Meetings of March 12, 2012 and March 7, 2013. This contract was terminated on July 22, 2013 due to the public tender offer*

Treasury shares were amortized based on the average price in October 2013 (€17.37).

	Number at 10/31/2012	Number at 10/31/2013	Number of shares purchased		Number of shares sold	
			Number	Average price (€)	Number	Average price (€)
Treasury shares	230,733	208,804	286,798	13.41	308,727	13.43

3.7. Change in shareholders' equity and other equity

❖ 3.7.1 Change in shareholders' equity

(in € millions)

	At 10/31/2012, before appropriation of net profit for the year	Appropriation of net profit for fiscal 2012	Net profit/(loss) for the year	Capital increase	OCEANE	Offset of retained earnings	At 10/31/2013, before appropriation of net profit for the year	Proposed appropriation of net profit	At 10/31/2013 after the proposed appropriation of net profit
Number of shares at €4	31 822 559			47 294	1 711		31 871 564		
Share capital	127			-	-	-	127		127
Contribution, issue or merger premiums	611				-	(319)	292	(23)	269
Legal reserve	7						7		7
Retained earnings/(losses)	(315)	(4)				319	-	-	-
Net profit/(loss) for the year	(4)	4	(23)				(23)	23	-
Shareholders' equity	**426**	**-**	**(23)**	**-**	**-**	**-**	**403**	**-**	**403**

In fiscal 2013, 47,294 stock options were exercised and 1,523 OCEANE bonds were redeemed in exchange for 1,711 new shares. The number of shares remaining to be issued at October 31, 2013, as employee stock options, was 1,169,606.

Following approval by the Shareholders’ Meeting of March 7, 2013 to eliminate the accumulated deficit (€319 million) through the reduction of the Company’s additional paid-in capital, the item “Additional paid-in capital” stood at €292 million at October 31, 2013 versus €611 million at October 31, 2012.

❖ 3.7.2 Description of stock option and bonus share plans

The stock options granted to members of senior management and certain permanent employees of the Group are exercisable for new shares, with the exception of Plan H options, which are exercisable for existing shares. Since Plan O, no stock options have been granted to corporate officers. The plans do not allow for options to be cash-settled. For Plans P and Q, the vesting of rights allocated to members of the Management Committee and the Leadership Committee is conditioned on performance criteria.

All outstanding options granted until and through the year 2004 have a ten-year life. Those granted since 2005 have an eight-year life.

Plans H and J expired during fiscal 2013 without any of the options having been exercised. During the fiscal year, 47,294 stock options from Plans N and O were exercised. No options were exercised by corporate officers. No stock option plans were granted by the Board of Directors during fiscal 2013.

Plan G5 expired during fiscal 2012 without any of the options having been exercised.

On March 12, 2012, the Board of Directors used the authorization given at the Annual Shareholders’ Meeting on March 3, 2011 to grant members of senior management and certain employees 230,000 options to purchase new shares at an exercise price of €16.13. These options are exercisable from March 12, 2015 until March 11, 2020. This plan (Plan Q) has no provision for cash settlement. The options exercise price corresponds to the average of the closing prices quoted for Club Méditerranée shares over the 20 trading days preceding the grant date. No stock options were granted to corporate officers under this plan. The vesting of rights allocated to members of the Management Committee and the Leadership Committee (138,250 options) is conditioned on performance criteria. These performance criteria are linked to the achievement of the Company’s strategic objectives. Since they are not linked to market data, they were not factored into the valuation of Plan Q. At October 31, 2012, 93,241 stock options from Plans P and Q were canceled due to the non-achievement of performance criteria.

3.8. Provisions for contingencies and losses

(in € millions)

	Provisions at 10/31/2012	Accruals	Reversal (utilized provisions)	Reversal (unutilized provisions)	Provisions at 10/31/2013
Pension commitments (1)	17	1	(1)	-	17
Long-term benefits (2)		1	-	-	1
Civil liability	3	1	(1)	(1)	2
Financial risks (provisions for net worth of subsidiaries) (3)	3	9	-	-	12
Foreign exchange loss	2	1	(2)	-	1
Provisions for special contingencies					
- Provisions for legal and tax contingencies (4)	7	4	(2)	(3)	6
- costs for restructuring and site closures (5)	5	2	(4)	-	3
Total provisions for contingencies and losses	37	19	(10)	(4)	42

(1) *The methods of calculating the provision associated with pension commitments are laid out in Note 2.10. The detailed calculation is shown in Note 3.9.*

(2) *The provision is for long-term benefits for corporate officers.*

(3) *The main provisions for financial contingencies for the fiscal year relates to Société de Gestion Hôtelière et de Tourisme for €5 million and to Club Med Israel for €3 million.*

(4) *Provisions for litigation covering commercial claims, employee claims, and disputes with government agencies. The nature of the Group's business and the fact that its operations are conducted in a large number of countries with differing regulations is a source of operating difficulties and can lead to disputes with suppliers, owners, employees or local authorities.*

(5) *Provisions related to the closure of villages.*

❖ Provisions, contingent liabilities and contingent assets

Subsequent to the sale of Jet tours in 2008, the buyer objected to the sale price, which it considered too high. In January 2010, the buyer sued Club Méditerranée and its subsidiary Hôteltour, seeking compensation for the alleged harm. On March 30, 2012, the Nanterre Commercial Court dismissed all the buyer's claims. The buyer appealed on May 9, 2012. The Company believes that the buyer's action is unfounded.
In fiscal 2011, a company that had purchased a property complex in Italy from the Group in 2005 took Club Méditerranée SA to court to obtain the revocation, cancellation or termination of the sale agreement.

3.9. Pension commitments: defined-benefit plans

❖ 3.9.1 Main actuarial assumptions

The Company's obligations under-defined benefit plans are measured by the projected unit credit method. This method involves the use of long-term actuarial assumptions concerning demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and discount rates). These variables are reviewed each year. Actuarial gains and losses – corresponding to the effect of changes in actuarial assumptions on the amount of the obligation – are recognized as explained below. These actuarial differences are taken into account using the corridor method described in Note 2.10. "Pensions and other long-term benefits".

The assumptions made by the Company regarding the main plans are as follows:

	2012	2013
Discount rate	3,0%	3,1%
Long-term salary increases	3,7%	3,2%

❖ 3.9.2 Funded status of defined-benefit plans

(in € millions)

	2012	2013
Present value of the unfunded obligation	18	20
Unrecognized actuarial gains and losses	(1)	(3)
Net liability recognized in the statement of financial position	**17**	**17**

❖ 3.9.3 Evolutions des régimes à prestations définies

(in € millions)

	2012	2013
Defined-benefit obligation at November 1	16	18
Service cost	1	1
Interest cost (discounting adjustment)	1	1
Actuarial (gains) and losses for the period	1	2
Curtailment / Benefits paid	(1)	(1)
Defined benefit obligation at 31 October	**18**	**20**

❖ 3.9.4 Analysis of defined-benefit plan costs

(in € millions)

	2012	2013
Service cost	(1)	(1)
Curtailment / Benefits paid	1	1
Cost recognized in employee benefits expense	**0**	**0**
Interest cost	(1)	(1)
Cost recognized in financial income/(expense)	**(1)**	**(1)**
Total recognized (expense)/income	**(1)**	**(1)**

❖ 3.9.5 Senior management pension

Senior managers are covered by a supplementary defined-contribution pension plan managed by an outside fund. The contributions paid under this plan represent 5% of their gross compensation for the amount capped at eight times the annual Social Security ceiling, beyond which the contribution is 10%.

Total contributions to this plan paid on behalf of members of the Management Committee amounted to €0.3 million in fiscal 2013, unchanged from fiscal 2012.

3.10. Interest-bearing liabilities

❖ 3.10.1 Borrowings and interest-bearing liabilities

(in € millions)

Liabilities	10/31/2012	10/31/2013
Bonds	**85**	**85**
Bank loans and borrowings	**59**	**76**
Borrowings	17	36
Syndicated line of credit	20	20
Accrued interest		
Bank credit facilities	22	20
Miscellaneous borrowings and interest-bearing liabilities	**135**	**134**
Deposits received	1	1
Other similar loans and borrowings	1	1
Current-account payables	133	132
Payables to investee companies		
Total borrowings and other interest-bearing liabilities	**279**	**295**

The main interest-bearing liabilities are:

1) OCEANE 2015: on October 7, 2010 a new OCEANE bond was issued for €80 million with a maturity date of November 1, 2015.

	OCEANE 2015
Amount of the issue (in €)	79,999,992
Number of bonds issued	4,888,481
Start date for interest accruals	10/7/2010
Maturity	11/1/2015
Coupon	6.11%
Conversion ratio at maturity [1]	1.124 Club Méditerranée shares for 1 bond

[1] Applicable at October 31, 2013

Following the public tender offer, the conversion ratio was adjusted from 1 bond for 1 share to 1 bond for 1.124 shares. This ratio is subject to change.

At October 31, 2013 there were 4,886,878 OCEANE 2015 bonds outstanding.

Costs related to this OCEANE issue in the amount of €2 million are spread out in charges to be allocated over the life of the bonds.

2) Syndicated line of credit: expires in December 2014

Club Méditerranée SA has a €100 million line of credit obtained on December 10, 2009 and expiring in December 2012. This line was renegotiated in December 2011, extending its term by two years until December 2014. This line originally included a revolving credit facility of €100 million and a loan repayable on maturity of €20 million. The latter was redeemed in advance in March 2011. The line is subject to various bank covenants (see Note 19.5.2 to the consolidated financial statements). At October 31, 2013, €20 million of this line had been drawn.

The costs associated with securing the line of credit, amounting to €2 million, are spread out over the life of the credit line under "Issue costs of debt".

3) Loans

The balance of €36 million consists of the €16 million loan for La Pointe aux Canonniers and a "Schuldschein"-type private placement for €20 million.

- The loan for La Pointe aux Canonniers (€16 million due in January 2018).
  This amortizable loan facility for the renovation of the La Pointe aux Canonniers village is secured by a lien on the shares of the company that owns the village.
  The costs associated with the loan for the Pointe aux Canonniers village (€0.2 million) are spread out over 10.5 years under "Issue costs of debt".
  In June 2013, the Company renegotiated the financial terms of this loan, thereby reducing the interest rate from 6.15% to 4.10%.
- The "Schuldschein"-type private placement (€20 million due in April 2018).
  In April 2013, Club Med raised €20 million through a "Schuldschein"-type private placement. This financing, issued at 97.715% of par value, bears interest at the

6-month Euribor +3% repayable on maturity in April 2018 and is subject to the same bank covenants as those of the syndicated line of credit.
The costs associated with the “Schuldschein” loan (€0.6 million) are spread out over 5 years under “Issue costs of debt”.

The completion of the public tender offer may have an impact on certain sources of financing (clauses governing changes in control or delisting, temporary adjustment to the conversion ratio from OCEANEs to shares, etc.) leading to refinancing under conditions that reflect the Company's new profile. Some commercial agreements could be impacted.

3.10.2 Global breakdown by currency

Long-term borrowing and interest-bearing liabilities are mainly denominated in euros.

❖ **3.10.3 Borrowings and interest-bearing liabilities: breakdown by interest rate**

(in € millions)

	10/31/2012	10/31/2013
Fixed-rate interest-bearing liabilities	122	101
Floating-rate interest-bearing liabilities	157	194
Total borrowings and other interest-bearing liabilities	**279**	**295**

3.11. Operating liabilities

(in € millions)

	10/31/2012	10/31/2013
Trade payables	46	42
Suppliers - invoices not received	36	43
Total trade payables and associated accounts	**82**	**85**
Personnel	15	15
Corporate management bodies	13	13
Taxes other than on income	11	4
Total tax and social security liabilities	**39**	**32**
Total operating liabilities	**121**	**117**

The €7 million decrease in tax and social security liabilities is mainly due to changes in taxes other than on income. In 2013, the Company paid €3 million in income taxes for 2012 and €4 million in prepaid taxes.

3.12. Miscellaneous liabilities

(in € millions)

	10/31/2012	10/31/2013
Payables due to suppliers of non-current assets	3	2
Suppliers of non-current assets - invoices not received	3	1
Total liabilities on fixed assets and associated accounts	**6**	**3**
Current accounts	24	22
Miscellaneous payables	4	4
Total other non-current liabilities	**28**	**26**
Total miscellaneous non-current liabilities	**34**	**29**

3.13. Adjustment accounts

❖ **3.13.1 Prepaid expenses**

Prepaid expenses recognized at year-end came to €35 million. By nature, they correspond to the elements indicated below relating to purchases of goods or services in which the performance will occur later.

(in € millions)

	10/31/2012	10/31/2013
Transportation purchases	13	13
Rent	13	14
Tickets for vacation packages, bed and breakfasts, tours and other hotel services	4	2
Purchases of goods, raw materials and other services	6	6
Total prepaid expenses	**36**	**35**

❖ **3.13.2 Deferred income**

Deferred income recognized at year-end came to €37 million. It mainly corresponds to the invoiced vacation packages used in the following year.

(in € millions)

	10/31/2012	10/31/2013
Sales and marketing activity	41	35
CM Gym brand	2	2
Total deferred income	**43**	**37**

❖ 3.13. 3 Accrued income

(in € millions)

	10/31/2012	10/31/2013
Accrued interest on receivables from investee companies	-	2
Customers - invoices to be prepared	3	2
Suppliers - assets to be received	1	1
Tax and social security receivables	1	3
Other accrued income	2	2
Total accrued income	**7**	**10**

The €2 million increase in tax and social security receivables relates to the tax credit (CICE) established in 2013.

❖ 3.13.4 Accrued expenses

(in € millions)

	10/31/2012	10/31/2013
Accrued interest on OCEANE	5	5
Suppliers - invoices not received	36	43
Suppliers - invoices not received on non-current assets	3	1
Employees and other social institutions	19	18
Budget	1	1
Other accrued expenses	-	2
Total accrued expenses	**64**	**70**

❖ 3.13.5 Issue costs of debt

(in € millions)

	10/31/2012	10/31/2013
Issue costs of debt	**3**	**2**

These are commitment fees and expenses associated with the underwriting of long-term borrowings, syndicated lines of credit, and the issue of OCEANE 2015 bonds still to be amortized.

3.14. Translation adjustments

(in € millions by currency)

	10/31/2012	10/31/2013
Tunisian dinar	2	
Other	-	1
Total unrealized exchange loss	**2**	**1**

	10/31/2012	10/31/2013
Turkish lira		1
Other	1	
Total unrealized exchange gain	**1**	**1**

4. Notes to the Income Statement

4.1. Revenue

❖ 4.1.1 Revenues by business category

(in € millions)

	2012	2013
Vacation packages - tours - transportation	964	926
Services	31	32
Sales of goods	15	14
Total revenues	**1 010**	**972**

❖ 4.1.2 Revenue by geographical market

(in € millions)

	2012	2013
Metropolitan France	616	606
Abroad	394	366
Total revenues	**1 010**	**972**

4.2. Operating expenses

❖ 4.2.1 Operating expenses: purchases

(in € millions)

	2012	2013
Purchases of goods and raw materials	56	52
Tickets for vacation packages, bed and breakfasts, tours and other hotel services	175	158
Transportation purchases	186	179
Services	31	31
Other purchases	21	20
Total purchases	**469**	**440**
% of revenues	*47%*	*45%*

❖ 4.2.2 Operating expenses: external services

(in € millions)

	2012	2013
Fixed asset leases	118	120
Upkeep and maintenance	19	19
Commissions	55	56
Credit card fees	3	2
Advertising, promotion	24	23
Insurance	9	10
Fees	16	16
Other outside services	68	68
Total outside services	**312**	**314**
% of revenues	*31%*	*32%*

❖ 4.2.3 Operating expenses: personnel expenses

(in € millions)

	2012	2013
Employee benefits expense	**184**	**176**
% of revenues	*18%*	*18%*

The third supplementary Budget Act for 2012 introduced a tax credit to boost competitiveness and employment (Crédit d'impôt pour la compétitivité et l'emploi - CICE) from January 1, 2013. Proceeds from the CICE came to €2 million for fiscal 2013. This amount was recorded as a reduction to personnel expenses, to which it is tied under IFRS.

4.3. Operating provision expenses and reversals

(in € millions)

	2012	2013
Provisions for contingencies and losses	1	2
Provisions for trade receivables	(1)	1
Provisions for fixed assets	(1)	-
Total operating provision expenses and reversals	**(1)**	**3**

4.4. Financial income/(expense)

(in € millions)

	2012	2013
Impact on Business:	**(9)**	**(6)**
Interest	(3)	(1)
Exchange gains/(losses)	2	2
OCEANE and ORANE coupons and redemption premium	(5)	(5)
Amortization of issue costs for OCEANE and ORANE bonds	(2)	(1)
Provision for pension commitments	(1)	(1)
Impact on Holding: (Expense)/Income from subsidiaries:	**(10)**	**(33)**
Impact on net worth of subsidiaries	(16)	(42)
Dividends received	2	2
Interest on loans, borrowings and current accounts	7	7
Gain/(loss) on cancelled shares	(3)	-
Financial income/(expense)	**(19)**	**(39)**

The negative change of €20 million from 2012 to 2013 is mainly attributable to the deterioration in the net assets of subsidiaries of €26 million.

4.5 Extraordinary profit/(loss)

(in € millions)

	2012	2013
Sales of intangible, tangible and financial fixed assets	19	-
Village deconsolidation costs	(22)	(4)
Other		(3)
Total extraordinary profit/(loss)	**(3)**	**(7)**

The extraordinary result in 2013 mainly reflects a €4 million provision for costs of village closures and asset write downs and €3 million in financial advisory fees for the public tender offer.

Disposals of fixed assets in 2012 consist primarily of the sale of the Méribel Aspen Park village (€15 million) and the disposal of equity investments (€6 million). Club Méditerranée SA sold the remainder of its 2.5% interest in Société Immobilière de la Mer (SIM) and 6.92% of its stake in Société de Promotion et de Financement Touristique Carthago.

Village deconsolidation costs comprise mainly provisions and costs related to permanent closures of villages as well as asset impairments.

4.6. Corporate income tax

❖ **Tax expense**

The tax group had a combined loss carried forward at October 31, 2013 of €259 million.

❖ **Unrecognized deferred tax receivables and payables**

	10/31/2012		Change		10/31/2013	
	Assets	Equity and liabilities	Assets	Equity and liabilities	Assets	Equity and liabilities
Losses carried forward	242		17		259	

The change of €17 million reflects a €1 million adjustment of the real bases for 2012 and a €16 million tax loss for 2013.

5. Other information

5.1. Receivables and liabilities by due date

(in € millions)

Receivables	10/31/2013	At one year	At more than one year
Of non-current assets			
Receivables from investee companies	58		58
Loans	10	3	7
Other non-current financial assets	36		36
Total receivables from non-current assets	**104**	**3**	**101**
Of current assets			
Trade receivables and related accounts	29	29	
Tax and social security liabilities	28	28	
Group and associates	273	128	145
Amounts due from suppliers, advances paid and assets to be received	7	7	
Other receivables	11	11	
Total receivables from current assets	**348**	**203**	**145**
Prepaid expenses	**35**	**35**	
Issue costs of debt	**2**	**1**	**1**
Total receivables	**489**	**242**	**247**

(in € millions)

Liabilities	10/31/2013	Up to 1 year	Between 1 and 5 years	More than 5 years
Bonds	85	5	80	
Bank loans and borrowings at 2 years at origination	76	22	27	27
Miscellaneous borrowings and interest-bearing liabilities	134			134
Total borrowings and other interest-bearing liabilities	**295**	**27**	**107**	**161**
Advances and payments on account from customers	59	59		
Trade payables	85	85		
Tax and social security liabilities	32	32		
Liabilities on fixed assets and associated accounts	3	3		
Group and associates	22	22		
Other liabilities	4	4		
Total liabilities	**205**	**205**		
Deferred income	**37**	**36**	**1**	
Total liabilities	**537**	**268**	**108**	**161**

5.2. Off-balance sheet commitments given or received

Categories of commitments	Total	Miscellaneous (rents, loans, sales, etc.)	Fully consolidated companies	Other
Commitments and guarantees given				
Europe-Africa	**150**	40	93	17
North America	**24**	21	3	
South America				
Asia/Pacific	**11**		11	
Total commitments and guarantees given	**185**	**61**	**107**	**17**
Commitments and guarantees received				
Received from travel agencies	**7**	7		
Write-off of receivables (return to better fortunes clause)	**52**		52	
Construction - Building site work	**3**	3		
Total commitments and guarantees received	**62**	**10**	**52**	
Mutual commitments				
Unutilized amounts of a confirmed line of credit	**80**	80		
Forward currency purchases	**44**	44		
Forward currency sales	**23**	23		
Total mutual commitments	**147**	**147**		

Company assets were pledged: Shares in Valmorel Bois de la Croix were pledged to the banking syndicate in connection with the funding of this company. Shares in Val Thorens Le Cairn were pledged to the bank that provides financing to the company.

Compensation payable in the event of the dismissal of the Chairman and Chief Executive Officer and of the Executive Vice-President (unless termination is due to gross or willful misconduct) will correspond to two years of gross pay (see Note 28.4 to the consolidated financial statements).

5.3. Commitments under non-cancelable operating leases

Detail of minimum future lease payments due under these non-cancelable operating leases are shown below. The amounts are indexed at the last known rate.

(in € millions)

	Total rents payable	2014	2015	2016	2017	2018	2019 to 2023	2024 to 2033	2034 and beyond
Remaining rents due	**1 010**	116	111	110	110	109	342	111	1

6. Average number of employees

	2012	2013
Executives	725	704
Employees	5,561	5,199
Total	**6,286**	**5,903**
which can be broken down into:		
Executive and permanent employees (registered office, country representative offices and G.O. villages)	2,086	1,971
Other village personnel	4,200	3,932

Largest average monthly headcount for the year is shown. As at October 31, 2013, employees had accumulated 135,087 hours in statutory employee training rights in France of which 134,785 were not exercised.

7. Subsidiaries and equity investments

(in€ millions)	% hold	Equity capital *	Book value of shares	Amortization of securities	Receivables from equity interests **	Amortization of loans and advances	Net book value of securities, loans	Amount of securities and guarantees	Net profit/loss from last fiscal year	Revenue from last fiscal year	Dividends received during the year
Branches											
Club Med Amérique du Nord	100	372	397	(292)	-	-	105	-	(3)	-	-
Club Med Amérique du Sud	100	95	69	(54)	5	-	20	-	(1)	-	-
Club Med Centre d'Appel Européen	100	(1)	17	(17)	-	-	-	-	(2)	-	1
Club Med Editions	100	-	-	-	-	-	-	-	-	-	-
Club Med Marine	100	8	27	(19)	-	-	8	-	(4)	3	-
Club Med Villas et Chalets Holding	100	-	-	-	-	-	-	-	-	-	-
Domaine de Dieulefit	100	7	8	-	-	-	8	-	(2)	-	-
Hoteltour	100	72	78	(5)	-	-	73	-	-	-	-
Société de Gestion Hôtelière et de Tourisme	100	(6)	7	(7)	-	-	-	-	(5)	-	-
Société Immobilière des Résidences Touristiques	100	-	3	(3)	-	-	-	-	-	-	-
Total Franch branches			**606**	**(397)**	**5**		**214**				**1**
Akdeniz Turistik Tesisler	100	14	40	(27)	-	-	13	-	(1)	4	-
Albion Development Ltd	100	3	5	(1)	-	-	4	-	-	5	-
Club Med Asie	100	42	5	-	-	-	5	-	(1)	-	-
Club Med Deutschland	100	(8)	3	(3)	-	-	-	-	-	5	-
Club Med Holland	100	1	1	-	-	-	1	-	-	3	-
Club Med Odmaralista	100	-	-	-	-	-	-	-	-	-	-
Club Med Ukraine	100	(1)	-	-	-	-	-	-	-	3	-
Club Med Russia	100	-	-	-	-	-	-	-	-	-	-
Club Med Services	100	-	-	-	-	-	-	-	-	-	-
Club Med Viagens	100	-	2	(2)	-	-	-	-	-	2	-
Club Mediterranée Belgique	100	4	6	(2)	3	-	7	8	-	2	-
Club Méditerranée Espagne	100	-	2	(2)	-	-	-	-	-	2	-
Club Méditerranée Hellas	100	42	99	(57)	18	-	60	-	(2)	-	-
Club Méditerranée Israël	100	(3)	6	(6)	-	-	-	2	-	8	-
Club Mediterranée Services europe LTD	100	-	-	-	-	-	-	-	-	-	-
Club Méditerranée Suisse	100	2	7	(5)	-	-	2	-	-	44	-
Club Méditerranée UK	100	5	2	-	-	-	2	-	1	-	-
CM Bazic	100	(2)	-	-	-	-	-	-	-	-	-
Covifra	84.43	12	12	(2)	28	-	38	-	(1)	-	-
Holiday Villages Management Services	100	(2)	1	(1)	-	-	-	-	1	3	-
Servicios Auxiliares del Club Méditerranée	100	6	7	(1)	-	-	6	-	-	-	-
Société Immobilière et de Gestion Hotelière du Cap Skirring	100	2	1	-	-	-	1	-	-	-	-
Société de Gestion Touristique du Cap	100	(8)	-	-	-	-	-	-	(2)	1	-
Club Med South Africa	100	-	-	-	-	-	-	-	-	-	-
Vacances Proprietary Ltd	100	1	-	-	-	-	-	-	-	23	-
Total foreign branches			**199**	**(109)**	**49**		**139**	**10**			
Total branches			**805**	**(506)**	**54**		**353**	**10**			**1**

(in€ millions)	% hold	Equity capital *	Book value of shares	Amortization of securities	Receivables from equity interests **	Amortization of loans and advances	Net book value of securities, loans	Amount of securities and guarantees	Net profit/loss from last fiscal year	Revenue from last fiscal year	Dividends received during the year
Equipty investments											
Sem Pompadour (2)	19.90	2	-	-	-	-	-	-	-	-	-
International Fitness Holding (1)	11.16	3	2	-	- (5)	-	2	-	(3)	85	-
Valmorel Bois de la Croix	38.15	-	7	-	3	-	10	5	-	-	-
Val Thorens Le Cairn	22.22	-	2	-	1	-	3	-	-	-	-
Total equity investments in France			**11**		**4**		**15**	**5**			
Belladona Company for Hotel and Tourism	50.00	13	5	-	-	-	5	-	-	-	-
Holiday Hotels	50.00	18	3	-	-	-	3	7	-	1	-
Club Med Albion Resort	22.50	3	4	(1)	-	-	3	-	-	-	-
Club Med Voyage (Tunisie)	49.00	-	-	-	-	-	-	-	-	0	-
Immobiliaria Challenger (3)	33.33		1	(1)	-	-	-	-		-	-
New Cefalù Srl	45.00	-	-	-	-	-	-	-	-	-	-
Société de Promotion et de Financement Touristique Carthago	30.50	10	11	(1)	-	-	10	-	2	-	1
Société d'Etudes et de Promotion Touristique Hammamet (4)	18.50	3	1	(1)	-	-	-	-	-	1	-
Total foreign equity investments			**25**	**(4)**			**21**	**7**			**1**
Other equity interest (share of capital ownership less than 10%)			-	-	-	-	-	-	-	-	-
Total equity investments			**36**	**(4)**	**4**		**36**	**12**			**1**
Overall total			**841**	**(510)**	**58**		**389**	**22**			**2**

Branches are companies in which the percentage holding is at least 50% and equity investments are companies in which the percentage holding is between 10% and 50% of the share capital.
Information on the French branches is based on the individual financial statements to October 31, 2012 (IFRS for others)
* Equity capital including net profit/(loss) for the year
** Including interest on loans
(1) Statement of financial position and income statement to 31/10/12
(2)Statement of financial position and income statement to 31/12/12
(3) Statement of financial position and income statement not available
(4) Statement of financial position and income statement to 31/12/12 converted to TND rate @ EUR 2.2405
(5) Not mentioned above: existence of a € 3 million convertible bond recognized in Loans and Other Financial Assets

At October 31, 2013, Club Méditerranée SA had 10 French subsidiaries, 25 foreign subsidiaries, 4 French associates and 8 foreign associates. The French subsidiary Club Aquarius (formerly Loin Voyages) was merged into Club Méditerranée SA. Two subsidiaries were created:

- A French subsidiary, “Club Med Editions”, 100% owned by Club Méditerranée SA,
- A foreign subsidiary, “Club Med Russia”, 100% owned by Club Méditerranée SA.

A 22.22% French stake in the capital of SAS Val Thorens Le Cairn was acquired.

The “Immobiliaria Binigaus” 50% foreign stake held by Club Méditerranée was sold.

8. Items relating to associated enterprises and equity investments

(in € millions)

	Gross amounts relating to enterprises	
	associated[1]	investment
Assets		
Investments	813	28
Receivables from investee companies	54	4
Loans and other non-current financial asse	-	3
Other receivables	272	1
Equity and Liabilities		
Other Group liabilities	22	-
Other non-current financial liabilities	132	-
Net income/(loss)		
Investment income *(dividends)*	1	1
Other financial income [2]	17	-
Financial expenses [2]	(51)	(1)

[1] *Including Holiday Hotels and Belladona (fully consolidated equity investment).*

[2] *Including expenses and reversals of provisions related to the net worth of subsidiaries*

9. Compensation to members of the administrative and management bodies of the parent company

(in € thousands)

	2012	2013
Total compensation allocated to Board members (directors' fees paid to board members and non-voting directors)	305	305
Gross amount of total compensation paid to members of the Senior Management Committee including the corporate officers for the year	4 514	3 847

10. Profit sharing

No profit-sharing reserve was released for the year under the Group's derogation agreement.

11. Notes to the Statement of Cash Flows

The table of Changes in net debt shows financial flows only.

11.1. Depreciation, amortization and provisions

(in € millions)

	2012	2013
Depreciation, amortization and provisions on intangible assets	6	5
Depreciation, amortization and provisions on property, plant and equipment	21	20
Depreciation, amortization and provisions on non-current financial assets [(1)]	20	38
Depreciation, amortization and provisions	**47**	**63**

[(1)] *The main expenses for impairment of 2013 non-current financial assets are detailed in Note 3.3.2*

11.2. Other movements

(in € millions)

	2012	2013
Provisions for trade receivables and provisions for contingencies related to subsidiaries' net w orth	(1)	5
Impact of historical rate and latent change	(2)	(1)
Merger loss	3	-
Disposal gains/(losses), net	(19)	-
Write-off of receivables and return to better fortune clause	-	1
Other	(2)	(2)
Other movements	**(21)**	**3**

11.3. Analysis of change in working capital

(in € millions)

	2012	2013
Inventories	-	-
Customers	8	3
Customer prepayments	(3)	2
Trade payables	6	3
Other receivables and prepaid expenses	(8)	(21)
Other liabilities and deferred income	11	(16)
Short-term provisions	(2)	(1)
Changes in working capital	**12**	**(30)**

11.4. Acquisitions of non-current assets

(in € millions)

	2012	2013
Purchase of intangible assets	(8)	(7)
Purchase of property, plant and equipment (1)	(18)	(21)
Purchase of non-current financial assets (2)	(1)	(3)
Acquisition of non-current assets	**(27)**	**(31)**

(1) The main capital expenditures on property, plant and equipment in 2013 are detailed in Note 3.2.1.

(2) The main financial investments in 2013 are detailed in Note 3.3.1.

11.5. Disposals

Disposals in fiscal 2012 relate mainly to the sale of the Méribel Aspen Park village and the sale of securities.

No disposals were completed in 2013.

11.6. Net cash from (used by) financing activities

(in € millions)

	2012	2013
Capital increase/loans with related parties	**-**	**1**
Miscellaneous		1
Decrease/loans with related parties	**(1)**	**-**
Miscellaneous	(1)	
Net cash from (used by) financing activities	**(1)**	**1**

5.2.3 Statutory Auditors' Report on the Parent Company Financial Statements

To the Shareholders:

In accordance with the terms of our appointment by the Annual Shareholders' Meeting, we present you with the following report for the year ended October 31, 2013 on:

- our examination of the accompanying annual parent company financial statements of Club Méditerranée (the parent company);
- the supporting evidence for our assessment;
- the specific procedures and disclosures required by law.

The parent company financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the parent company financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the parent company financial statements are free from material misstatement. An audit includes examining, on a test basis, or by other means of selection, the evidence supporting the amounts and disclosures presented in the parent company financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent company financial statements have been properly prepared in accordance with French accounting rules and principles and provide a true and fair view of the results of operations for the year as well as the Company's assets and liabilities and financial position at the end of the fiscal period.

II. Justification of our assessments

Under the provisions of Article L.823-9 of the French Commercial Code [Code de Commerce] relating to the justification of our assessments, we draw your attention to the following:

Note 2.5.1 “Equity securities” to the parent company financial statements describes the valuation methods used for equity securities. We assessed the appropriateness of the accounting methods used, reviewed as needed the documentation prepared in this context, assessed the consistency of data used and the calculations carried out by your Company. Based on this work, we assessed the reasonableness of the estimates used.

These assessments were made in the context of our audit of the parent company financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

III. Specific procedures and disclosures

We have also performed the specific procedures required by law, in accordance with professional standards applicable in France.

We have no matters to report concerning the fairness and consistency with the parent company financial statements of the information provided in the Board of Directors' Management Report and the documents addressed to the shareholders concerning the Company’s financial position and the annual financial statements.

With respect to the information provided pursuant to Article L.225-102-1 of the French Commercial Code on the compensation and benefits paid to corporate officers and commitments undertaken in their favor, we have verified the consistency of this information with the financial statements or with the data used a basis for the financial statements and, where applicable, with the supporting documents gathered by the Company from companies controlling the Company or controlled by the Company. On the basis of this work, we confirm the accuracy and fairness of this information.

Pursuant to the law, we have verified that the Management Report contains the appropriate disclosures about the identity of holders of capital.

Neuilly-sur-Seine and La Défense, December 19, 2013

The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG AUDIT
Jean-François Viat	Jean-Pierre Letartre

6 - INFORMATION ON THE COMPANY AND ITS CAPITAL

6.1 - GENERAL INFORMATION ABOUT THE COMPANY……………………………………………………………... p207

6.2 - SECURITIES MARKET………………………………......……..p209

6.2.1 Change in share price
6.2.2 Club Méditerranée securities data
6.2.3 Trading performance of Club Méditerranée securities

6.3 - CAPITAL AND OWNERSHIP STRUCTURE…………..……..p212

6.4 - INVESTOR RELATIONS……………......………………..……......p219

6.4.1 Modern and complementary tools
6.4.2 Shareholders Club
6.4.3 Contacts
6.4.4 List of information published during fiscal year 2013
6.4.5 2014 financial calendar

6.1 • GENERAL INFORMATION ABOUT THE COMPANY

Company name: Club Méditerranée

Registered office: 11, rue de Cambrai – 75957 Paris Cedex 19

Legal form and governing law:

Club Méditerranée (the "Company") is a French *société anonyme* (joint stock corporation) governed by the laws of France and by applicable regulations, including Articles L. 225-17 to L. 225-56 of the French Commercial Code.

Date of establishment - duration:

The Company was established on November 12, 1957 and will be dissolved on October 31, 2095 unless it is wound up in advance or its term is extended by decision of an Extraordinary Shareholders' Meeting.

Corporate purpose (Article 2 of the bylaws):

Club Méditerranée was established to: (i) develop, operate and market, whether directly or indirectly, tourist accommodation establishments (holiday village, tourist rentals, hotels, etc.), holiday centers and/or leisure/entertainment facilities, or cruise ships; (ii) develop, organize and market tourist and business packages including accommodation and/or transport; and (iii) generally carry out any and all activities relating thereto, whether directly or indirectly, in France or abroad, including:

- the prospecting, promotion, purchase and/or sale and lease, in any manner whatsoever, of any land, moveable property and real estate;
- the carrying out of economic, financial and/or technical project studies;
- the fitting out, management and maintenance of tourist accommodation establishments;
- the provision of food and beverages and transportation by any means of its customers;
- the organization of any trips, tours, and excursions;
- the organization and/or supervision and/or teaching of all sports, education, tourism, cultural or artistic activities, as well as the creation or operation of any equipment related thereto;
- the supervision of children in dedicated facilities within the tourist accommodation establishments, and the organization for their benefit of entertainment (games, recreation, shows) and activities specific to their age group (educational, sports or artistic activities);
- the creation, organization, hosting and/or broadcast of media or promotional events, shows, parties and any provision of services related thereto;
- the drafting and signature of any and all contracts for the same purposes;
- the creation or acquisition, operation or management of any and all businesses or facilities conducting the same activities;
- the design, creation, manufacture, marketing – directly or indirectly including through any licensee – of any and all products and services that may be distributed under the brands, logos or emblems owned by the Company, or under any new brand, logo or emblem that the Company may own or register in the future;
- The Company may assist the Group subsidiaries by any means, including by extending loans, advances and credits in accordance with the laws and regulations in force.

More generally, the Company may conduct all services, industrial, commercial or financial operations involving both movable property and real estate, including the acquisition, holding and management of interests by any means in any company or legal entity in existence or to be created, whether civil, industrial or commercial, that directly or indirectly relate to the corporate purpose as described above and any other similar or related purposes.

Trade and Companies Register no.: 572 185 684 RCS PARIS

Principal activity code (APE): 5520 Z

Consultation of corporate documents:

Corporate documents (including the bylaws, reports and financial statements) are available at the Club Méditerranée headquarters, 11 rue de Cambrai - 75957 Paris Cedex 19, and on the website www.clubmed-corporate.com.

Fiscal year: November 1 to October 31.

Appropriation of income:

Article 36 of the bylaws states that at least five percent of net income for the year, less any prior year losses, is appropriated to the legal reserve. This appropriation ceases to be compulsory once the legal reserve represents one tenth of the Company's capital. However, if for any reason the legal reserve falls to below one tenth of the capital, it must be restored to the required level by the same method. The income remaining, less any prior year losses and any other amounts to be credited to reserves pursuant to the law or the Company's bylaws, plus any unappropriated retained earnings brought forward from prior years, is then appropriated as follows: to any extraordinary reserves or to revenue reserves, or to carry forward, by decision of the Shareholders' Meeting. Any remaining balance will be distributed among all shares. Except in the case of a capital reduction, no distributions are made to shareholders if shareholders' equity represents – or would represent if the distribution were to be made – less than the sum of capital and non-distributable reserves. The Shareholders' Meeting may also decide to pay all or part of the dividend out of revenue reserves or to effect an exceptional distribution of revenue reserves. In this case, the reserves against which the dividend is to be charged must be designated in the related resolution. However, no distributions of reserves may be decided if distributable earnings for the year have not been fully distributed. Any losses recorded in the financial statements approved by the Shareholders' Meeting are recorded in a special reserve account and set off against income earned in subsequent years until they have been absorbed in full.

Article 37 of the bylaws provides that the Shareholders' Meeting may offer shareholders the option to receive all or part of the final distributed dividend in cash, or in shares. The same option may be offered in the case of an interim dividend payment. The method of payment of cash dividends is decided by the Shareholders' Meeting or, failing that, by the Board of Directors. In all cases, dividends must be paid within nine months of the year-end, unless the court grants an extension.

If the audited annual or interim financial statements show that the Company has generated a profit for the period – after deducting depreciation, amortization and provision expense as well as any prior year losses and any amounts to be appropriated to reserves pursuant to the law or the bylaws, and taking into account any unappropriated retained earnings – an interim dividend may be paid prior to the approval of the financial statements for the year. Under no circumstances may interim dividends exceed the profit available for distribution thus defined.

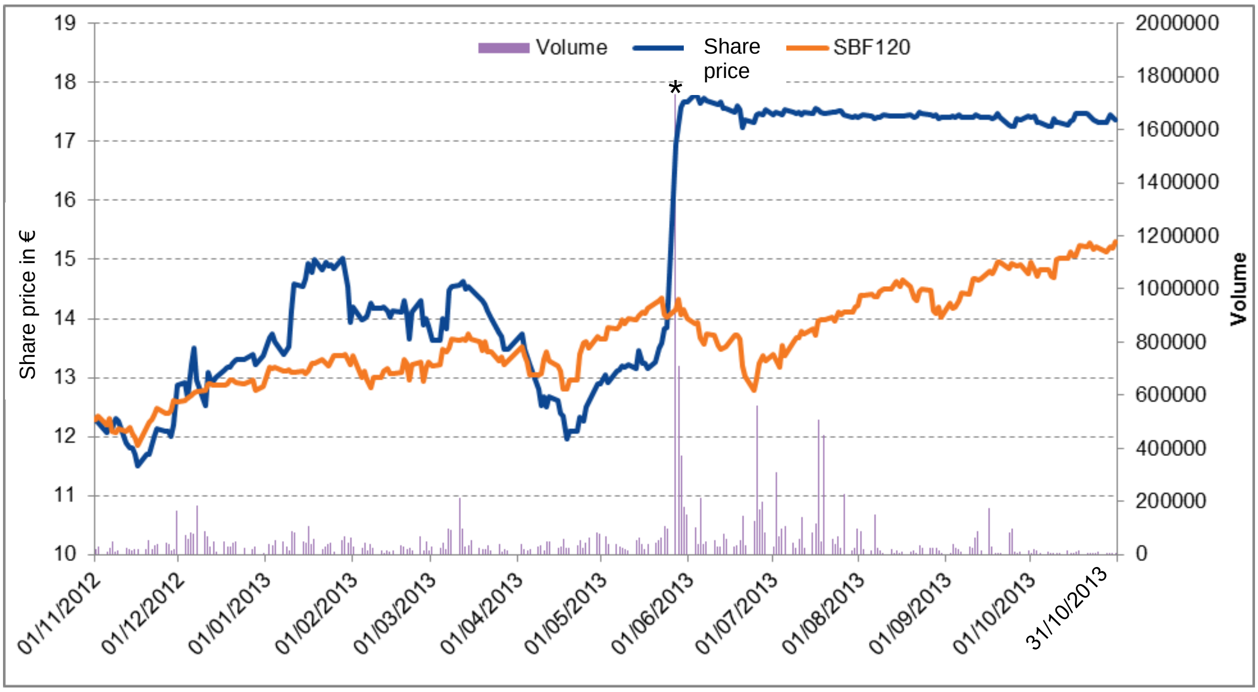
Services provided by the Parent Company to subsidiaries:

The Group's Parent Company, Club Méditerranée SA, performs a general management role for its subsidiaries and handles traditional support functions such as administration and finance, legal affairs, communication, marketing, human resources, training, and IT. These services are billed at cost+.

6.2 • SECURITIES MARKET

Club Méditerranée shares have been listed on the primary market of the Paris stock exchange (Euronext Paris) since 1966. Club Méditerranée is one of the 120 stocks included in the SBF 120 index. Its weighting in the index was 0,33055% at December 31, 2013. Club Méditerranée shares are eligible for Euronext's deferred settlement service (SRD).

6.2.1. Change in share price from November 1, 2012 to October 31, 2013



* *Announcement of proposed public tender offer on May 27, 2013.*

Source : Bloomberg

6.2.2. Club Méditerranée securities data

Securities (at 10/31/13)	Shares ISIN FR0000121568
Number of shares outstanding	31 871 564
Maturity	-
Share par value	€4

In addition to shares, OCEANEs (bonds convertible into new or existing shares) are also outstanding.

Securities	OCEANE ISIN FR0010922955
Number of bonds issued	4 888 481
Number of bonds outstanding (at 10/31/2013)	4 886 878
Maturity	November 1, 2015
Bond par value	€16,37
Coupon	6,11%
Yield to maturity	6,11%
Conversion ratio (1)	1 bond for 1.124 Club Méditerranée shares
Redemption price	At par

(1) *As provisionally adjusted as part of the Public tender offer (See & 6.3).*

6.2.3. Trading performance of Club Méditerranée securities

Common stock is traded under ISIN code FR0000121568. For several years, Club Méditerranée shares have been selected as a support for covered warrants issued by various banks. The tables below show the change in transaction prices for shares and OCEANEs.

Trading performance of Club Méditerranée securities

Shares

Shares (par value: €4) (ISIN: FR 0000 121568)	Monthly price (in euros)			Monthly average daily trading volume (in number of securities and thousands of euros)	
	High (1)	Low (2)	Average price (3)	No. of shares	Capital (thousands of euros)
November 2012	13.10	11.50	12.04	33,345	8,957
December 2012	13.60	12.51	13.11	53,998	13,384
January 2013	15.10	13.32	14.40	49,297	15,622
February 2013	14.50	13.65	14.08	26,687	7,535
March 2013	14.87	13.37	14.12	47,669	13,602
April 2013	13.88	11.91	12.66	39,569	10,495
May 2013	17.88	12.85	14.24	182,556	65,236
June 2013	17.88	17.11	17.56	107,619	37,683
July 2013	17.55	17.33	17.48	116,942	47,042
August 2013	17.51	17.30	17.43	26,298	10,078
September 2013	17.50	17.21	17.39	36,831	13,446
October 2013	17.48	17.1	17.37	7,757	3,091

(1), (2), (3) The above information is taken from Euronext and Bloomberg databases. The highs and lows shown were reached in intraday trading over the period, and the average price is the arithmetic mean of closing prices.

OCEANE

Convertible bonds 6.11% (par value: €16.36) (ISIN: FR0010922955)	Monthly price (in euros)			Monthly average daily trading volume (in number of securities and thousands of euros)	
	High (1)	Low (2)	Average (3)	Securities	Capital
November 2012	18.35	17.35	17.85	372	6,709.65
December 2012	18.74	18.11	18.44	1,053	18,675.02
January 2013	19.30	18.41	18.91	1,027	18,700.91
February 2013	19.03	18.65	18.82	489	8,988.66
March 2013	19.23	18.54	18.87	227	4,308.84
April 2013	19.00	17.98	18.42	690	12,786.98
May 2013	20.33	18.30	18.85	2,218	42,595.17
June 2013	20.64	19.83	20.27	645	12,600.61
July 2013	20.40	19.80	19.99	618	12,167.81
August 2013	20.19	19.71	19.89	706	14,033.34
September 2013	20.26	19.74	19.99	1,661	32,857.89
October 2013	20.68	19.70	20.00	391	7,737.70

(1), (2), (3) The above information is taken from Euronext and Bloomberg databases. The highs and lows shown were reached in intraday trading over the period, and the average price is the arithmetic mean of closing prices.

Source: Bloomberg / Euronext

Dividends and share-price highs/lows

Year (1)	Number of shares that received dividends	Dividends paid for the financial year	Share-price high/lows		
			High	Low	10/31
2011	30,250,076	-	18.39	11.26	13.71
2012	31 822 559	-	17.09	10.25	12.25
2013	31,871,564	-	17.88	11.50	17.37

(1) *Club Méditerranée SA financial year.*

6.3 • CAPITAL AND OWNERSHIP STRUCTURE

Public tender offer

On May 27, 2013, AXA Private Equity (Axa Capital/Ardian) and Fosun, the two main shareholders of Club Méditerranée, announced in a press release their intention to file together with Club Méditerranée management a voluntary public tender offer for the Company's securities through a holding company, Gaillon Invest.

On May 30, 2013, on behalf of Gaillon Invest, the banks Société Générale, Natixis, and Crédit Agricole Corporate & Investment Bank submitted to the French financial regulator (AMF, Autorité des Marché Financiers) the proposed public tender offer for Club Méditerranée shares and OCEANEs, with the unit offer price increased on June 24, 2013 to €17.50 per share and €19.79 per OCEANE (coupon attached). This proposed public tender offer aims eventually at modifying the governance of the Company and introduce a dual structure comprising a Supervisory Board and Executive Board. The Executive Board would consist of Henri Giscard d'Estaing (as Chairman) and Michel Wolfovski.

On July 15, 2013, the AMF approved Gaillon Invest's public tender offer, which opened on July 17, 2013.

In accordance with the OCEANEs' prospectus, and following the AMF's approval, the conversion ratio was adjusted to 1.124 shares per OCEANE.

In light of the payment of the €1 coupon per OCEANE on November 1, 2013, the public tender price offered to OCEANE holders was duly reduced to €18.79.

Following the appeals filed with the Paris Court of Appeal on July 24 and 26, 2013 in an attempt to overturn the decision to approve the public tender offer, on August 6, 2013, the AMF announced an extension of the offer period, which was initially scheduled to end on August 30, 2013. The offer closing was put back to at least eight days after the verdict of the Court of Appeal. The Court of Appeal has set February 27, 2014 as the date for hearing the complaint.

Share capital

At October 31, 2013 the Company's share capital amounted to €127,486,256, divided into 31,871,564 common shares with a par value of €4, all fully paid up.

Shares registered in the name of the same holder for at least two years carry double voting rights (3,816,133 at October 31, 2013). The Company's equity capital has increased by €196,020 since October 31, 2012, owing to the redemption of OCEANEs in shares and to the exercise of stock options (creation of 49,005 new shares).

Authorized, unissued capital

The Extraordinary Shareholders' Meeting of March 7, 2013 approved several resolutions authorizing the Board of Directors to increase the Company's capital. The Board of Directors may delegate the right to use these authorizations in accordance with the law, the Company's bylaws and Articles L.225-127 et seq. of the French Commercial Code.

The purpose of these authorizations is to enable the Company to issue shares and share equivalents in order to raise any necessary financial resources in a swift and flexible manner.

These delegations and authorizations expire in May 2015.

Potential capital

The exercise of all outstanding equity warrants and stock options would result in the Company's share capital being increased to €154,136,080 consisting of 38,534,020 shares, representing a dilution of 20.9%. These figures take into account all the securities outstanding at October 31, 2013 that are convertible, redeemable, exchangeable or otherwise exercisable for common shares at a future date.

At 10/31/2013	
Outstanding shares	31,871,564
OCEANE (maturity 11/01/2015)(1)	5,492,850
Stock options (2)	1,169,606
Potential shares	38,534,020

(1) Based on 4,886,878 outstanding OCEANE at 10/31/2013 with a provisionally adjusted conversion ratio of 1 bond for 1.124 shares following the public tender offer.

(2) It being specified however that 571,369 options have an exercise price of above €17.50.

Authorizations	Maximum amount/ceiling	Duration	Expiry date	Total used in 2012/2013
Issue of ordinary shares and various share equivalent with preemptive subscription rights	Capital: 50% of share capital at date of Shareholders' Meeting (1) Borrowings: €225m	26 mois	May 6, 2015	Unused
Issue of ordinary shares and various share equivalents without preemptive subscriptions rights, as part of a public tender offer	Capital: 15% of share capital at date of Shareholders' Meeting (1) Borrowings: €225m	26 months	May 6, 2015	Unused
Issue of ordinary shares and various share equivalents without preemptive subscription rights, in the event of an offer within the scope of section II of Article L.411-2 of the Monetary and Financial Code	Capital: 15% of share capital at date of Shareholders' Meeting (1) Borrowings: €225m	26 months	May 6, 2015	Unused
Issue of ordinary shares or various share equivalents in consideration of contributions in kind	10% of share capital (1)	26 months	May 6, 2015	Unused
Capital increase reserved for Group employees	5% of share capital at date of Shareholders' Meeting (1)	26 months	May 6, 2015	Unused
Capital reduction through share cancellations	10% of share capital per 24 month period	18 months	Sept 6, 2014	Unused

(1) *Amount included in the overall authorized ceiling: 50% of the share capital at the March 7, 2013 Shareholders' Meeting.*

Changes in capital since October 31, 2008

In € thousands	Capital	Premiums linked to transactions in the year	Number of shares	Nature of transaction
10.31.2008	77 512		19 377 905	
	25 837	22 643*	6 459 301	Capital increase
	9 776	10 407*	2 444 065	ORANE redemption
	1	6	137	OCEANE conversion
10.31.2009	113 126		28 281 408	
	7 709	7 986	1 927 203	ORANE redemption
	94	-94	23 608	Allocation of bonus shares
10.31.2010	120 929		30 232 219	
	70		17 777	ORANE redemption
	1		80	OCEANE conversion
10.31.2011	121 000		30 250 076	
	6 258	7073	1 564 492	ORANE redemption
	32	54	7 991	Exercise of options
10.31.2012	127 290		31 822 559	
	7	18	1 711	OCEANE conversion
	189	335	47 294	Exercise of options
10.31.2013	127 486		31 871 564	

** Net of costs*

Transactions on company shares

Authorization to trade in the Company's shares

The 6th resolution of the Combined Shareholders' Meeting of March 7, 2013 authorizes the Board of Directors to trade in the Company's shares on the stock market, in accordance with Articles L.225-209 et seq. of the French Commercial Code and with Regulation No. 2273/2003 of the European Commission.

This authorization is valid for a period of 18 months, i.e. until September 6, 2014.

Maximum share of capital – maximum number and characteristics of securities that the Company proposes to purchase – maximum purchase price

The Annual Shareholders' Meeting decided that the number of shares that may be acquired should not exceed 10% of the number of shares comprising the Company's share capital or 5% of the number of shares comprising the Company's share capital at any time for those shares acquired for holding and subsequent use in payment or exchange as part of a merger, demerger or contribution.

The maximum purchase price per share is €40. The use of the buyback program is suspended during public offering periods.

Objectives of the buyback program

The objectives of this buyback program are as follows:

- to carry out transactions under a liquidity contract complying with a code of ethics recognized by the AMF;
- to cover option plans reserved for employees or other grants of shares to employees;
- to allocate shares for exchange or payment upon the issue of shares or share equivalents;
- to buy back up to 5% of the number of shares comprising the Company's capital, where these shares are held for use in acquisitions;
- to purchase shares for subsequent cancellation;
- to use for any other purpose which is, or could be, authorized by law.

Liquidity contract

On July 11, 2007, Club Méditerranée (ISIN FR0000121568) entered into a liquidity contract with Natixis Securities that complies with the AFEI Code of Ethics as approved by the AMF on March 22, 2005. For its implementation, €2,000,000 was initially allocated to this liquidity contract. The Company made an additional contribution of €2,000,000 in 2008.

Between March 7 and July 22, 2013, the Company purchased 119,510 shares at an average price of €13.28 and sold 112,795 shares at an average price of €13.26.

Under the terms of the public tender offer, this contract was suspended on May 27, 2013 and subsequently terminated on July 22, 2013. The 42,034 securities corresponding to the liquidity contract will be surrendered to the public tender offer.

Changes in ownership structure over the last three years

Summary of shareholders going over and under legal and statutory disclosure thresholds

Fiscal year	Shareholder	Declaration date	Type of threshold crossing	Number of shares	As a % of capital	Nb of voting rights	% of voting rights
2011	Fosun[1]	11/09/2010	↗ 9% C and VR	2,801,569	9.30%	2,801,569	9.10%
	GLG Partners	11/16/2010	↗ 7% C and VR	2,232,780	7.39%	2,232,780	7.16%
	GLG Partners	11/30/10 to 09/0711	↘ from 7% to 5% C and VR	1,490,004	4.93%	1,490,004	4.77%
	Fidelity (FMR LLC)	02/02/2011	↗ 5% C and VR	1,694,530	5.60%	1,694,530	5.43%
	Fidelity (FMR LLC)	03/04/2011	↗ 10% C and VR	3,122,936	10.33%	3,122,936	10.01%
	Crédit Agricole Capital Investissement	03/18/2011	↘ from 3% to 1% C and VR	0	0.00%	0	0.00%
	Axa Private Equity	03/21/11 to 08/22/11	↗ from 1% to 9% C and VR	2,810,830	9.29%	2,810,830	9.00%
	Fidelity (FMR LLC)	04/04/2011	↘ 10% C and VR	2,978,344	9.85%	2,978,344	9.54%
	Caisse des dépôts et consignations	10/07/2011	↗ 5% C	1,513,004	5.00%	1,513,004	4.85%
	Caisse des dépôts et consignations	10/26/2011	↗ 5% VR	1,561,565	5.00%	1,513,004	5.00%
2012	Franklin Finance	01/30/2012	↗ 5% C	1,516,000	5.01%	1,516,000	4.88%
	Franklin Finance	02/07/2012	↗ 5% VR	1,595,000	5.27%	1,595,000	5.13%
	GLG Partners	01/03/12 to 08/01/12	↘ from 4% to 1% C and VR	90,926	0.29%	90,926	0.28%
	Fosun	07/10/2012	↘ 10% C and VR	3,172,430	9.96%	5,241,794	15.10%
2013	FMR (Fidelity)	06/05/2013	↘ 5% VR	1,773,980	5.57%	1,773,980	4.98%
		06/26/2013	↘ 5% C	1,578,980	4.96%	1,578,980	4.44%
	UBS	06/03/2013	↗ 1% C and VR	465,417	1.46%	465,417	1.32%
		06/27/2013	↗ 2% C and VR	890,074	2.80%	890,074	2.50%
		07/23/2013	↗ 5% C	1,614,311	5.07%	1,614,311	4.53%
		07/31/2013	↘ 5% C	1,495,895	4.70%	1,495,895	4.19%
		08/05/2013	↗ 5% C	1,654,043	5.19%	1,654,043	4.64%
		08/06/2013	↘ 5% C	1,585,157	4.98%	1,585,157	4.44%
		08/07/2013	↗ 5% C	1,653,840	5.19%	1,653,840	4.64%
		08/08/2013	↘ 5% C	1,577,070	4.95%	1,577,070	4.42%
	Polygon	06/27/2013	↗ 1% C	456,285	1.43%	456,285	1.28%
		07/24/2013	↗ 2% C	645,088	2.03%	645,088	1.81%
		08/08/2013	↗ 3% C and 2% VR	956,515	3.00%	956,515	2.68%
		10/08/2013	↗ 3% VR	1,137,586	3.57%	1,137,586	3.18%
	Crédit Suisse	07/23/2013	↗ 5% C	1,642,611	5.16%	1,642,611	4.60%
		08/06/2013	↗ 5% VR	1,810,347	5.68%	1,810,347	5.08%
	Norges Bank	07/10/2013	↘ 5% C	1,518,216	4.77%	1,518,216	4.26%
		07/08/2013	↗ 5% C	1,629,615	5.12%	1,629,615	4.57%
	Tyrus Capital	06/25/2013	↗ 3% C	1,040,000	3.27%	1,040,000	2.92%
		06/27/2013	↗ 5% C	1,725,000	5.42%	1,725,000	4.85%
	GLG partners	03/11/2013	↗ 1% C	318,230	1.00%	318,230	0.89%
		03/19/2013	↘ 1% C	315,180	0.99%	315,180	0.89%
		03/22/2013	↗ 1% C	319,619	1.00%	319,619	0.90%
	Wellington	07/18/2013	↘ 1% C and VR	76,447	0.24%	76,447	0.24%
	Moneta	03/11/2013	↗ 3% C	1,061,211	3.33%	1,061,211	2.98%

[1] *Which reads: on November 9, 2010, Fosun declared crossing upwards the 9% capital and voting rights threshold and holding 2,801,569 shares, i.e. 9.3% of capital and 2,801,569 voting rights, i.e. 9.1% of voting rights.*

Attendance and representation at Shareholders' Meetings

1 – All shareholders have the right to attend Shareholders' Meetings in accordance with applicable laws and to take part in votes, in person or by proxy, whatever the number of shares held, upon proof of their identity.

2 – All shareholders may vote by correspondence using the absentee ballot issued by the Company. Details of how to obtain absentee ballots are provided in the meeting notice.

3 - Shareholders may give proxy only to their spouse, civil partner or another shareholder.

4 – Pursuant to the applicable laws and regulations, for shareholders to be entitled to participate in Shareholders' Meetings or cast an absentee ballot, their shares must be recorded in accordance with the relevant regulations no later than midnight (CET) on the third business day preceding the meeting (the "record date"). Shareholders who have cast an absentee ballot, lodged a proxy or requested an admission card or participation certificate in accordance with the applicable regulations may still sell all or some of their shares. However, if the sale takes place prior to the record date, the Company will take the appropriate measures to cancel or amend any related vote by mail, proxy, and admission card and/or participation certificate. Any sales or any other transaction by any method after the record date will not be reported by the shareholder's bank or broker and will not be taken into account by the Company, irrespective of any agreement providing otherwise.

5 – Holders of registered shares will be admitted to the meeting on proof of their identity. Holders of bearer shares will be admitted on proof that their shares have been recorded as described above.

Shareholders will be admitted to the meeting on proof of their status. The Board of Directors may decide to issue individual admission cards to shareholders, in which case only the named shareholder or proxy may use the card.

6 - If the Board allows it when convening the Annual Shareholders' Meeting, shareholders may take part in the meeting by videoconference or by any means of telecommunication or remote transmission, including the Internet, which allows them to be identified in accordance with applicable regulations. Where applicable, this decision is communicated in the meeting notice and in the notice published in the Official Gazette (*Bulletin des Annonces Légales Obligatoires*; BALO).

Identifiable bearer securities

The bylaws authorize the Company to apply at any time to the French securities clearing agency for details of the identity of holders of voting shares and any securities convertible, exchangeable, redeemable, or otherwise exercisable for voting shares, and of the number of securities held by each such holder, pursuant to Article L.228-2 of the French Commercial Code. The Company makes such applications each year.

Double voting rights

Article 8 of the bylaws stipulates that all fully paid-up shares registered in the name of the same holder for at least two consecutive years carry double voting rights.

In the event such shares are transferred or converted to bearer form, they are stripped of their double voting rights. However, double voting rights are not lost and the two-year qualifying period continues to run if the shares are transferred in the estate of a deceased shareholder, or in connection with the settlement of the marital estate, or a donation *inter vivos* to a spouse or relative in the direct line of succession.

Disclosure thresholds – statutory limits – shareholders and intermediaries liable for disclosure

Article 7 of the bylaws stipulates that any shareholder acting alone or in concert with others that directly or indirectly acquires a number of shares representing at least 1% of the Company's capital or voting rights or any multiple thereof is required to notify the Company of the total number of shares and voting rights held. Disclosure must be made by registered letter with return receipt requested, within five trading days of the date on which the disclosure threshold is crossed. These disclosure thresholds apply in addition to the 5%, 10%, 15%, 20%, 25%, 30%, 33.3%, 50%, 66.7%, 90% and 95% thresholds provided for in Article L.233-7 of the French Commercial Code.

The same disclosure rules apply if a shareholder's interest is reduced to below any of the above thresholds.

For the purpose of applying these rules, the terms "shares" and "voting rights" have the same meaning as in Articles L.233-3, L.233-9 and L.233-10 of the French Commercial Code.

In the case of failure to comply with these requirements, duly noted in the minutes of the Shareholders' Meeting, the shares in excess of the relevant threshold will be stripped of voting rights at all Shareholders' Meetings for the period provided for by law at the request of one or several shareholders together holding at least 5% of the Company's capital or voting rights.

Breakdown of capital and voting rights

The table below presents the evolution of the distribution of shares and voting rights of Club Méditerranée Group since 2011.

Credit Suisse and UBS also declared to have exceeded the threshold of 5% of capital due to the shareholding of the Company related to the coverage of Contracts For Differences[21] (CFD).

To the knowledge of the Company, there are no shareholders other than those indicated in the table below which holds, directly or indirectly, alone or together, more than 5% of the capital or voting rights of the Company.

[21] *A "financial contract for differences" or "CFD" is a financial instrument by which term the investor acquires the right to collect the difference between the price of the underlying at the time of conclusion of the contract and price on the exercise date*

	2011				2012				2013			
	Number of shares		Voting rights		Number of shares		Voting rights		Number of shares		Voting rights	
	At 10/31/11	%	At 10/31/11	%	At 10/31/12	%	At 10/31/12	%	At 10/31/13	%	At 10/31/13	%
Fosun Property Holding Limited	2,940,295	9.7%	2,940,295	9.4%	3,170,579	9.96%	5,418,130	15.5%	3,170,579	9.9%	6 110 874(1)	17.1%
AXA Private Equity (now Ardian)	2,982,352	9.9%	2,982,352	9.6%	2,982,352	9.4%	2,982,352	8.5%	2,982,352	9.4%	2,982,352	8.4%
Guo Guangchang	-	-	-	-	1,851	0.0%	3,702	0.0%	1,851	0.0%	3,702	0.0%
Henri Giscard d'Estaing	1,467	0.0%	1,517	0.0%	1,483	0.0%	1,533	0.0%	1,483	0.0%	1,533	0.0%
Combined sub-total	-	-	-	-	-	-	-	-	**6,156,265**	**19.3%**	**9,098,461**	**25.5%**
CMVT International (Groupe CDG Maroc)	2,750,231	9.1%	2,750,231	8.8%	2,250,231	7.1%	2,250,231	6.4%	2,250,231	7.1%	2,250,231	6.3%
Rolaco	1,513,181	5.0%	1,513,181	4.8%	1,793,053	5.6%	1,793,053	5.1%	1,793,053	5.6%	1,793,053	5.0%
Benetton	-	-	-	-	700,000	2.2%	700,000	2.0%	708,000	2.2%	708,000	2.0%
Caisse des dépôts et consignations	1,571,865	5.2%	1,571,865	5.0%	1,908,492	6.0%	1,908,492	5.5%	1,908,492	6.0%	1,908,492	5.3%
Tyrus Capital(2)	-	-	-	-	-	-	-	-	1,725,000	5.4%	1,725,000	4.8%
Franklin Finance	450,000	1.5%	450,000	1.4%	1,843,200	5.8%	1,843,200	5.3%	1,500,000	4.7%	1,500,000	4.2%
Polygon Global Partners(2)	-	-	-	-	-	-	-	-	1,174,827	3.7%	1,174,827	3.3%
Moneta	832,149	2.8%	832,149	2.7%	804,010	2.5%	804,010	2.3%	1,149,985	3.6%	1,149,985	3.2%
Boussard & Gavaudan(3)	-	-	-	-	-	-	-	-	1,089,955	3.4%	1,089,955	3.1%
Air France Finance	516,214	1.7%	516,214	1.7%	635,342	2.0%	635,342	1.8%	635,342	2.0%	635,342	1.8%
GLG Partners LP (2)	1,491,000	4.9%	1,491,000	4.8%	385,350	1.2%	385,350	1.1%	315,222	1.0%	315,222	0.9%
Fidelity (FMR LLC)	2,964,507	9.8%	2,964,507	9.5%	2,641,000	8.3%	2,641,000	7.6%	149,600	0.5%	149,600	0.4%
French institutional investors(4)	2,551,419	8.4%	2,609,483	8.4%	1,991,268	6.3%	2,049,091	5.9%	2,842,411	8.9%	2,900,613	8.1%
Foreign institutional investors(4)	7,186,111	23.8%	7,996,511	25.6%	6,618,102	20.8%	7,294,154	20.9%	6,010,031	18.9%	6,686,133	18.7%
Treasury stock(5)	222,214	0.7%	222,214	0.7%	230,733	0.7%	230,733	0.7%	208,804	0.7%	208,804	0.6%
Employees	27,840	0.1%	46,740	0.1%	26,700	0.1%	53,400	0.2%	24,800	0.1%	49,600	0.1%
Public and other(4)	2,249,231	7.4%	2,336,570	7.5%	3,838,813	12.1%	3,952,190	11.3%	2,229,546	7.0%	2,344,379	6.6%
Total	**30,250,076**	**100%**	**31,224,829**	**100%**	**31,822,559**	**100%**	**34,945,963**	**100%**	**31,871,564**	**100%**	**35,687,697**	**100%**

(1) Of which 5,866,536 voting rights can be exercised.
(2) Contracts for difference (the contract for difference, or CFD, is a forward financial instrument by which the investor acquires the right to be paid the difference between the price of the underlying asset on the date the contract is agreed and the price on the exercise date.
(3) Including 853,582 CFDs, representing 2.7% of the capital.
(4) Where applicable, excluding shares and voting rights underlying the CFDs.
(5) Treasury shares for which voting rights cannot be exercised.

Single voting rights	31,871,564
Double voting rights	3,816,133
Total voting rights	**35,687,697**

**Includes 208,804 shares with voting rights held by the Company not exercisable*

6.4 • INVESTOR RELATIONS

Club Méditerranée provides its shareholders with regular and consistent information on changes in its earnings and on its strategy, in accordance with stock market regulations.

More specifically, the Investor Relations Director informs institutional investors and financial analysts about the Group's strategy, earnings and significant developments.

6.4.1 Modern and complementary tools

Financial news, Group informational documents and the Company's bylaws can be found on the corporate website www.clubmed-corporate.com or are available on request. Specifically, this includes the following documents:

- the annual report filed with the AMF;
- the half-yearly financial report;
- the twice-yearly letter sent to the Shareholder Club with an up-to-date message from the Chairman and Chief Executive Officer presenting developments in the Group;
- information memoranda for financial transactions filed with the AMF;
- changes in the Club Méditerranée share price;
- the notice convening the Annual Shareholders' Meeting sent automatically to all registered shareholders;
- etc…

In addition, earnings announcements to analysts are broadcast live and recorded (video).

Finally, Club Méditerranée publishes regulated information electronically via a professional publisher who meets the criteria set by the AMF General Regulations; it also posts such regulated information on its website as soon as it is published.

6.4.2 Shareholder Club

The Club Méditerranée Shareholder Club was created in 1999 in order to building loyalty among individual shareholders by maintaining personalized relations with its members. Modern, complementary communication tools enable Shareholder Club members to discover or find out more about the Group and its activities, results and products.

As at October 31, 2013, around 7% of Club Méditerranée's share capital is represented by individual shareholders.

Benefits and services

Local-rate number for any information about the Club Méditerranée Group: 0 810 186 186

This local-rate number is available exclusively to Shareholder Club members. It is published widely in the press, in this Annual Report, on the website http://www.clubmed.com and on the Shareholder Club membership card.

This service allows shareholders to ask the Investor Relations department any practical questions about Club Méditerranée's shares, results, strategy or Group news.

The letter to shareholders

This e-newsletter is sent twice yearly to Shareholder Club members.

Featuring a message from the Chairman, the newsletter combines information on the Group's news, ownership structure and results.

A dedicated local-rate number for booking vacations: 0 810 188 188

Shareholder Club members can call a dedicated number to book Club Med vacations. This reduces their waiting time and brings them a personalized service.

Becoming a member

The criteria for joining the Shareholder Club, which were amended on 06/26/2013 and 10/09/2013, are as follows:

- you must be a shareholder in registered or bearer form;
- you must hold at least 20 Club Méditerranée shares;
- you must send a completed membership form to the Shareholder Club, together with a bank-issued certificate of share ownership.

Shareholder Club membership expires at the end of May and can be renewed on an annual basis.

Once their membership has been approved, new Shareholder Club members receive a card bearing their GM® number and reminding them of the services to which they have access.

Forthcoming events

Individual shareholders are invited to the Group's Annual Shareholders' Meeting, which will take place on April 25, 2014.

6.4.3 Contacts

Investor Relations and Financial Communication

11 rue de Cambrai – 75019 Paris
Tél. : + 33 (1) 53 35 30 75
Fax. : + 33 (1) 53 35 32 73
e-mail : investor.relations@clubmed.com

Individual shareholder relations

A dedicated "Shareholder Relations" line is available to individual shareholders to answer any practical questions they may have on Club Méditerranée shares, as well as more targeted questions on the Group's latest news and developments: 0 810 186 186 (price of a local call in France) or actionnaires@clubmed.com.

6.4.4 List of information published during fiscal year 2013

March 7, 2013: 1st quarter 2013 revenue
May 27, 2013: Half-year 2013 results
September 13, 2013: 2013 Third quarter revenue
December 6, 2013: 2013 Annual Results

6.4.5 2014 Financial Calendar

February 2014, 21: 1st quarter 2014 revenue
April 25, 2014: Annual Shareholders' Meeting
June 2014: Half-year 2014 results
September 2014: 2014 Third quarter revenue
December 2014: 2014 Annual Results

7 - ADDITIONAL INFORMATION

7.1 - ANNUAL SHAREHOLDERS' MEETING……………….p223

7.1.1 Annual shareholders' meeting

7.1.2 Statutory Auditors' Special Report on Related-Party Agreements

7.2 - ADDITIONAL INFORMATION…………………………..p228

7.2.1 Statutory Auditors' Engagement and Fees

7.2.2 Persons responsible

7.3 - CROSS-REFERENCE TABLES………………………p230

7.3.1 Annual report cross-reference table.

7.3.2 Financial report cross-reference table

7.3.3 CSR cross-reference table

Pragelato – Vialattea - Italia

7.1 • ANNUAL SHAREHOLDERS' MEETING

7.1.1 Annual Shareholders' Meeting

The Annual Shareholders' Meeting shall take place on April 25, 2014.

7.1.2 Statutory Auditors' Special Report on Related-Party Agreements

To the Shareholders,

In our capacity as Statutory Auditors of Club Méditerranée (the "Company"), we present below our report on related-party agreements and commitments.

It is our responsibility to report to the shareholders, based on the information provided to us, the main terms and conditions of agreements and commitments that have been disclosed to us or that we have discovered in the course of our work, without commenting on their relevance or substance or identifying other undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Moreover, it is our duty where appropriate to provide you with the information specified in Article R. 225-31 of the French Commercial Code relating to the execution during the last fiscal year of agreements and commitments previously approved by the Annual Shareholders' Meeting.

We have implemented procedures that we deemed necessary in compliance with the professional standards of the French National Institute of Statutory Auditors which relate to this task. These procedures consisted of verifying the consistency of the information that we were given with the documents from which it came.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE ANNUAL SHAREHOLDERS' MEETING

Agreements and commitments authorized during the last fiscal year

In application of Article L. 225-40 of the French Commercial Code, we have been informed of the following agreements and commitments authorized in advance by the Board of Directors.

1. With Caisse de Dépôt et de Gestion du Maroc

Persons concerned

CMVT International represented by Amine Benhalima, a subsidiary of Caisse de Dépôt et de Gestion du Maroc and Anass Houir Alami, Non-Executive Chairman of CMVT International and Chief Executive Officer of Caisse de Dépôt et de Gestion du Maroc.

Type of agreement and purpose

Memorandum of understanding relating to the renewal of operation of the La Medina village (Morocco) and addendum to the lease.

Terms and conditions

In its meeting of November 8, 2012, the Board of Directors authorized the signature of:

(i) a memorandum of understanding between the Company and Société Immobilière de la Mer, a subsidiary of Caisse de Dépôt et de Gestion du Maroc, the leaseholder of the La Medina village through the Régime Collectif d'Allocation de Retraite (collective pension scheme), and the Company's lessor at the same site;

(ii) an addendum to the lease agreement for the La Medina village.

The memorandum of understanding, pursuant to which the parties agree to work together in good faith with a view to examining the ways of implementing the different options regarding the renewal of operation of the village, was signed on March 6, 2013. As indicated in paragraph 6c below on the construction work undertaken with Société Immobilière de la Mer, the Company assumed liability for the lease payments as of said date.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years

A. which continued during the last fiscal year

In accordance with Article R. 225-30 of the French Commercial Code, we were informed that the following agreements and commitments, already approved by the Annual Shareholders' Meeting in previous years, continued during the last fiscal year.

1. With Club Méditerranée's corporate officers

Persons concerned

Henri Giscard d'Estaing (Chairman and Chief Executive Officer) and Michel Wolfovski (Executive Vice-President).

Type of agreement and purpose

Defined-contribution supplemental pension plan.

Terms and conditions

During its meeting of December 8, 2010, the Board of Directors approved the inclusion of corporate officers in the defined-contribution supplemental pension plan benefiting all executives of Club Méditerranée since 1966 and the adjustment of the contribution rate from 5% to 10% for all executives, including corporate officers, whose compensation is greater than eight times the annual Social Security ceiling.

The amount of contributions made to the plan in respect of Club Méditerranée's corporate officers was EUR 152,575 during the fiscal year ended October 31, 2013.

2. With Henri Giscard d'Estaing, Chairman and CEO

Type of agreement and purpose

Suspension of employment contract.

Terms and conditions

On March 16, 2005, the Board of Directors approved the suspension of Henri Giscard d'Estaing's employment contract as a result of his appointment as Chairman and Chief Executive Officer, and authorized the amendments to be made to the contract, including the conditions under which said contract would resume in the event of termination of Henri Giscard d'Estaing's duties as Chairman and Chief Executive Officer.

On March 3, 2011 the Board of Directors renewed Mr. Giscard d'Estaing's appointment as Chairman and CEO, and therefore his employment contract continued to be suspended during the year ended October 31, 2013.

3. With Michel Wolfovski, Executive Vice-President

Type of agreement and purpose

Amendment to compensation conditions.

Terms and conditions

Following the approval of the Board of Directors on June 6, 2012, Club Méditerranée agreed on June 7, 2012 to an addendum to the employment contract of Michel Wolfovski, Executive Vice-President and Chief Financial Officer, changing his compensation conditions.

As of April 1, 2012, compensation awarded to Michel Wolfovski in respect of his employment contract breaks down as follows:

(i) a gross monthly basic salary of EUR 27,100 paid according to a 13-month schedule;

(ii) a per diem travel allowance to be paid in advance in the fixed gross amount of EUR 2,360 per month, according to a 12-month schedule.

This agreement continued during the fiscal year ended October 31, 2013.

4. With the Club Méditerranée Foundation

Person concerned

Henri Giscard d'Estaing, Chairman and CEO

Type of agreement and purpose

Contributions to the Club Méditerranée Foundation.

Terms and conditions

At its meeting on December 13, 2004, the Supervisory Board authorized the Company to provide the Club Méditerranée Foundation with various contributions to enable it to conduct its operations.

These contributions related to the following:

- staff (payment of the salary of the head of the Foundation and their assistant, as well as amounts paid to interns and the share of the accountant's salary corresponding to the time devoted to the Foundation's books);
- premises (rent and rental expenses on a pro rata basis);
- equipment and furniture.

These contributions represented the following amounts for the year ended October 31, 2013:

	Amounts expressed in EUR thousands
Volunteered hours worked during working hours (sharing of job skills)	156
Allocated grant	114
Salaries and payroll taxes	234
Rent	64
Miscellaneous expenses	10
TOTAL	**578**

5. With the Rolaco Group

Persons concerned

Christina Jeanbart (Director), Saud Al Sulaiman (Director until March 7, 2013), and Lama Al Sulaiman (Director since March 7, 2013).

a) *Type of agreement and purpose*

Addendum to the Vittel village lease.

Terms and conditions

As authorized by the Board of Directors on January 8, 2010, on March 18, 2010 the Company signed an addendum to the Vittel village lease dated July 3, 2001 with Nouvelle Société de Vittel SAS, a subsidiary of the Rolaco Group.

The total rent paid during the year ended October 31, 2013 was EUR 4,324, 988 excluding taxes and charges.

b) *Type of agreement and purpose*

Rental agreement for the Vittel village.

Terms and conditions

As authorized by the Supervisory Board on June 25, 2001, the Company signed a lease agreement on July 3, 2001 for the Hôtel de la Tuilerie for 20 years and 5 months with Nouvelle Société Vittel SAS, a subsidiary of the Rolaco Group.

Rent paid over the year ending October 31, 2013 was EUR 30,000 excluding taxes.

c) *Type of agreement and purpose*

Management Agreement for the Sinai Bay village (Egypt) and Sales and Marketing Agreements.

Terms and conditions

As authorized by the Board of Directors on January 8, 2010, Club Méditerranée entered into the following agreements:

(i) on January 25, 2010, with Med Taba for Hotels SAE, a subsidiary of the Rolaco Group, a second addendum to the Management Agreement dated February 18, 2007 for the Sinai Bay village, including new dates for the delivery and opening of the village, the addition of a 5-Trident area, and an adjustment of the guaranteed minimum EBITDA (to EUR 5 million per annum for the first four fiscal years);

(ii) on June 2, 2010, with Med Taba for Hotels SAE, an addendum to the Sales and Marketing Agreement dated February 18, 2007 regarding cost-sharing between the parties in cases of force majeure;

(iii) on October 20, 2010, with Med Taba for Hotels SAE and Proparco, a direct payment agreement whereby Club Méditerranée agrees primarily to pay sums owed to Med Taba for Hotels SAE under the Management Agreement into a bank account pledged to Proparco;

(iv) on October 8, 2010, with Med Taba for Hotels SAE and the Egyptian branch of your Company, a bridging agreement on the implementation of both the Management Agreement and the Sales and Marketing Agreement which, among other things, allows the Company to withhold certain amounts, including its compensation, from the revenues due to the owner of the village.

d) *Type of agreement and purpose*

Lease agreement for the Villars-sur-Ollon property complex (Switzerland).

Terms and conditions

Following the Company's sale of the Villars-sur-Ollon village to Nouvelle Société Villars Palace, whose majority shareholder is indirectly the Rolaco Group, Club Méditerranée entered into a lease agreement for the purpose of renting the entire property complex for a period of 20 years from May 1, 1999, based on an annual rent of CHF 1,500,000, indexed to the price of vacations.

On June 8, 2006 the Board of Directors authorized the signature of an addendum to the above lease agreement, providing specifically for the renovation of the Villars-sur-Ollon village and an increase in the rent.

The rent paid during the year ended October 31, 2013 was CHF 3,385,020 excluding taxes and charges.

6. With Caisse de Dépôt et de Gestion du Maroc

Persons concerned

CMVT International represented by Amine Benhalima, a subsidiary of Caisse de Dépôt et de Gestion du Maroc and Anass Houir Alami, Non-Executive Chairman of CMVT International and Chief Executive Officer of Caisse de Dépôt et de Gestion du Maroc.

a) *Type of agreement and purpose*

Development of a new resort in Chbika, southern Morocco.

Terms and conditions

At its meeting on November 3, 2011, the Board of Directors authorized the signing of agreements to develop a new resort in Chbika, southern Morocco.

The following agreements were signed on May 28, 2012:

(i) a Management Agreement;

(ii) a Sales and Marketing Agreement between the Chbika Rive Hotel company, in its capacity as owner, and Club Méditerranée, in its capacity as marketer;

(iii) a Technical Support Agreement between the Chbika Rive Hotel company, in its capacity as owner, and Club Méditerranée, in its capacity as a consultant, on the design and execution of construction work for the resort.

Neither of the first two agreements was executed during the year ended October 31, 2013. Execution of the Technical Support Agreement is under way, but no invoicing took place during the year ended October 31, 2013. As per the agreement, the first invoice and first payment will occur only after execution of the first phase of the consultancy mission.

b) *Type of agreement and purpose*

Project management agreement with Société Immobilière de la Mer.

Terms and conditions

As authorized by the Board of Directors on June 10, 2010, Club Méditerranée entered into the following agreements with Société Immobilière de la Mer:

(i) a project management agreement dated June 11, 2010 for the completion of studies prior to the renovation of the Yasmina village;

(ii) an addendum to the project management contract of June 11, 2010 dated August 5, 2010;

(iii) a project management contract dated October 19, 2010 for the renovation and extension of the Yasmina village;

(iv) an addendum to the project management contract of October 19, 2010 dated September 24, 2011.

Under these agreements, Club Méditerranée sent Société Immobilière de la Mer an invoice for the sum of MAD 5,949,515 during the fiscal year ended October 31, 2012. Société Immobilière de la Mer has paid Club Méditerranée MAD 3,569,709, representing 60% of the total amount; the remaining 40% will be paid upon completion of the work.

These agreements did not give rise to any new invoices in the year ended October 31, 2013.

c) *Type of agreement and purpose*

Construction work undertaken with Société Immobilière de la Mer.

Terms and conditions

On December 11, 2006 and June 7, 2007, the Board of Directors authorized the Company to undertake construction and fitting-out projects at the Yasmina, Marrakech La Palmeraie and Agadir villages with Société Immobilière de la Mer, a company set up in partnership with Caisse de Dépôt et de Gestion du Maroc to hold Club Méditerranée's assets in Morocco.

Two addenda to the rental agreements for the villages of Agadir and Marrakech la Palmeraie were signed on February 5, 2009. An addendum to the rental agreement of the Yasmina village was signed on September 24, 2011.

The rent paid for all villages operated by Club Méditerranée in Morocco, including the Marrakech La Medina village, amounted to MAD 134,221,459 excluding taxes during the year ended October 31, 2013.

B. not continued during the last fiscal year

In addition, we were informed of the extension of the following agreements and commitments that were already approved by Annual Shareholders' Meetings in previous years but were not carried out during the last fiscal year.

1. With the Company's senior managers and the corporate officers of subsidiaries

Persons concerned

Henri Giscard d'Estaing (Chairman and Chief Executive Officer) and Michel Wolfovski (Executive Vice-President).

Type of agreement and purpose

Commitment to indemnify in cases where the persons concerned are held liable.

Terms and conditions

At the Supervisory Board meeting of December 11, 1997, the Company undertook to indemnify certain of its senior managers and corporate officers of subsidiaries and associates, or to supplement their insurance payments, if they are held liable in a claim that:

- is not covered by the relevant insurance policy due to exclusion clauses;
- is only partially covered as the policy contains a deductible.

This agreement was not applied during the year ended October 31, 2013.

2. With Henri Giscard d'Estaing, Chairman and CEO

Type of agreement and purpose

Severance package and related extension of provident insurance and healthcare.

Terms and conditions

On December 10, 2008, the Board of Directors, in accordance with articles L. 225-38 and L. 225-42-1 of the French Commercial Code as amended by Law No. 2007-1223 of August 21, 2007 (the "TEPA Act"), decided to define the severance compensation that would be payable to Henri Giscard d'Estaing. At its meetings on May 5, 2009 and March 3, 2011, the Board of Directors specified the arrangements for the application of such severance compensation.

In the event that Henri Giscard d'Estaing is dismissed, except in the case of serious misconduct or gross negligence on his part, or in the event of a unilateral amendment by the Company of his employment contract resulting in its termination, which would produce the effects of a dismissal, he shall be entitled to contractual severance compensation ("Contractual Severance Compensation") equal to two years' gross pay.

The two years of gross pay serving as a basis for calculating the Contractual Severance Compensation includes all fixed and variable compensation paid either under the employment contract or for offices held during the 24 months preceding that in which the notice period expires, i.e., the annual base salary, annual bonuses, benefits in kind and fees received as a director of companies other than Club Méditerranée, but belonging to the same group, and which have been subject to withholding tax.

In addition, at its meeting on November 3, 2011, the Board of Directors, in accordance with Articles L. 225-38 and L. 225-42-1 of the French Commercial Code, sought to allow the Chairman and CEO to benefit from the continuity of all or part of his provident insurance and healthcare coverage in the same spirit as that established for the employees of the Company who are eligible for portability.

The Board of Directors thus decided to extend Henri Giscard d'Estaing's provident insurance and healthcare coverage in the event of dismissal or mutual termination of his employment contract for a period of no more than nine months from the end of any notice period given for the Chairman and Chief Executive Officer.

The total contribution amount for the maximum period of nine months would be EUR 4,500 and would be borne by Club Méditerranée.

These commitments are subject to performance objectives whose achievement will be assessed by the Board of Directors and will be submitted for further approval by the Shareholders' Meeting when the Chairman and CEO is reappointed.

The full terms and conditions of these commitments are set out in subsection 7.3.2 of the Management Report (cross-reference table referring to section 2.2 of the 2013 Registration Document).

These commitments did not have any effect during the year ended October 31, 2013.

3. With Michel Wolfovski, Executive Vice-President

Type of agreement and purpose

Severance package.

Terms and conditions

On December 10, 2008, the Board of Directors, in accordance with Articles L. 225-38 and L. 225-42-1 of the French Commercial Code as amended by Law No. 2007-1223 of August 21, 2007 (the “TEPA Act”), decided to define the severance compensation that would be payable to Michel Wolfovski in the event of his departure under the conditions set out below. At its meetings on May 5, 2009 and March 3, 2011, the Board of Directors specified the arrangements for the application of such severance compensation.

In the event that Michel Wolfovski is dismissed, except in the case of serious misconduct or gross negligence on his part, he shall be entitled to contractual severance compensation (“Compensation”) equal to two years’ gross pay, under the conditions set out below.

The two years of gross pay serving as a basis for calculating the Compensation includes all fixed and variable compensation paid either under the employment contract or for offices held during the 24 months preceding that in which the notice period expires, i.e., the annual base salary, annual bonuses, benefits in kind and fees received as a director of companies other than Club Méditerranée, but belonging to the same group, and which have been subject to withholding tax.

This commitment is subject to performance objectives whose achievement will be assessed by the Board of Directors and will be submitted for further approval by the Shareholders’ Meeting when the Executive Vice-President is reappointed.

The full terms and conditions of this commitment are set out in subsection 7.3.2 of the Management Report (cross-reference table referring to section 2.2 of the 2013 Registration Document).

This commitment did not have any effect during the year ended October 31, 2013.

4. With the Rolaco Group

Persons concerned

Christina Jeanbart (Director), Saud Al Sulaiman (Director until March 7, 2013), and Lama Al Sulaiman (Director since March 7, 2013).

Type of agreement and purpose

Agreement for commercial support and development assistance for new villages in the Middle East.

Terms and conditions

As authorized by the Supervisory Board on June 25, 2001, the Company signed an agreement with the Rolaco Group on September 28, 2001 relating to the provision of commercial support and development assistance for new villages in the Middle East.

This is a four-year renewable agreement, and the related fees correspond to the following:

(i) for commercial support: a commission representing 2% for the first two years and 3% for the following two years, determined based on sales of Club Med products in the Middle East;

(ii) for development assistance: a fee of EUR 650 per new bed marketed in the region.

This agreement was not applied during the year ended October 31, 2013.

Paris-La Défense and Neuilly-sur-Seine, December 19, 2013

The Statutory Auditors

ERNST & YOUNG Audit	DELOITTE & ASSOCIES
Jean-Pierre Letartre	Jean-François Viat

7.2 ADDITIONAL INFORMATION

7.2.1 Statutory Auditors' Engagement and Fees

7.2.1.1. Engagement

Standing Statutory Auditors

Ernst & Young Audit, Tour First, 1 Place des Saisons, 92400 Courbevoie, represented by Jean-Pierre Letartre.

Ernst & Young Audit was appointed for the first time at the Annual General Meeting of April 30, 1981. Its appointment was renewed at the Annual General Meeting of March 7, 2013 for a period of six years expiring at the Annual General Meeting called to approve the fiscal 2018 financial statements.

Deloitte & Associés, 185 avenue Charles de Gaulle 92524 Neuilly-sur-Seine Cedex, represented by Jean-François Viat.

Deloitte & Associés was appointed for the first time at the Annual General Meeting of March 17, 2003. Its appointment was renewed at the Annual General Meeting of March 7, 2013 for a period of six years expiring at the Annual General Meeting called to approve the fiscal 2018 financial statements.

Alternate Standing Auditors

- Auditex, Tour First, 1 Place des Saisons, 92400 Courbevoie

Auditex was appointed for the first time at the Annual General Meeting of March 11, 2008. Its appointment was renewed at the Annual General Meeting of March 7, 2013 for a period of six years expiring at the Annual General Meeting called to approve the fiscal 2018 financial statements.

- Cabinet Beas, 7-9 Villa Houssay, 92200 Neuilly-sur-Seine

Beas was appointed for the first time at the Annual General Meeting of March 17, 2003. Its appointment was renewed at the Annual General Meeting of March 7, 2013 for a period of six years expiring at the Annual General Meeting called to approve the fiscal 2018 financial statements.

7.2.1.2. Fees paid to the Statutory Auditors

(in € thousands)

	Ernst & Young network				Deloitte network			
	2013		2012		2013		2012	
	Amount excl. VAT	%	Amount excl. VAT	%	Amount excl. VAT	%	Amount excl. VAT	%
Statutory audit, certification, review of separate and consolidated accounts								
Issuer	444	50.6%	491	52.6%	359	54.7%	398	58.6%
Fully-consolidated subsidiaries	383	43.6%	395	42.3%	188	28.7%	201	29.6%
Audit-related services								
Issuer	8	0.9%	7	0.7%	47	7.2%	30	4.4%
Fully-consolidated subsidiaries					13	2.0%	11	1.7%
Subtotal	**835**	**95.1%**	**893**	**95.6%**	**607**	**92.5%**	**640**	**94.3%**
Other services provided to fully consolidated subsidiaries								
Legal and tax advice	43	4.9%	41	4.4%	49	7.5%	39	5.7%
Other								
Sub-total	**43**	**4.9%**	**41**	**4.4%**	**49**	**7.5%**	**39**	**5.7%**
Total fees	**878**	**100%**	**934**	**100%**	**656**	**100%**	**679**	**100%**

7.2.2 Persons responsible

Person responsible for the Annual Report

Henri Giscard d'Estaing

Chairman and Chief Executive Officer

11 rue de Cambrai – 75019 Paris

Phone: + 33 (1) 53 35 30 23

Vice-President, Investor Relations and Financial Communication

Pernette Rivain

11 rue de Cambrai – 75019 Paris

Phone: + 33 (1) 53 35 30 75

Fax: + 33 (1) 53 35 32 73

Email: pernette.rivain@clubmed.com

Statement by the person responsible for the Annual Report

"I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Annual Report is, to the best of my knowledge, consistent with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, i) the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial situation and results of Club Méditerranée and the consolidated companies, and ii) the management report on page 55 presents a fair view of the business, results and financial position of Club Méditerranée and the consolidated companies, as well as a description of the main risks and uncertainties they face.

I have obtained a statement from the Independent Auditors at the end of their engagement, affirming that they had audited the information about the financial position and the accounts contained in this Registration Document and had read the entire Annual Report."

Paris, January 31, 2014

Chairman and Chief Executive Officer

Henri Giscard d'Estaing

7.3. CROSS-REFERENCE TABLES

7.3.1 Annual Report cross-reference table

ANNUAL REPORT (online at www.clubmed-corporate.com)

The Group is regulated by Article L451-2 of the French Monetary and Financial Code and complies with the obligations thereunder.

This document includes the contents of the Registration Document, the annual financial report, the management report, the Chairman of the Board's report on corporate governance, and information on fees paid to the Statutory Auditors.

The following information is incorporated by reference in the Annual Report:

- The business report, the consolidated financial statements and separate financial statements of Club Méditerranée and the Statutory Auditors' reports thereon for the fiscal year 2010-2011 as presented on pages 23 to 36, pages 117 to 192, page 165 and page 193 of the Registration Document filed with the Autorité des Marchés Financiers on January 20, 2012.

- The business report, the consolidated financial statements and separate financial statements of Club Méditerranée and the Statutory Auditors' reports thereon for the fiscal year 2011-2012 as presented on pages 28 to 37, pages 129 to 178, page 181 to page 207 of the Registration Document filed with the Autorité des Marchés Financiers on January 24, 2013.

To facilitate the reading of the Annual Report, the cross-reference table below refers to the main headings required by Annex 1 of European Commission Regulation 809/2004 implementing the so-called "Prospectus" Directive.

1. Persons responsible	
1.1 Name and function of persons responsible	229
1.2. Declaration of persons responsible	229
2. Statutory auditors	
2.1. Names and addresses of the statutory auditors	228
2.2. Resignation, removal or non-reappointment	n/a
3. Selected financial information	
3.1. Selected historical financial information	5 ; 14-15
3.2. Selected historical financial information for interim periods	n/a
4. Risk factors	37
5. Information on the issuer	
5.1 History and development of the issuer	
5.1.1. Legal and commercial name of the issuer	207
5.1.2. Place of registration and registration number	207
5.1.3. Date of incorporation and duration	207
5.1.4. Registered office and legal form	207
5.1.5. Important events in the development of the business	9
5.2 Capital expenditures	
5.2.1. Principal investments for each financial year for the period covered by the historical financial information	62 ; 145 ; 165
5.2.2. Principal investments in progress, geographical distribution of these investments (home and abroad) and method of financing (internal or external)	n/a
5.2.3. Information concerning the principal investments that the issuer expects to make in the future and for which its management bodies have already made firm commitments	n/a
6. Business overview	
6.1. Principal activities	
6.1.1. Type of operations and principal activities	11-15 ; 55-65
6.1.2. Significant new products or services launched on the market	n/a

6.2. Principal markets	10 ; 16
6.3. Exceptional factors	64
6.4. Extent of dependence on patents and licenses, industrial, commercial or financial contracts, or new manufacturing processes	64
6.5. Competitive position	10 ; 37
7. Organizational structure	
7.1. Brief description of the Group	170 -172
7.2. List of major subsidiaries	170 -172
8. Property, plant and equipment	
8.1. Existing or planned property, plant and equipment, including leased properties, and any major encumbrances thereon	12-13 ; 62 ; 135-136 ; 145-146
8.2. Environmental issues that could affect the use of property, plant and equipment	39 ; 69
9. Operating and financial review	
9.1. Financial position	55-65 ; 128-130
9.2. Operating results	58
9.2.1. Significant factors	55
9.2.2. Material changes in net sales or revenues	56 ; 133
9.2.3. Policies or factors that have affected, or could affect, the issuer’s operations	16-18
10. Capital resources	
10.1. Issuer’s capital resources	130 ; 149-151 ; 157
10.2. Sources and amounts of cash flows	62-63 ; 129 ; 165-166
10.3. Borrowing requirements and funding structure	128 ; 157-158
10.4. Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, the issuer’s operations	63 ; 162
10.5. Anticipated sources of funds	n/a
11. Research and development, patents and licenses	n/a
12. Trend information	
12.1. Major trends	10 ; 64
12.2. Trends likely to affect the issuer’s prospects	10 ; 64
13. Profit forecasts or estimates	
13.1. Statement setting out the principal assumptions for estimates	n/a
13.2. Report by independent accountants or auditors relating to profit forecasts or estimates	n/a
14. Administrative, management and supervisory bodies and senior management	
14.1. Information about the members of the Board of Directors	28-31
14.2. Conflicts of interest	31
15. Remuneration and benefits	
15.1. Amount of remuneration paid and benefits in kind	32-36
15.2. Total amounts set aside or accrued to provide pension, retirement or similar benefits	32-36 ; 153-154
16. Board practices	
16.1. Expiration of current Board terms	21-31
16.2. Service contracts binding members of the administrative, management or supervisory bodies	n/a
16.3. Audit Committee and Remuneration Committee	25-26
16.4. Compliance with the principles of corporate governance applicable in France	25 ; 32
17. Employees	
17.1 Number of employees	163
17.2. Profit sharing and stock options	35
17.3. Employee ownership	219
18. Major shareholders	
18.1. Shareholders with greater than 5% stake	217-218

18.2. Existence of different voting rights	216 ; 218
18.3. Control of the issuer	n/a
18.4. Arrangements known to the issuer which may at a subsequent date result in a change in control of the issuer	212
19. Related party transactions	64 ; 166-168
20. Financial information concerning the issuers' assets and liabilities, financial position and results	
20.1. Historical financial information	56
20.2. Pro forma financial information	n/a
20.3. Financial statements	125-172 ; 174-202
20.4. Auditing of historical annual financial information	173 ; 203
20.4.1. Statement that the historical financial information has been audited	229
20.4.2. Other information verified by the auditors	51 ; 223-227
20.4.3. Source of financial data not extracted from the issuer's audited financial statements	n/a
20.5. Age of the latest financial information	125 ; 174 ; 219-220
20.6. Interim and other financial information	n/a
20.7. Dividend policy	211
20.7.1. Amount of the dividend per share adjusted, where the number of shares in the issuer has changed, to make it comparable	211
20.8. Legal and arbitration proceedings	40
20.9. Significant change in the financial or trading position	64
21. Additional information	
21.1. Share capital	212
21.1.1. Amount of subscribed capital	212
21.1.2. Shares not representing capital	n/a
21.1.3. Shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer	218
21.1.4. Amount of any convertible securities, exchangeable securities or securities with warrants	212
21.1.5. Information about and terms of any acquisition rights and/or obligations oversubscribed but unpaid capital or an undertaking to increase the capital	n/a
21.1.6. Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option	n/a
21.1.7. History of share capital	215
21.2 Memorandum of association and bylaws	207-208
21.2.1. Issuer's corporate purpose and where it can be found in the memorandum of association and bylaws	207
21.2.2 Provisions with respect to the members of the administrative, management and supervisory bodies	21
21.2.3. Rights, preferences and restrictions attached to each class of the existing shares	216
21.2.4. Actions necessary to change the rights of shareholders	n/a
21.2.5. Conditions governing the manner in which shareholders' meetings are called	216
21.2.6. Provisions that would have an effect of delaying, deferring or preventing a change in control of the issuer	n/a
21.2.7. Provisions governing the threshold above which shareholder ownership must be disclosed	216-217
21.2.8. Conditions, statutes or charter governing changes in the capital	n/a
22. Material contracts	11 ; 63 ; 143 ; 158
23. Third party information, statements by experts and declarations of any interest	n/a
23.1. Expert statement or report	n/a
23.2. Confirmation regarding information sourced from a third party	121-122
24. Documents on display	219
25. Information on holdings	170-172 ; 198-199

7.3.2 Cross-reference table for the annual financial report[22]

1. Annual financial statements	174-202
2. Consolidated financial statements	125-172
3. Statutory Auditors' report on the annual financial statements	203
4. Statutory Auditors' report on the consolidated financial statements	173
5. Management report	55-65
5.1. Analysis of the business, results and financial position, main risks and uncertainties, financial risk management policy	55-65 ; 37-41
5.2. Summary table of valid powers awarded by the Annual Shareholders' Meeting to the Board of Directors regarding capital increases	212-213
5.3. Elements likely to have an impact in the event of a public tender offer	64 ; 213
5.4. Share buybacks	214
5.5. Statement by the persons responsible for the management report	229
6. Fees paid to the Statutory Auditors	228
7. Chairman of the Board's report	41-50
8. Statutory Auditors' report on the Chairman's report	51

[22] In accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF's General Regulations

7.3.3. CSR cross-reference table

Cross-reference table: CSR - Grenelle II obligations - Global Reporting Initiative 4 guidelines

page	§	CM DDR organization	Grenelle II	GRI4
6		**Message from the Chairman**		**G4-1**
8	1	**Presentation of the Group**		
9	1.1	**History**		
10	1.2	**Business sector**		
11	1.3	**Presentation of activities**		G4-4, 6, 8, 9
16	1.4	**Strategy**		
20	2	**Corporate governance**		
21	2.1	**Management and administration body**		G4-34, 38 à 40, G4-43, 46
32	2.2	**Compensation of corporate officers**		G4-51 à 52
37	2.3	**Risk and risks management**	Actions undertaken to prevent all forms of corruption; Amount of provisions and guarantees for environmental risks, unless such information may cause serious harm to the Company in ongoing litigation; Internal control.	G4-14, 46, 56 G4-DMA (SO3 à 5) G4-DMA (PR8)
54	3	**Notes on fiscal 2013**	Actions to prevent all forms of corruption	G4-13
68	4	**CSR**		
69	4.1	**Introduction, main stakes and governance CSR**		G4-2
69	4.1.1	**Governance of CSR**		G4-36, 42, 45
69	4.1.2	**Consideration of stakeholders and procedures for defining key issues**	Conditions for dialogue with stakeholders	G4-25, 26
70	4.1.3	**"Globe Members" CSR program and Club Med Foundation**		
71	4.1.4	**External recognition**		
72	4.2	**CSR - Social**	**CSR - Social**	
72	4.2.1	**Employment**		
		Breakdown and changes in workforce	Employment: Total workforce and breakdown of employees by gender, age and geographical region	G4-9, 10
		Outsourced activities		
		New hires and departures	Employment: Hiring and termination	G4-LA1
		Compensation and benefits	Employment: Compensation and changes	
75	4.2.2	**Organization of working time**	Organization of work	
		Absenteeism	Organization of work: Absenteeism	
76	4.2.3	**Social relations**	ILO: Respect for freedom of association and right to collective bargaining	
		Organization of social dialogue	Social relations: organization of social dialogue, including procedures for informing personnel via consultations; labor negotiations	
		Summary of current agreements	Social relations: Summary of collective agreements	
77	4.2.4	**Health and Safety**		
		Health and safety conditions at work	Health and safety: Health and safety conditions at work	G4-LA6, 7
			Health and Safety: Summary of agreements with unions or employee representatives on health and safety at work	
		Frequency of accidents at work and occupational illnesses	Health and Safety: Workplace accidents, including frequency and severity, and occupational illnesses	
		Well-being at work		
79	4.2.5	**Training and talent development**		G4-LA9, 10
		A University to accompany and support the Group's strategy	Training: Training policies implemented Training: Total number of training hours	
		Talent development through occupational and geographical mobility	Training: Training policies implemented	
81	4.2.6	**Equal treatment**	ILO: Elimination of discrimination in respect of employment and occupation Equal treatment: Anti-discrimination policy	
		Measures to promote equality between women and men	Equal treatment: Measures to promote equality between women and men	
		Measures taken against age-based discrimination		G4-LA12, 13
		Equal treatment related to disabilities	Equal treatment: Measures to promote employment and integration of disabled persons	
83	4.2.7	**Promotion and respect of the principles of the ILO's fundamental Conventions**	ILO: Elimination of forced or compulsory labor ILO: Effective abolition of child labor	G4-15 G4-HR5, 6

page	§	CM DDR organization	Grenelle II	GRI4
84	**4.3**	**CSR - Societal**	**CSR - Societal**	
84	**4.3.1**	**Communities: Respect and contribution**		
	4.3.1.1	Respect for host communities: an invitation to respect and to discover	Impact of activities on neighboring or local populations	
	4.3.1.2	Contributing actively to local development	Territorial impact of activities on employment and regional development	G4-EC8 G4-LA11
	4.3.1.3	More than contributing: Solidarity	Support, partnership or philanthropic actions	
87	**4.3.2**	**Responsible purchasing**		
	4.3.2.1	Purchasing department code of ethics	Consideration of social and environmental issues in the purchasing policy	
	4.3.2.2	Responsible purchasing policy	Consumption of raw materials and, where appropriate, measures to improve efficiency in their use	G4-EN1 G4-HR5, 6
	4.3.2.3	Focus on local purchases and partnership with Agrisud	Significance of outsourcing and social and environmental responsibility in relations with suppliers and subcontractors	G4-EC9
90	**4.3.3**	**Customers: Quality and safety, the foundations of lasting trust**		G4-DMA (PR)
	4.3.3.1	Responsible communication to customers		G4-16
	4.3.3.2	Quality		G4-PR5
	4.3.3.3	Customer health and safety: Aiming for total peace of mind	Measures taken to promote consumer health and safety	G4-14
	4.3.3.4	Accessibility in the villages		
91	**4.3.4**	**Summary of actions to promote human rights**	Actions to promote human rights	G4-15 G4-DMA (HR1 à 2) G4-HR18
92	**4.4**	**Environmental CSR**		
92	**4.4.1**	**Overview of the environmental policy**		
	4.4.1	Key Issues and commitments		G4-14 G14-15
	4.4.2	Organization	Organization of the company to take environmental issues into account Resources devoted to the prevention of environmental risks and pollution	
	4.4.3	An interdisciplinary approach: Green Globe certification for village operations		G4-EN27
	4.4.4	Sustainable construction: guidelines, promotion of certification and green innovation	and, where appropriate, environmental assessments or certification	
95	**4.4.2**	**Pollution and waste management**	Concern for noise and, where appropriate, any other form of activity-specific pollution;	
	4.4.2.1	Preventing pollution	The prevention, reduction or remediation of discharges into the air and soil that seriously harm the environment	G4-EN29
	4.4.2.2	Waste management		G4-EN23
97	**4.4.3**	**Sustainable use of resources**		
	4.4.3.1	WATER	Water consumption and supply according to local constraints Prevention, reduction or remediation of water discharges seriously affecting the environment	G4-EN8 à 10 G4-EN22
	4.4.3.2	Energy	Energy consumption and, where appropriate, measures to improve energy efficiency and use of renewable energy	G4-EN3 G4-EN5 G4-EN6
101	**4.4.4**	**Climate change**		
	4.4.4.1	Reduce greenhouse gas emissions	Greenhouse gas emissions	G4-15 à 18, 30 G4-PR3
	4.4.4.2	Adapting to climate change	Understanding the impacts of climate change	G4-EC2
103	**4.4.5**	**Protection of biodiversity**	Land use	
	4.4.5.1	Protecting biodiversity during construction	Measures to preserve and, where appropriate, develop biodiversity, in particular by limiting harm to the biological balance, natural habitats and protected animal and plant species	G4-EN11 G4-EN12 G4-EN13
	4.4.5.2	Protecting biodiversity during village operation		
105	**4.4.6**	**Raise GM awareness and train GO/GE**		
	4.4.6.1	Train GO/GE	Training and information to employees on protecting the environment	
	4.4.6.2	Raise GM awareness		

page	§	CM DDR organization	Grenelle II	GRI4
107	4.5	Additional information		
107	4.5.1	Stakeholders		G4-16, 24, 26
108	4.5.2	Additional information: CSR social indicators		G4-22, 23
113	4.5.3	Additional information: CSR societal indicators		G4-22, 23
115	4.5.4	Additional information: CSR environmental indicators		G4-22, 23
121	4.5.5	Independent verifer's certificate of attendance and authenticity		G4-32, 33
124	5	Financial statements		G4-9, 17 G4-EC4
206	6	Information on the company and its capital		G4-3, 5, 7 G4-28, 30
222	7	Additional information		
229	7.2.2	Persons reponsible		G4-31
	7.3	Cross-reference tables		
234	7.3.3	Table cross-referencing the CSR section with Grenelle 2 obligations and GRI 4 guidelines		
		Excluding DDR13		
		Club Méditerranée SA Board of Directors' Internal regulations, available on the website		G4-41, 43

8 - GLOSSARY

Activity	The activity is divided into three BUs: - **Europe-Africa**: ▪ FBS: commercial BU comprising the mature European markets (France, Benelux and Switzerland) ▪ NMEA: commercial BU comprising the developing markets in Europe (UK, Germany, Russia, Italy, etc.), Africa (South Africa, etc.) and the Middle-East (Israel, Turkey, etc.) ▪ Europe-Africa operations BU - **Americas**: ▪ AMN: commercial BU and villages in North America ▪ AML: commercial BU and villages in South America - **Asia**: ▪ ESAP: commercial BU and villages in Southeast Asia and the Pacific (Japan, Australia, New Zealand, Singapore, South Korea, Malaysia, Thailand, India, Indonesia) ▪ Greater China: commercial BU and villages in China, Taiwan and Hong Kong
Business Unit (BU)	Level of activity consolidation in a geographical area.
Business Volume (BV)	Total sales of goods and services (before VAT) regardless of the operating structure, BV is expressed by outbound country (or BU).
Capacity	Total number of beds available for sale over a season or year, expressed in hotel days (HD). Calculation: number of beds x days the village is open.
Direct sales	Sales through internal Club Med units (agencies, call centers, Club Med Affaires, Club Med websites, etc.)
GM®	Gentil Membre: Club Med customer.
GMT	GM Transporté : customer to whom Club Med sells a full package, i.e. including transportation.
GO®	Gentil Organisateur: Club Med employee in direct contact with the customer. A GO is above all a link creator within the village.
GE	Gentil employé: Club Med employee, originating in the country where the village is located. Their job is ina fixed location and they have a status different from that of GO®. GO® and GE tasks are different but complementary.
HD	Hotel Day: use of a bed and all facilities by a customer for one day. This indicator combines the number of customers and the duration of their stay.
OR	Occupancy rate: ratio of number of hotel days sold to total capacity. In terms of beds solds, the OR gives an idea of how full the villages are.
Price-mix effect	Combined impact of three phenomena: - The change in price for a given village and the corresponding transportation - The change in breakdown of adult/child customers in villages by average level of income - The breakdown of sales between villages which apply different rates linked to the comfort category or positioning for the Group's sales over the year (high season/low season).
RevPAB	Revenue Per Available Bed: total village revenue excluding VAT by outbound region and transportation, divided by the capacity.
THD	Total hotel days.
	Impact of the increase or reduction in the number of hotel days sold, customers transported, etc. on village revenues or operating income.

Corporate social responsibility

CSR	Corporate Social and Environmental Responsibility
FTE	Full Time Equivalent
GG	Green Globe certification
GGC	Green Globe Coordinator
GGK	Green Globe Keeper
GGT	Green Globe Trotter
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HRD	Human Resources Department
ICPE	Installation Classified for Environmental Protection
ILO	International Labor Organization
TPE	Très Petites Exploitations
TU	Talent University (within Club Méditerranée)
VSB	Very Small Businesses

CLUB MÉDITERRANÉE SA
11, rue de Cambrai 75957 Paris Cedex 19 – France TEl : +33.1.53.35.35.53 - Fax : +33.1.53.35.36.16 - www.clubmed.com
Société Anonyme (joint stock corporation) with share capital of 127 486 256 € - 572 185 684 RCS Paris
Licence IM075100307 - N° TVA intracom : FR56 572185684
RCP n° AA.992.497 Générali Assurances IARD
7 Bd Haussmann - F-75456 Paris Cedex 9 - Garantie Financière APS, 15 av Carnot - F-75017 Paris