



ANNUAL
REPORT
2016-2017.....

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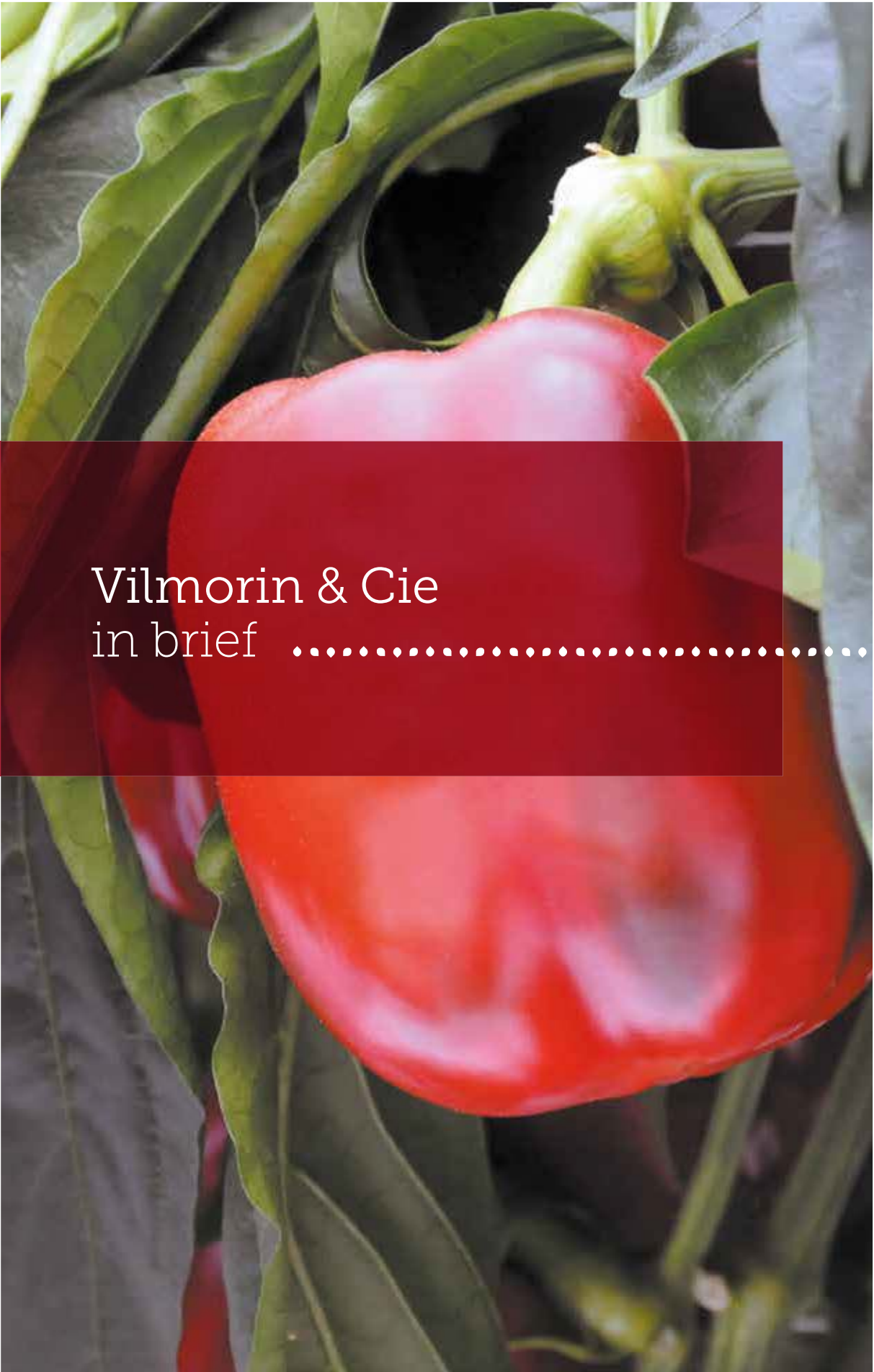
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The document is accessible and downloadable on

www.vilmorincie.com



Vilmorin & Cie
in brief





Profile

The 4th largest seed company in the world, Vilmorin & Cie develops vegetable and field seeds with high added value to better meet global food requirements.

Accompanied by its reference shareholder Limagrain, an international agricultural cooperative group, Vilmorin & Cie's strategy for growth relies on sustained investments in research and international development to durably strengthen its market shares on promising world markets.

True to its vision of sustainable development, Vilmorin & Cie ensures its achievements fully respect its three founding values: progress, at the heart of its beliefs and its mission, perseverance, inherent to farming and the seed business, and cooperation, in the fields of science, industry and commerce.

A world leader
in seeds

No. **4**
SEED COMPANY
IN THE WORLD

No. **1**
in Europe
for straw cereals⁽¹⁾

No. **3**
in North America
for corn seeds⁽²⁾

No. **2**
worldwide
for vegetable seeds

No. **4**
in Europe
for corn seeds



Sales
1,715
million euros⁽³⁾



More than
300
seed varieties
created and launched



Net income
90.1
million euros
with a group share
of 86.9 million euros



Worldwide
presence:
with subsidiaries in
47
countries



More than
7,000
permanent staff⁽³⁾
throughout the world

and sales in almost
150
countries

⁽¹⁾ Wheat and barley.

⁽²⁾ Through AgReliant.

⁽³⁾ Integrating 50% of AgReliant (North America, Field Seeds). Bearing in mind the application of the standard IFRS 11, certain companies have been recorded in the accounts using the equity method since fiscal year 2014-2015.



Message from the Board of Directors



From left to right:

Sébastien VIDAL, Pascal VIGUIER, Miriam MAES, Philippe AYMARD, Joël ARNAUD, Jean-Yves FOUCAULT, Mary DUPONT-MADINIER



In 2017-2018, we will pursue
with perseverance and conviction
the implementation of our strategy.



VILMORIN & CIE ACHIEVES HIGH QUALITY PERFORMANCES AND CONFIRMS ITS STRATEGIC ORIENTATIONS WITHIN A COMPETITIVE ENVIRONMENT UNDER CONSOLIDATION

Dear Shareholders,

Vilmorin & Cie achieved a truly fine fiscal year 2016-2017, confirming solid growth in terms of sales, as well as operating margin and income.

The two main activities completed a high quality fiscal year:

- Vegetable Seeds posted an increase in sales of more than 6% on a like-for-like basis, and thus, following on from previous fiscal years, confirms its strong, dynamic growth. This performance is all the more remarkable in that it concerns all of Vilmorin & Cie's main strategic crops and major geographical regions. Further to this fiscal year, Vilmorin & Cie can reaffirm its world leadership in vegetable seeds.
- Field Seeds achieved a strong increase in activity of more than 8% on a like-for-like basis, in spite of a difficult market context. Indeed the market is still affected by the low price of agricultural production as well as the drop in corn acreage, particularly in Western Europe. This environment clearly had a negative influence on the commercial campaigns in Europe, in spite of a remarkable increase in the sale of sunflower seeds (Ukraine and Russia). Moreover, there was extremely strong growth in corn seeds in South America, highlighting Vilmorin & Cie's increasing internationalization for this strategic crop.

Consequently, the total net income for the year grew considerably, reaching 90.1 million euros, also thanks to a high quality fiscal year for associated companies - mainly AgReliant in North America, Seed Co in Africa and AGT in Australia.

These performances are a reflection of dynamic business activity; they are also the fruit of the tighter management of all the operating charges and investments, implemented more than a year ago.

However, this orientation did not change Vilmorin & Cie's strategic vision, which was resolutely rolled out during the fiscal year, particularly in terms of development and innovation, with a long-term vision.

Our competitive environment is indeed marked by consolidation operations, which are primarily driven by the agrochemicals sector, but these movements in no way call into question Vilmorin & Cie's ability to pursue its development on its markets. They do not alter our specific business model around a pure play seed business, our competitive positions or our strategy, which is based on three major growth areas: vegetable seeds, corn seeds and wheat seeds.

In 2017-2018, we will thus pursue with perseverance and conviction the implementation of our strategy, with the ambition of continuing to strengthen our market share and profitability on a regular and sustainable basis.

To achieve this, we can rely on the competence and dynamism of our teams, the constant support of Limagrain, our reference shareholder, as well as the faithful support of our Shareholders. The dividend of 1.60 euros per share proposed by your Board of Directors, which has risen sharply, is a token of thanks for your confidence.

Vilmorin & Cie's Board of Directors

The main stages in development

1993 ← DEVELOPMENT IN VEGETABLE SEEDS → 2007 ←

1996

VEGETABLE SEEDS

- Clause (France)
- Harris Moran (United States)

2000

VEGETABLE SEEDS

- Kyowa (Japan)
- Keygene (Netherlands), experts in genomics* applied to vegetable plants

2006

VEGETABLE SEEDS

- Mikado (Japan)

1998

VEGETABLE SEEDS

- Nickerson Zwaan (Netherlands)

2003

VEGETABLE SEEDS

- Hazera Genetics (Israel)

1993

Listing on the Paris stock market



SALES
171
million euros



NET INCOME
6.5
million euros



HEADCOUNT
Nearly
1,400

2007

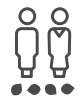
Integration of Limagrain's Field Seeds*



SALES
939
million euros



NET INCOME
57.3
million euros



HEADCOUNT
Nearly
4,400

* Europe and North America

ACCELERATION OF DEVELOPMENT AND INTERNATIONALIZATION

2017

2008

FIELD SEEDS

- Australian Grain Technologies (Australia)

2010

VEGETABLE SEEDS

- Mesa Maize (United States)
- Su Tarim (Turkey)

2012

VEGETABLE SEEDS

- Campbells' Seeds (United States)
- Century Seeds (India)

2011

FIELD SEEDS

- Brasmilho and Sementes Guerra (Brazil)
- Genective (France)

2013

VEGETABLE SEEDS

- Shamrock (United States)

FIELD SEEDS

- Bisco Bio Sciences (India)
- Link Seed (South Africa)

2014

FIELD SEEDS

- Seed Co (Zimbabwe) (minority stake)
- Seed Asia (Thailand)

2015

VEGETABLE SEEDS

- Tropdicorp (Vietnam)

FIELD SEEDS

- Hengji Limagrains Seeds (China) (minority stake)
- Canterra Seeds (Canada)

2016

VEGETABLE SEEDS

- Genica Research (United States)

2017

No. 4
SEED COMPANY
IN THE WORLD



SALES

1,715
million euros⁽¹⁾



NET INCOME

90.1
million euros



HEADCOUNT⁽¹⁾

More than
7,000

⁽¹⁾ Integrating in particular AgReliant (North America. Field Seeds).



A specific development model

Vilmorin & Cie's development is rooted in a specific economic model, which focuses on three major and unique advantages:

- ❖ A single core business of seeds
- ❖ An organization very close to its markets
- ❖ A long-term vision of its development

This development model draws strength from the fact it adheres to three founding values: progress, perseverance and cooperation. These values, shared with Limagrain, its reference shareholder, are related to its historical expertise in plant improvement since 1743, and its anchorage in the world of agriculture.

A SINGLE CORE BUSINESS OF SEEDS

Vilmorin & Cie is a pure play seed company, not involved in agro-chemicals.

Actively engaged throughout the full value chain, from research to distribution, Vilmorin & Cie controls all the stages in the seed business, proposing high quality seeds, perfectly adapted to each of its target markets.



7 to 10
years are
necessary,
on average,
to create
a seed.

**ANALYZE
THE NEEDS**

**MANAGE
AND ENRICH
GENETIC
RESOURCES**

**CREATE
NEW SEED
VARIETIES**

**PRODUCE
THE SEEDS**

**DISTRIBUTE
THE SEEDS**

Vilmorin & Cie created and launched more than 300 new varieties of vegetable and field seeds during fiscal year 2016-2017.

AN ORGANIZATION VERY CLOSE TO ITS MARKETS

Vilmorin & Cie has chosen to organize its activities in Business Units, in order to give priority to its customers and its multiple markets. This organizational model, specific to Vilmorin & Cie, is a true strength: it provides excellent knowledge of a market that is highly segmented in terms of products and geographical influence. It also guarantees Vilmorin & Cie an excellent capacity to anticipate and respond.

❖ Vegetable Seeds

- More than 30 crops (tomato, pepper, carrot, melon, etc.)
- For growers and canners

❖ **3 BUSINESS UNITS**

Main brands



❖ Field Seeds

- 2 strategic world crops: corn and wheat, supplemented by regional crops: sunflower, rapeseed and barley (Europe), rice (India) and soybean, distributed in North and South America, and in South Africa.
- For farmers

❖ **6 BUSINESS UNITS**

Main brands



Advanta®: brand registered by Advanta Netherlands Holdings BV



A LONG-TERM VISION OF ITS DEVELOPMENT

The long-term is central to a seed company, which has to organize its work over long periods, since on average it takes between 7 and 10 years to create a new variety. Setting up and preserving a rich, diversified genetic heritage also takes time.

It is also characteristic of the profession of farmers, who need to work with constancy and perseverance.

Vilmorin & Cie's long-term vision is strengthened by the consistent accompaniment of Limagrain, whose culture and governance model encourage lasting strategic choices.

Limagrain

Limagrain is an international agricultural cooperative group founded and managed by French farmers. Its founding mission is to move agriculture forward to meet food challenges.

As a creator and producer of plant and cereal varieties, Limagrain develops field seeds and vegetable seeds - through Vilmorin & Cie - as well as cereal products (cereal ingredients and bakery products) - in particular through the brands Jacquet and Brossard.

Find out more www.limagrain.com - #Limagrain

A strategy of winning market shares

Vilmorin & Cie's aim is to contribute to meeting the world's food needs better by creating seeds of high added value. In order to achieve this, the Company has set out an ambitious strategy, combining strong investment in research, a targeted policy of external growth and partnerships, and strong international development, in order to accelerate its expansion and sustainably strengthen its leading world positions on promising world markets.

3 STRATEGIC FOUNDATIONS

❖ Strong investment in research

As the key to performance, the role of research is to ensure growth for the future. It aims to develop new varieties of more efficient seeds: yield, disease resistance, better adaptation to different climates and regions, etc.

⁽¹⁾ Data calculated on the basis of the sales of seeds intended for professional markets and integrating 50% of the activities of AgReliant (North America, Field Seeds).



15.2%
of sales
invested in research⁽¹⁾



More than **100**
research centers
in the world



Almost **310**
million euros
invested in research
including funding in
the form of partnerships

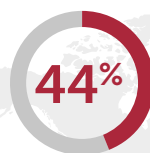
29%
of employees dedicated
to research

❖ A targeted policy of external growth and partnerships

Vilmorin & Cie has adopted a policy of targeted acquisitions and continues to establish numerous cooperation agreements throughout the world, whether scientific, industrial or commercial. These operations enable the group to meet major challenges:

- gain access to new genetic resources*;
- penetrate and cover zones with high potential;
- provide a better risk spread.

❖ Strong internationalization of its activities



44%
of sales for
2016-2017
made outside Europe

Subsidiaries
in
47
countries

and
sales in
almost
150
countries

68
nationalities
represented among
employees

45%
of employees
based outside
Europe

Data for 2016-2017

3 STRATEGIC PRIORITIES

❖ Vegetable Seeds

A global market with high added value (5.2 billion dollars in 2016), highly segmented in terms of products and production methods

Strategy

- Combine organic and external growth:
 - Maintain organic growth higher than that of the market, thanks to the virtuous circle of innovation combined with proximity to its markets.
 - Strengthen positions through targeted external growth operations.
 - Develop business on complementary crop/territory segments.



Objective REINFORCE WORLD LEADERSHIP

❖ Corn seeds

Top crop in the world in value (more than 15 billion dollars in 2016)



Strategy

- Reinforce leading positions in Europe and North America.
- Develop activities in new regions: South America, Asia and Africa.
- Pursue innovation in plant breeding and develop a proprietary range of genetically modified varieties.

Objective BECOME A GLOBAL PLAYER

❖ Wheat seeds

Top crop in the world in acreage (more than 220 million hectares in 2016)

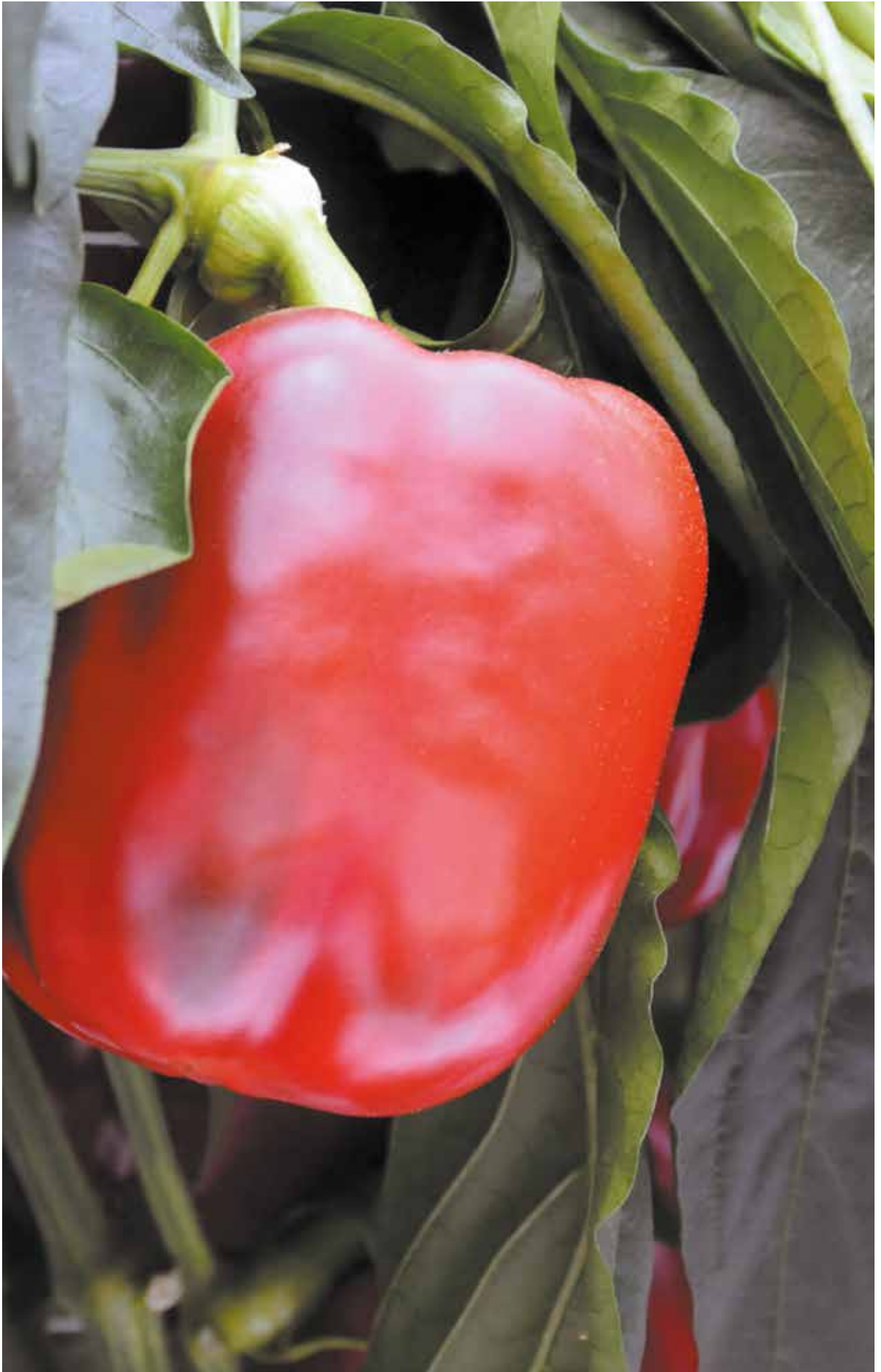


Strategy

- Consolidate its position as leader in Europe.
- Contribute to converting the market to high value seeds.
- Progressively move into new regions and develop solid international partnerships.

Objective ULTIMATELY BECOME THE WORLD REFERENCE

⁽¹⁾ Through AgReliant.
⁽²⁾ Wheat and barley.





ANNUAL REPORT

2016-2017.....

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PRESENTATION OF VILMORIN & CIE

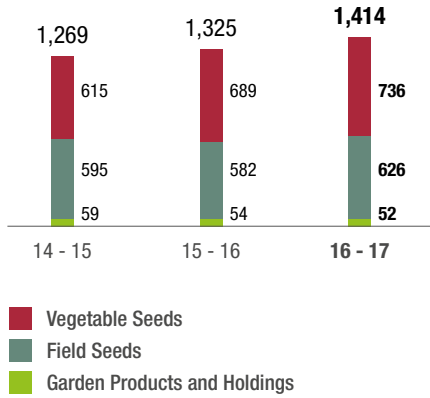
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1.1. Key figures

1.1.1. Main indicators

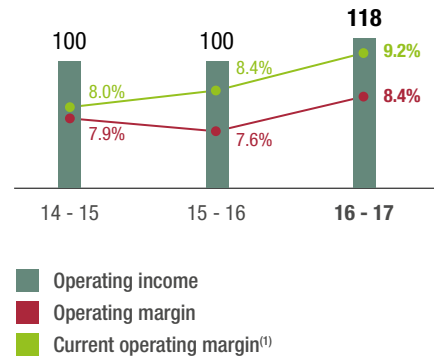
Evolution of sales

(in million of euros)
(Revenue from ordinary activities)



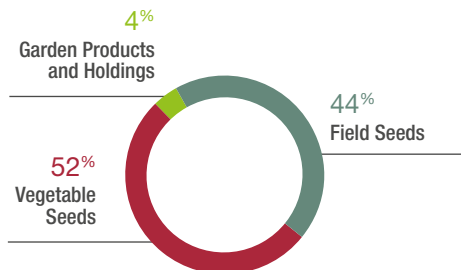
Evolution of the operating income and the operating margin

(in million of euros and as a % of sales)



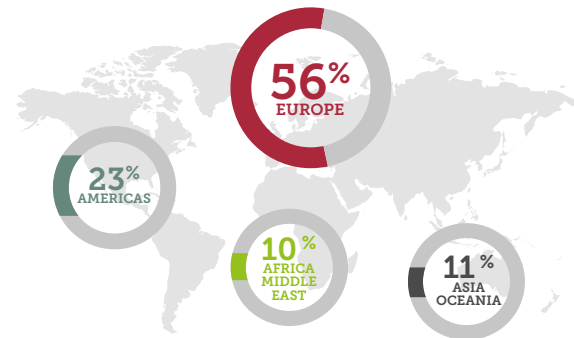
Analysis of sales in 2016-2017 according to activity

(as a %)



Analysis of sales in 2016-2017 according to geographical zone

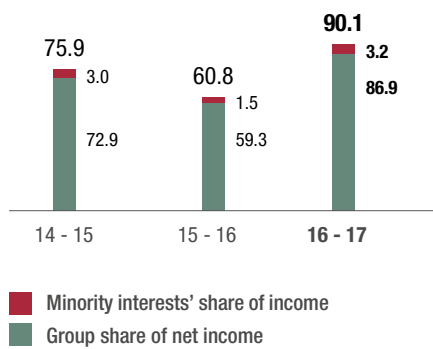
(as a %)



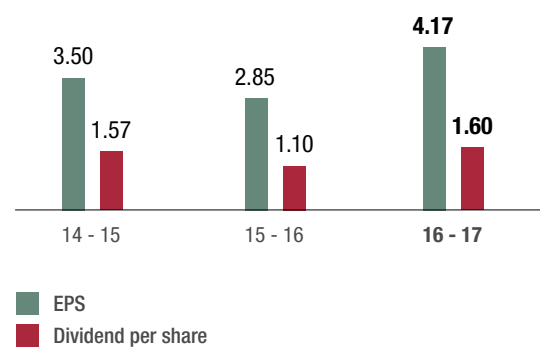
⁽¹⁾ The current operating margin is defined as book operating margin, restated for impairments and reorganization costs. For fiscal year 2015-2016, certain items of an extraordinary nature were also restated: additional costs of supply and partial allocation of goodwill.

Evolution of net income

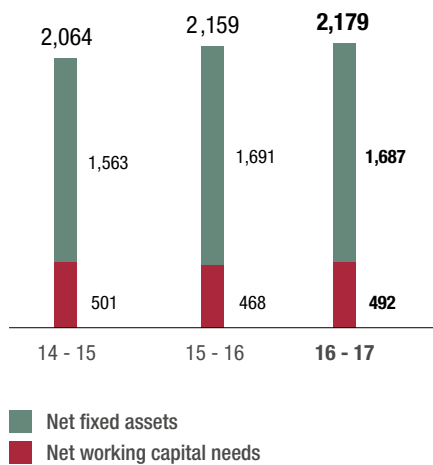
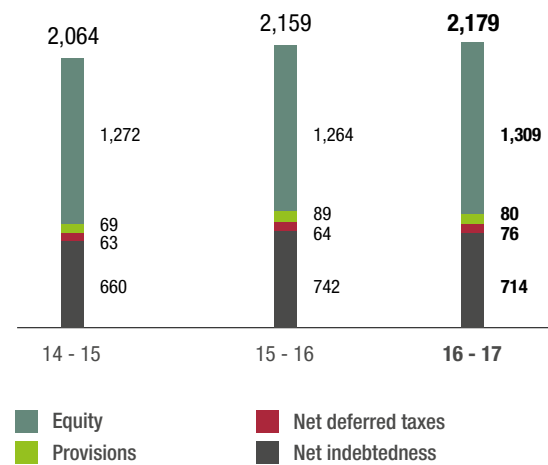
(in million of euros)

**Evolution of the Group earnings per share (EPS) and dividend per share⁽¹⁾**

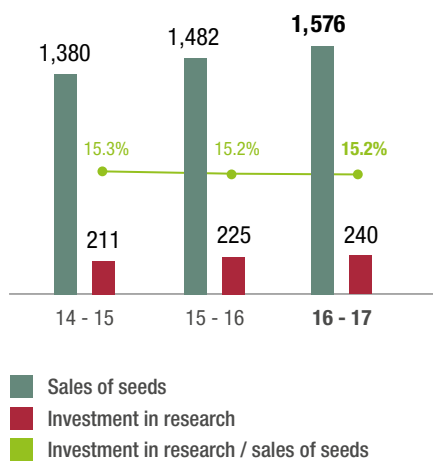
(in euros)

**Balance sheet structure on June 30th**

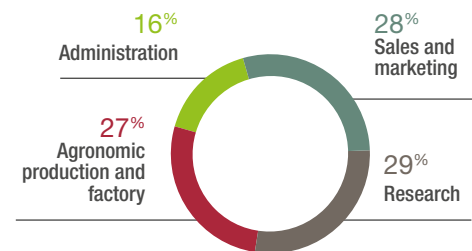
(in million of euros)

Assets**Liabilities**⁽¹⁾Data not restated for the allotment of free shares of January 2013 and January 2015.

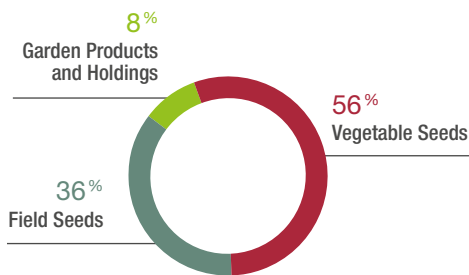
Evolution of investment in research⁽¹⁾
(in million of euros and as a % of sales)



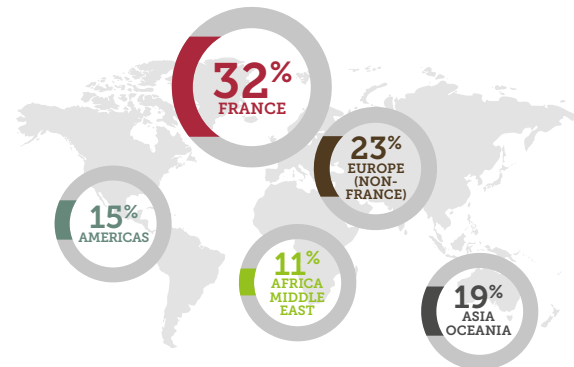
Analysis of permanent staff in 2016-2017 according to function
(as a %)



Analysis of permanent staff in 2016-2017 according to activity
(as a %)



Analysis of permanent staff in 2016-2017 according to geographical zone
(as a %)



⁽¹⁾ Research investment refers to gross research expenditure before recording any research costs as fixed assets.
Data calculated from the sale of seeds for activities intended for professional markets and integrating 50% of AgReliant's business (North America, Field Seeds.)

1.1.2. Key indicators for each activity

Vegetable Seeds

No. **2** worldwide



Sales
735.8
million euros
contributed to consolidated sales
(+6.2% on a like-for-like basis)



Sales from
proprietary varieties*
More than **90%**

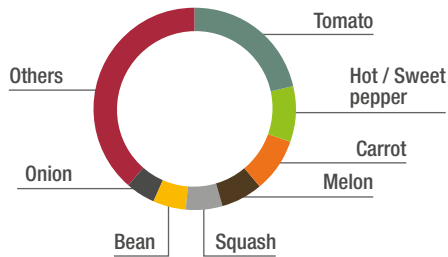


32
countries
with locations

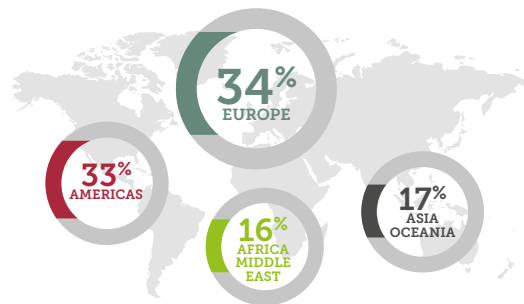


3,653
permanent staff

Analysis of sales according to crop



Analysis of sales according to geographical zone
(as a %)



Field Seeds⁽¹⁾

No.1 in Europe
for straw cereals⁽²⁾

No.3 in North America
for corn seeds⁽³⁾

No.3 in Europe
for sunflower seeds

No.4 in Europe
for corn seeds



Sales

927.5

million euros

contributed to consolidated sales⁽¹⁾
(+4.7% on a like-for-like basis)



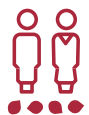
Sales from
proprietary varieties*

More than **50%**



33

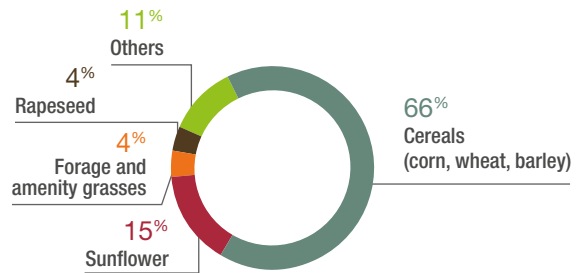
countries
with locations



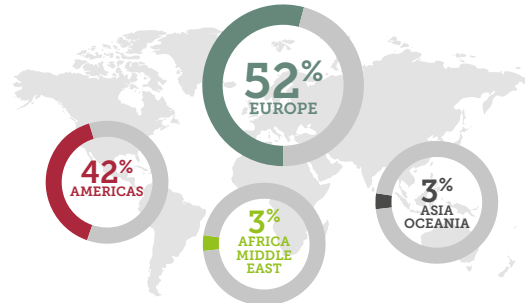
2,830

permanent staff

Analysis of sales according to crop (as a %)



Analysis of sales according to geographical zone (as a %)



⁽¹⁾ In particular by integrating 50% of AgReliant (North America. Field Seeds). Because of the application of the standard IFRS 11, certain companies have been recorded using the equity method since fiscal year 2014-2015.

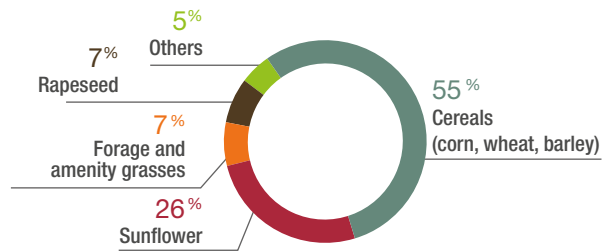
⁽²⁾ Wheat and barley.

⁽³⁾ Through AgReliant.

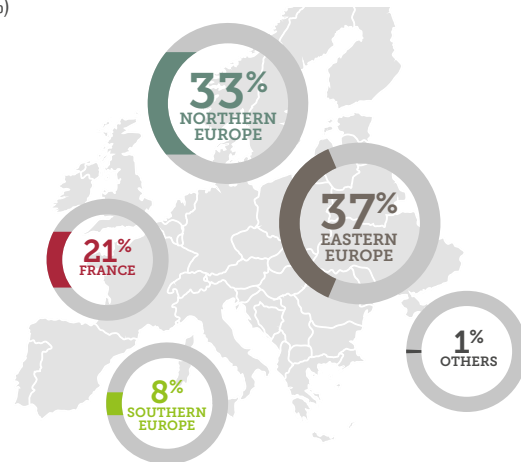
Field Seeds in Europe



Analysis of sales according to crop
(as a %)



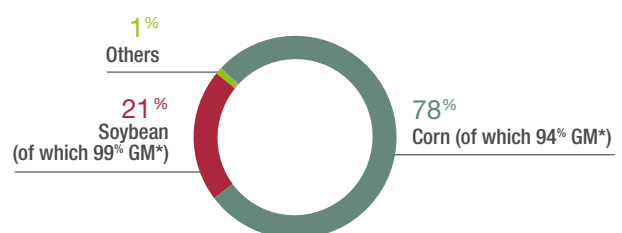
Analysis of sales according to geographical zone
(as a %)



Field Seeds in North America



Analysis of sales according to crop
(as a %)



⁽¹⁾ Global sales 2016-2017 of AgReliant.

⁽²⁾ Global permanent staff 2016-2017 of AgReliant.

Field Seeds in new development zones



Sales

95.5

million euros

contributed to consolidated sales
(+50.3% on a like-for-like basis)



11

countries
with locations



816

permanent
staff

Garden Products and Holdings



Sales

52.2

million euros

contributed to consolidated sales
(-4.0% on a like-for-like basis)



4

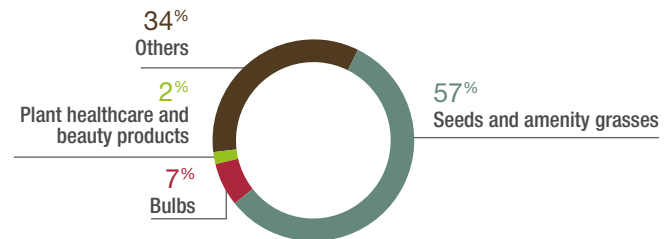
countries
with locations



544

permanent staff

Analysis of sales of Garden Products according to product families (as a %)



1.2. History and evolution of the Company

A history of solid development

1.2.1. Historical expertise in plant improvement

Vilmorin & Cie has been built on the foundations of more than 270 years of prestigious history. In 1743, the first boutique was opened at 4, Quai de la Mégisserie in Paris. Vilmorin & Cie's head office today is still located at this address. The boutique took on the name "d'Andrieux et Vilmorin" when Philippe Victoire de Vilmorin and Pierre d'Andrieux, a seed merchant and botanist at the court of Louis XV, joined forces in 1775. Following in the tracks of these two talented botanists, subsequent generations made major discoveries and decisive technical progress in plant improvement.

Strengthened by this exceptional heritage, Vilmorin & Cie today benefits from one of the widest and most diversified expertise and genetic heritages in the world, a true reference in the seeds sector.

1.2.2. Close proximity with the world of agriculture

Through its reference shareholder Limagrain, Vilmorin & Cie benefits from close proximity with the world of agriculture.

Indeed, Limagrain is an international agricultural cooperative group founded and managed by French farmers, with almost 2,000 farmer members today in Auvergne (France). Limagrain's mission is entirely devoted to progress in agriculture.

This knowledge of farmers and different forms of agriculture throughout the world represents a solid and original performance lever for Vilmorin & Cie in the seed sector.

1.2.3. Key stages in development

Initially structured around field seeds since its creation in 1942, Limagrain gradually built up a vegetable seeds pillar through successive purchases, in particular Vilmorin in 1975, and Tézier in 1979. In 1989 Oxadis, today called Vilmorin Jardin, was set up to distribute all the brands on the French home garden market as a complement to these acquisitions.

1993: Introduction of Vilmorin & Cie to the Paris stock market

In June 1993, Vilmorin & Cie, which combined all Limagrain's Vegetable Seeds and Garden Products activities, entered the Paris stock market with a single ambition: to aim for world leadership on its markets.

From 1993 until 2006, the Vegetable Seeds activity continued to develop with the purchase in 1996 of Clause in France and Harris Moran in the United States, then Nickerson Zwaan (Netherlands) in 1998 and Hazera Genetics (Israel) in 2003.

Vilmorin & Cie also reinforced its investments in research, in particular by becoming a shareholder of the Dutch biotechnology* company Keygene in 2000.

2006-2007: Integration of Limagrain's Field Seeds into the scope of Vilmorin & Cie

Vilmorin & Cie set out to pursue its expansion and consolidate the financial performances it had achieved since its introduction to the Paris stock market. With the support of its reference shareholder Limagrain, in 2006 Vilmorin & Cie integrated Limagrain's Field Seeds activity into its scope.

At the time the Field Seeds activity was essentially European (with the integration of Nickerson's straw cereals activity in 1990 and the acquisition of Advanta Europe in 2005) and North American (AgReliant, a joint venture with the German seed company KWS, was founded in 2000).

This broadened scope allowed Vilmorin & Cie to build up its resources in upstream technologies, take advantage of the new critical size to facilitate external international growth, and develop new research partnerships, to establish new growth relays and ensure a better risk spread.

Since 2007, acceleration of development and internationalization

Internationalization of the Vegetable Seeds activity was strengthened through the creation of a seed unit in Japan in 2007 (Mikado Kyowa Seed), acquisitions in the United States (Mesa Maize in 2010, Campbells' Seeds in 2012, Shamrock in 2013, Genica Research in 2016), in Turkey (Su Tarim in 2010), in India (Century Seeds in 2012) and in Vietnam (Tropdicorp in 2015).

With global ambitions in corn and in wheat, at the same time the Field Seeds activity enjoyed fast acceleration and Vilmorin & Cie progressively set up business in all parts of the world. In 2010, Limagrain Cereal Seeds was founded in the United States for the international development of wheat.

In South America, business has been developing since 2011, with the acquisitions of Sementes Guerra and Brasmilho in Brazil. After the acquisition of Link Seed (South Africa) in 2013, the stake purchased in Seed Co, the largest African seed company, formed the base for solid development in Africa. In Asia, business was structured around

3 units: a unit in India after the integration of Bisco Bio Sciences in 2013, a unit in China built around the joint-venture Hengji Limagrain Seeds created in September 2015, and a unit in South East Asia with the purchase of Seed Asia (Thailand) in 2014.

Sustaining a high research budget, Vilmorin & Cie signed strategic partnerships in wheat, in Australia with Australian Grain Technologies

(2008) and in Canada with Canterra Seeds (2015) along with corn. In 2013 Vilmorin & Cie and its partner KWS founded the company Genective, in order to develop GM* traits* for corn and allow Vilmorin & Cie to develop a proprietary line-up of seed for transgenic corn varieties.

Year	Company name	Country	Nature of the operation	Division
1743	Fondation of Vilmorin Andrieux			
1975	Vilmorin joins Limagrain			
1993	Introduction of Vilmorin & Cie to the Paris stock market			
1996	Clause	France	Acquisition	Vegetable Seeds
	Harris Moran	United States	Acquisition	Vegetable Seeds
1998	Nickerson Zwaan	Netherlands	Acquisition	Vegetable Seeds
2000	Kyowa	Japan	Acquisition	Vegetable Seeds
	Keygene	Netherlands	Research partnership and minority stake	Vegetable Seeds
2003	Hazera Genetics	Israel	Acquisition	Vegetable Seeds
2006	Mikado	Japon	Acquisition	Vegetable Seeds
	Limagrain's field seeds activity	Europe and North America	Acquisition	Field Seeds
2008	Global Genetics	United States	Isolated assets	Vegetable Seeds
	Australian Grain Technologies	Australia	Research partnership and minority stake	Field Seeds
2009	LSL Plant Science-LSL Biotechnologies	Mexico	Isolated assets	Vegetable Seeds
	Genefresh	United States	Isolated assets	Vegetable Seeds
	K&B Development	United States	Isolated assets	Vegetable Seeds
	Gentropic	Guatemala	Isolated assets	Vegetable Seeds
	Dahlco	United States	Acquisition	Field Seeds
2010	Su Tarim	Turkey	Acquisition	Vegetable Seeds
	Trinity Growers	United Kingdom	Acquisition	Vegetable Seeds
	Mesa Maize	United States	Acquisition	Vegetable Seeds
	Trio Research	United States	Acquisition	Field Seeds
	BSF Ag Research	United States	Specific assets	Field Seeds
	Genesis Seed Research	United States	Specific assets	Field Seeds
	Trigen	United States	Specific assets	Field Seeds
	Clovis Matton	Belgium	Acquisition	Field Seeds
2011	Genective ⁽¹⁾	France	Research partnership	Field Seeds
	Sementes Guerra	Brazil	Specific assets	Field Seeds
	Brasmilho	Brazil	Specific assets	Field Seeds
2012	Campbells' Seeds	United States	Isolated assets	Vegetable Seeds
	Century Seeds	India	Acquisition	Vegetable Seeds
	Eurodur	France	Acquisition	Field Seeds
	Boreal Plant Breeding	Finland	Research partnership and minority stake	Field Seeds
	Genetica Agricola	Brazil	Specific assets	Field Seeds

⁽¹⁾ Approval of the European Commission in 2013.

Year	Company name	Country	Nature of the operation	Division
2013	Link Seed	South Africa	Acquisition	Field Seeds
	Bisco Bio Sciences	India	Acquisition	Field Seeds
	Geneseed	Brazil	Specific assets	Field Seeds
	KSP	Brazil	Specific assets	Field Seeds
	CCGL	Brazil	Specific assets	Field Seeds
	Shamrock	United States and Mexico	Acquisition	Vegetable Seeds
	Eureka Seeds	United States	Acquisition	Field Seeds
2014	Seed Co	Zimbabwe	Minority stake	Field Seeds
	Green Land	Poland	Acquisition	Garden Products
	Seed Asia	Thailand	Acquisition	Field Seeds
2015	Tropdicorp	Vietnam	Acquisition	Vegetable Seeds
	DNA	Brazil	Specific assets	Field Seeds
	Canterra Seeds	Canada	Research partnership and minority stake	Field Seeds
	Hengji Limagrain Seeds	China	Minority stake	Field Seeds
	Golden Acres Genetics ⁽¹⁾	United States	Acquisition	Field Seeds
2016	Genica Research	United States	Acquisition	Vegetable Seeds

⁽¹⁾ Acquisition made by AgReliant (North America. Field Seeds).

1.3. The seed market

Major levers for growth

As a seed company, Vilmorin & Cie is above all positioned on the market for agriculture. For farmers, seeds are an essential input* with a decisive role in future production.

Representing almost \$37 billion in 2016 (*Source: Phillips McDougall 2017*), the world market for seeds is essentially a growing market, as a result of several complementary factors, the first of which is the growing world population.

1.3.1. Powerful growth factors

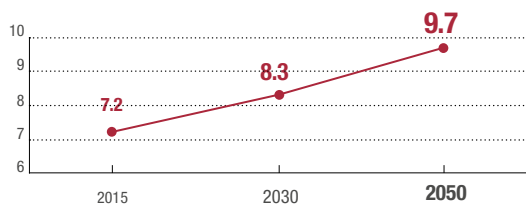
THE CHALLENGES FACING AGRICULTURE TOMORROW

Produce more

- To contribute to feeding the population: almost 10 billion people by 2050

Evolution of the world population (projection)

(in billion of inhabitants)



Source: FAO

Produce better

- In a context where arable land is decreasing
- Particularly by saving natural resources
- And by resorting less to plant treatment

To meet these challenges, plant breeding*, which aims to improve the performance of seeds, is a major strategic stake:

Examples:

- Optimization of yield
- Resistance to diseases
- Adaptation to different regions and climates
- Compatibility with needs/cultures: taste, size, preservation, etc.

1.3.1.1. The increase in food needs

The growth in the world population, and the evolution of food habits towards increased consumption of vegetables and meat, are leading to a significant increase in the need for agricultural raw materials.

By the year 2050, food production will therefore need to be increased by 70% in order to feed almost 10 billion people and thus meet the needs of the world's growing population (Source: *United Nations Food and Agriculture Organization/FAO*).

1.3.1.2. Growing use of commercial seeds

Farmers and growers are using commercial seeds more and more systematically. They are more efficient technically than farm seeds, and their use can considerably improve crop yields. And indeed, meeting world food requirements, producing more and better - particularly utilizing less resources - has become a major challenge in a context characterized by:

- ❖ slow reduction of arable land on a world scale, because of urbanization, desertification, and the overall deterioration in soil quality;
- ❖ more complex growing conditions, because of the greater need to take environmental factors into account, but also because of climate variations and increasingly limited access to water resources.

Moreover commercial seeds guarantee production that is perfectly adapted to new industrial requirements: resistance to diseases and insects, shorter production cycles, simultaneous maturity and homogeneity in production.

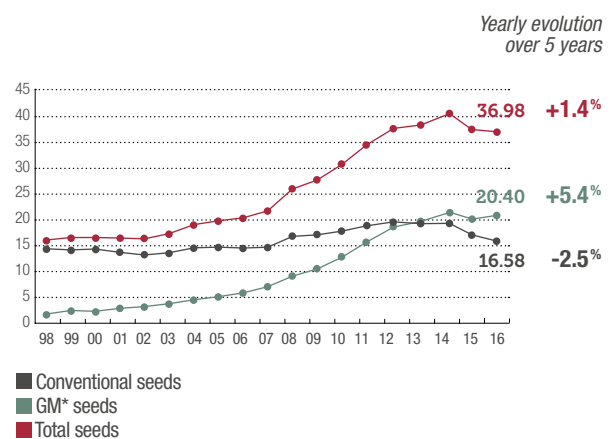
The potential to replace farm seeds by commercial seeds remains significant in several countries where agriculture is in the process of being modernized, and for certain crops in particular such as wheat. For example more than 40% of the European wheat market is covered by farm seeds, whereas this rate stands at about 70% in the United States (*Internal source*).

1.3.1.3. The adoption of genetically modified organisms (GMOs)*

The technology of genetically modified seeds has become indispensable in several areas of the world, particularly in the Americas, with the market expanding fast in recent years, both in volume and in value.

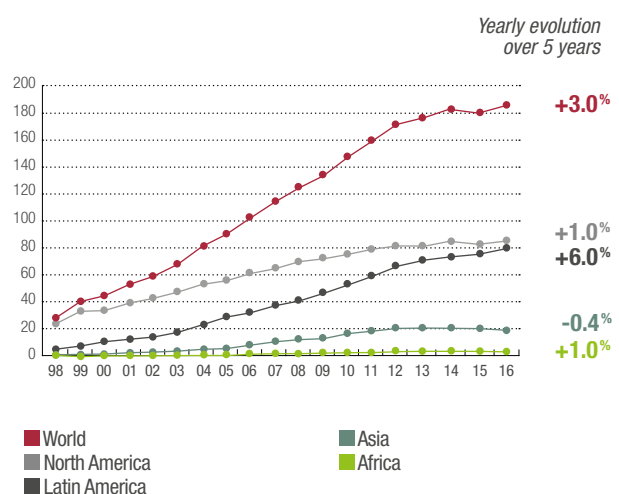
Over the past five years, it is GM* field seeds that have been driving the market: their annual growth stood at more than 5% over this period.

Evolution of the seeds market between 1998 and 2016 (in billion dollars)



Source: Phillips McDougall 2017

Evolution of the acreage of genetically modified plants between 1998 and 2016 (in millions of hectares)



Source: ISAAA 2017

GMOs*, a response to new global challenges

Genetically modified seeds are one of today's solutions, helping farmers to rise to major agricultural challenges more efficiently and adapt supply to demand more easily, by producing more and better. Their yield per hectare can, in certain environments, be much higher than that of conventional seeds. They provide greater efficiency to agricultural production, while considerably reducing production costs. And by reducing agro-chemical treatment, they are directly respectful of the environment, and tomorrow they will also make it possible to manage water resources better.

The world regulatory environment for GMOs*

In 2016, GM* seeds represented 185.1 million hectares (an increase of 5.4 million hectares compared to 2015) cultivated by 18 million farmers in 26 countries, the main ones being the United States, Brazil, Argentina, Canada and India. Corn and soybean are the main genetically modified crops in the world, followed by cotton and canola.

These productions are used locally for human or animal nutrition or exported to countries that have authorized their consumption. The total number of producing and consuming countries comes to around forty (the European Union counts as just one country). All these countries, without exception, have authorized GMOs* following regulatory examination procedures. Depending on each country, the approach either concerns solely the "product", or a combination of "technique product". A great number of countries have developed and apply regulations on GMOs* (<http://www.fao.org/food/food-safety-quality/gm-foods-platform/maps/regulatory-framework/en/>); some countries also have regulations on imports (<http://www.fao.org/food/food-safety-quality/gm-foods-platform/maps/feed-imports/en/>).

Source: ISAAA 2017

Genetically modified seeds fully adopted in certain regions of the world

In total, this market represents more than 10% of arable land, with strong variation between different regions. Some countries have fully adopted GMOs*, such as the Americas, where the majority of world GMO* acreage is located. Thus in the United States, a precursor, 92% of corn acreage is GM*, rising to 94% for soybean and 100% for sugar beet. And the example of Brazil really is striking: GM* technology for corn was only adopted in 2007 and today its adoption rate already stands at 88%.

However other key markets remain to be convinced. This is the case in Europe, where GM* crops remain marginal, with around 136,000 hectares in 2016.

The same is true for India, where GM* crops only concern cotton, and for China, which to date only represents 1.5% of cultivated GM* acreage in the world, and which represents a key country for the future development of genetically modified seeds. (Source: ISAAA 2017).

Higher value for GM* seeds

In recent years genetically modified seeds have repeatedly benefitted from sustained growth in terms of value, at the same time as their progression in volume. Representing more than \$20 billion in 2016 (an average growth of 5.4% over the past five years) (Source: Phillips McDougall 2017), the market for GM* field seeds today represents more than half of the world market for commercial seeds in terms of value. This is particularly due to the integration of several traits* stacked in the same variety.

As an indication of how well these technologies have been integrated, and because they provide superior technical performances, genetically modified seeds are sold at a price 100% to 150% above that of conventional seeds, depending on their technical input.

New traits* in the pipeline to optimize growing conditions

Today's GM* varieties mainly propose three traits*, which are being more and more frequently stacked: resistance to insects (corn borer and corn root worm) and tolerance to herbicides. In 2016, stacked traits represented more than 32% of the market (Source: ISAAA 2017).

In years to come new traits* will be launched, for example, plants more tolerant to drought and varieties that optimize the use of fertilizers.

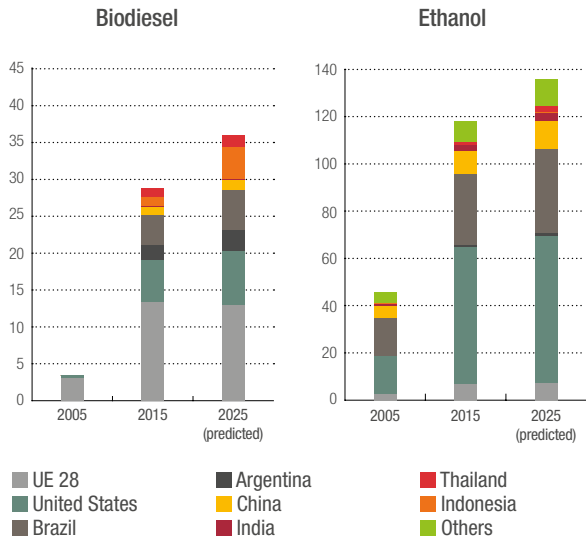
1.3.1.4. The development of non-food needs

Parallel to the market for food, the development of industrial applications that exploit agricultural production can strengthen the potential for growth of the seeds market. This especially concerns:

- ❖ plant chemistry – also known as "green chemistry" – including the market for biodegradable plastics,
- ❖ and agrofuels, particularly ethanol, produced from corn, and representing 37% of corn applications in the United States. However, because of the drop in oil prices and the emergence of shale gas, agrofuels appear to be less attractive today.

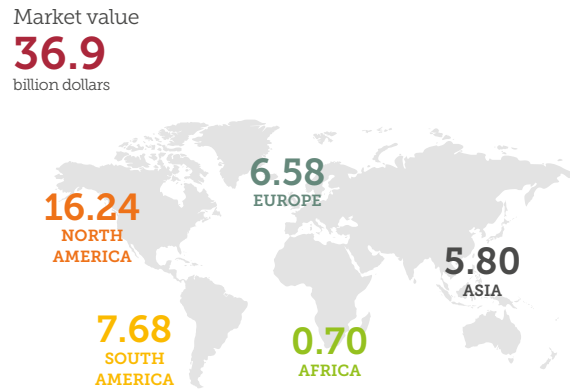
The expansion of these markets, still modest in size, can have a positive influence on the volume of activity in commercial seeds. While Vilmorin & Cie has not yet initiated a significant research program devoted to these applications, it remains attentive to the evolution of these markets. It does sell corn and rapeseed varieties whose technical performances are significantly higher specifically in order to meet the expectations of this market.

Evolution of the world production of agrofuels
(in billion of liters)



Source: FAO-OCDE: Agricultural perspectives 2025

Analysis of the market (in value) by geographical area
(in billion of dollars)



1.3.2.1. The vegetable seeds market

The value of the world market for vegetable seeds was estimated to be at around 5.2 billion dollars in 2016 (Source: Phillips McDougall 2017).

The regularly increasing world consumption of vegetables drives the growth of Vilmorin & Cie's target markets. It is a consequence of the rising world population, and the evolution of the food habits of consumers who have become more aware of the importance of a well-balanced, varied diet.

Greater use of commercial seeds in developing markets, and the increase in the use of seed technology in the more mature markets, are also contributing to global growth in the sector.

Many high added-value niches

The operators on the vegetable seeds market work side by side in the major production and consumption zones.

The sector has become highly concentrated yet it still remains scattered in terms of products. This segmentation can be explained by the numerous specificities of the vegetables market:

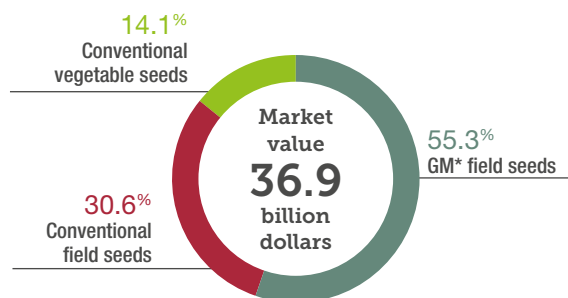
- a great diversity of species (more than 150 botanic species are cultivated throughout the world), with great diversity in types of product for the same specie (shape, size, color, taste) and extensive line-ups, covering all the sales possibilities, from production in season to that of counter-season,
- extremely varied types of production unit: open field, cold or heated shelter (tunnels, plastic greenhouses, glass greenhouses, etc.),
- a vast geographical dispersion of production zones.

1.3.2. An essentially growing seeds market

The world market for seeds, the value of which was estimated to be around 37 billion dollars in 2016, dropped slightly in value (-0.7%) this past year, particularly for field seeds, because of the low price obtained for agricultural production, which hit the profitability of farms.

This temporary evolution in no way calls into question the market growth trend, (1.4% per year over the past five years. Source: Phillips McDougall 2016), or the levers for growth.

World market for commercial seeds 2016



Source: Phillips McDougall 2017

Therefore the world market for vegetable seeds is composed of many niches, with particularly strong added value.

Innovation at the heart of market growth

The vegetable seeds market is highly sensitive to the technical performance of seeds.

Indeed, the varieties the growers choose will determine the quality and added value of their production, while the cost of seeds remains moderate compared to that of other inputs*. It is therefore a strategic choice, above all driven by economic considerations, and by the criteria of yield, resistance to diseases and suitability to trends in consumption.

Consequently, even though the market for vegetable seeds is powered by the global increase in vegetable consumption, it is mainly dependent on the research results of seed companies and the development of innovation that can stimulate producers to purchase seeds with greater added value.

1.3.2.2. The market for field seeds

The value of the world field seeds market is estimated to be almost \$32 billion in 2016 (Source: Phillips McDougall 2017), including more than \$20 billion for genetically modified seeds.

Corn holds the position of top crop in terms of value, representing more than \$15 billion, whereas wheat is the most widely cultivated world crop in terms of acreage (more than 220 million hectares in 2016, about 15% of arable land) (Source: USDA).

Outlets for corn are numerous: it is mainly used for animal feed (forage corn or grain corn), but it is also an important raw material for industry (agri-food, starch, etc.). Corn is also used as a source of energy (agrofuels).

As for wheat, it is mainly used for human food and is the staple food for one third of the world's population.

The environment for field seed markets remained difficult over fiscal year 2016-2017. It was once again hit by the particularly low level in prices for agricultural production, both corn and wheat. Variations in the prices of agricultural raw materials can above all be explained by the lack of coherence between supply and demand that is specific to all agricultural production, by fluctuating weather conditions in different geographical areas leading to surpluses or shortfalls, and by the fact there is persistent speculation on agricultural produce.

There is no direct correlation between the prices of raw materials and the price of seeds. Nevertheless the current low level of prices for agricultural production has a grave impact on the profitability of farms and the revenues of farmers, who are therefore more careful about how much they invest in their inputs*.

Evolution of the prices of corn and wheat in Europe between 2001 and 2017

(in euros per tonne)



Sources: Cereals market, France Agrimer. September 2017

The market for field seeds in Europe

The European market is dominated by corn, straw cereals, and by rapeseed and sunflower. It has experienced varying trends depending on the crop; this growth has been disturbed by an unfavorable global environment since fiscal year 2013-2014 .

Due in particular to the impact of the low prices for agricultural production, the drop in cultivated acreage for corn concerned most countries during fiscal year 2016-2017, whereas sunflower acreage increased markedly over the same period.

Evolution of cultivated acreage in the European Union 28

(in millions of hectares)

	Acreage 16-17	Evolution over 1 year
Total corn	13.3	-3%
> Grain corn	7.5	-4%
> Forage corn	5.8	-1%
Bread wheat	22.9	=
Sunflower	4.3	+4%
Rapeseed	6.2	+3%

Source: internal estimates

Marginal acreage of GM* crops

Growing, selling and importing genetically modified plants are subject to European directives and regulations. To date, only one GM* variety (MON810 corn) is authorized for growing and selling in the European Union, whereas more than fifty types of transgenic corn, soybean, cotton and canola, including combinations, are authorized for import, mainly for animal feed.

Certain member states have nevertheless decided to suspend authorization to grow MON810 corn, triggering different clauses provided in European regulations.

This is specifically the case of France, Germany, Italy, Hungary, Austria and Greece. A procedure allowing member states to prohibit the cultivation for commercial purposes of transgenic plants in their country was adopted in March 2015 (directive 2015/412) by the Parliament and the Council; it offers greater liberty and a seemingly wider legal base to prohibit such cultivation.

Consequently, GM* varieties were only marginally grown in Europe in 2016 with about 136,000 hectares (mainly in Spain and Portugal). Up 16% this year, they nevertheless remain modest on a world scale, and represent much less than 1% of world acreage (Source: ISAAA 2017). Convinced that these markets will ultimately open up, Vilmorin & Cie is running specific research programs with the aim of selling its own genetically modified seeds, initially integrating insect resistance and herbicide tolerance traits* adapted to this market. The research program is explained on page 41.

The market for corn seeds in north america

After experiencing an increase in 2016, cultivated corn acreage in the United States recorded a drop this year of 3% (Source: USDA 2017), covering almost 37 million hectares.

At the same time, acreage planted with soybean progressed considerably (+7%), reaching more than 36 million hectares.

The predominant position of genetically modified plants

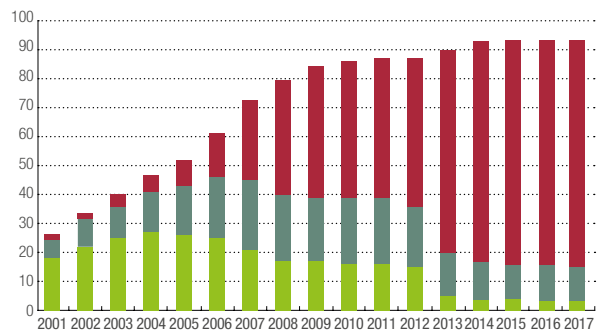
Representing almost 40% of the world acreage for all crops combined (Source: ISAAA 2017), the United States is by far the biggest producer of genetically modified plants. Today they cover 92% of cultivated acreage in corn.

Varieties stacking several resistance traits* represent a significant share of the market, estimated to be 77% of GM* corn acreage (Source: USDA 2017).

Genetically modified seeds enable farmers to reduce their running costs significantly, in particular those concerning pesticides and herbicides, while guaranteeing a much more abundant harvest. They are therefore sold at a significantly higher price than conventional seeds.

Evolution of the acreage of genetically modified corn in the United States

(as a %)



■ Traits* for insect resistance
 ■ Traits* for herbicide tolerance
 ■ Stacked traits*

Source: USDA 2017

Agrofuels, a significant outlet for corn production

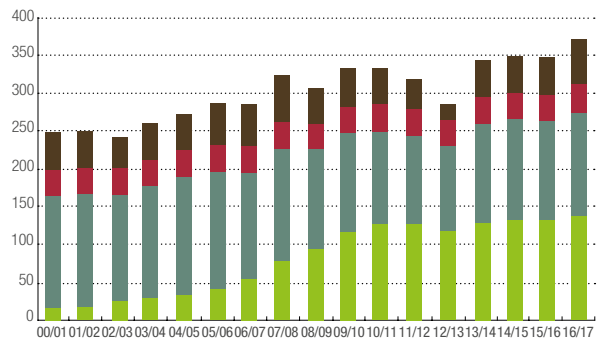
As of 2000, corn production in the United States had been stimulated by agrofuels. High demand from bioethanol factories in particular was behind the strong increase in corn acreage.

In 2016-2017, 37% of corn utilizations in the United States was devoted to this market.

However today agrofuels appear less attractive especially because of the evolution in oil prices and the development of shale gas.

Evolution of the total applications for corn in the United States

(in millions of tonnes)



■ Bioethanol
 ■ Animal feed
 ■ Other uses
 ■ Export

Source: USDA 2017

The development of precision farming

American farmers today have access to different services accompanying them in the management of their farms. Based on the use of new technologies, precision farming makes more and more detailed data available to them, updated and personalized to guide them in their decisions: choice of varieties for sowing depending on the characteristics of their plots, sowing density and growing practices, for example.

This trend more and more widely concerns other geographical zones, particularly Europe.

The market for seeds in new development zones

South America

With average annual growth of nearly 5% over the past five years, the South American market represented more than 20% of the world value market for seeds in 2016, a total of 7.7 billion dollars (*Source: Phillips McDougall 2017*).

While soybean holds a prominent place, corn is also a widely cultivated crop in South America: around 24 million hectares were devoted to corn in 2016, including 16 million hectares in Brazil (*Source: USDA 2017*).

Brazil is a special case since, in certain regions, there are two corn harvests per year: "safra" (summer crop) and "safrinha" (winter crop). In 2016-2017, both "safra" and "safrinha" acreages increased very significantly, as a result of a stronger market context for corn.

The country is also characterized by a very high adoption rate of genetically modified varieties, in particular for corn, which stood at 88% in 2016 (up from 84% in 2015), which is more than 15 million hectares. Brazil is therefore the second largest world market in terms of GM* corn acreage (*Source: ISAAA 2017*).

Asia

With the fourth largest seeds market in the world in value terms, Asia represents almost 6 billion dollars (*Source: Phillips McDougall 2017*). Characterized by a continuous population increase, the emergence of middle classes and changes in consumption patterns, the Asian market is a great opportunity. The main crops in terms of value in Asia are vegetables, rice, cotton and corn.

In this geographical region, China and India are both positioned as key countries:

- China is a major producer of cereal crops, and one of the major players in the world for rice and corn acreage. Its seeds market is growing fast, both in volume and value, as a result of the modernization of its agriculture, progressive concentration of the local players and the involvement of the Chinese authorities in this sector, which is considered to be highly strategic. Nevertheless, with regard to corn, this progression is slowing down at the moment because of the decision of the authorities to reduce production acreage.

- In India, where self-sufficiency in food continues to be a major challenge, the seeds market is evolving very fast, with an annual growth rate of more than 10% over the past five years (*Internal source*). It is also characterized by a trend towards greater concentration of the numerous local seed companies, and a rate of commercial seed use by farmers gradually increasing.

Africa

By 2050, Africa will contain almost a quarter of the world's population (*Source: United Nations Food and Agriculture Organization/FAO*). In order to satisfy these immense food needs, farmers will require access to efficient varieties, which the majority do not have today.

The African market, which today represents less than one billion dollars, has a low rate of adoption of commercial seeds, and in particular hybrid* seeds. It is therefore a very promising market with considerable development in years to come.

However in 2016-2017 South Africa was severely affected by persistent drought, whereas weather conditions overall were milder elsewhere in the southern part of Africa.

Corn is the main crop grown in Africa, and in 2016 represented around 18% of world grain corn acreage, with around 34 million hectares (*Source: ISAAA 2017*).

This concerns mainly white corn, which along with vegetables and poultry is a staple food for Africans, although acreage for yellow corn, intended for animal feed, is progressing to meet increasing poultry feed requirements.

Only South Africa is the exception, where yellow corn dominates. This particularly promising market for field seeds, and corn above all, with more than 3 million hectares grown, is also fully focused on innovation. Furthermore genetically modified seeds are already widely used by farmers, with an adoption rate of 90% in 2016 for corn (*Sources: ISAAA and USDA 2017*).

1.3.3. Strong barriers preventing entry into the seeds market

Any new protagonist entering the seeds market has to benefit from several complementary assets which all constitute barriers to this entry.

1.3.3.1. Genetic resources*, expertise and time

In order to create high performance seeds, first of all genetic resources* are required, as diverse as possible; this is fundamental for the continuation of seed production. What is specific about the creation of seeds is that they inevitably start from existing resources.

Mastering each of the stages in the profession is also indispensable: the expertise of seeds producers involves research, cutting edge technologies in terms of plant breeding*, production – first in fields and then the factory – processing and distribution of the seeds through networks that need to be as close as possible to the markets, in order to understand and anticipate the needs of growers and farmers better.

And even if all these resources and this expertise are combined, it still takes 7 to 10 years for the seeds producer to come out with a new variety for marketing.

1.3.3.2. Significant investments

The level of investment required also makes it difficult for newcomers to penetrate the seeds market.

These investments concern the funding of the production cycle and working capital needs, setting up distribution networks and marketing plans, and above all research, the key to the creation of value. The seeds market is indeed one of the most demanding sectors in terms of investment in research. Accordingly, Vilmorin & Cie spent more than 15% of its seeds sales on research in 2016-2017.

1.3.4. A concentrated competitive environment undergoing reorganization

Even though market integration varies considerably depending on regions and crops, recent years have been marked by movements of concentration, and consequently even greater power for the main players on the market: the top five seed companies today represent nearly 60% of the world market for commercial seeds⁽¹⁾.

Within this particularly concentrated competitive environment, several take-overs and mergers are in progress, concerning the major operators in the seeds and agro-chemicals sector.

While Vilmorin & Cie carefully follows these movements and their potential consequences on its markets, these operations do not, in any way, call into question Vilmorin & Cie's capacity to pursue its development on its markets. Neither do they modify Vilmorin & Cie's development model – whose single core business is seeds – or its strategy, which is based on three major focuses: vegetable seeds, wheat seeds and corn seeds.

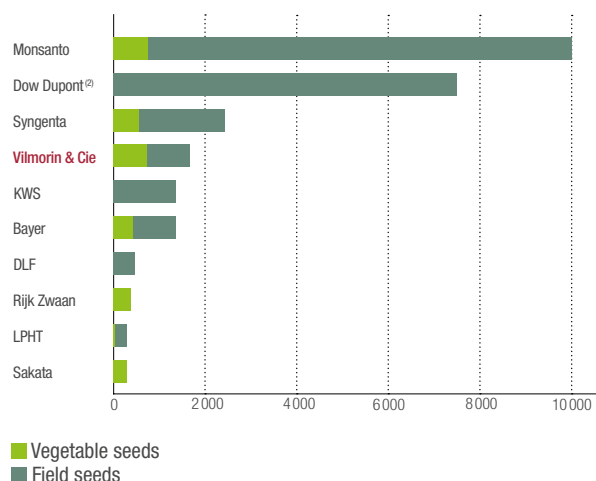
Vilmorin & Cie's development model is set out from page 30 and its strategy from page 33.

Within this competitive environment that is undergoing reorganization, Vilmorin & Cie's positions also remain unchanged. Solidly implanted as No. 2 worldwide for vegetable seeds, the Company is positioned as a top world player in wheat seeds and a dynamic challenger in corn seeds.

⁽¹⁾ Sources: company disclosures, internal, Philipps McDougall 2017. Data before the different take-overs and mergers in progress.

Global competitive panorama (Seeds business)

(Sales in millions of euros)



Data for 2016, except for KWS data for 2015-2016, Monsanto data for 2016-2017, Vilmorin & Cie data for 2016-2017, excluding Garden Products and including, in particular, 50% of AgReliant (North America, Field Seeds). To take application of the standard IFRS 11 into account, certain companies have been recorded in the accounts using the equity method, as of fiscal year 2014-2015.

Sources: internal estimates and corporate disclosures.

⁽²⁾ Following the merger of Dupont Pioneer and Dow, finalized on August 31, 2017.

1.4. Activities

A world leader in seeds

Vilmorin & Cie is one of the world leaders of the seeds sector.

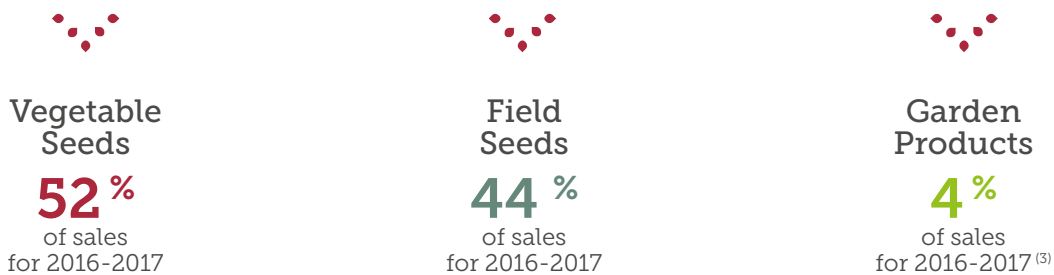
The Company focuses on its single, historical core business of seeds; it does not operate in the agrochemicals sector.

Vilmorin & Cie develops business around three activities, two of which represent its core business: Vegetable Seeds and Field Seeds, along with the Garden Products activity, intended for the consumer market. Each of these divisions is organized into Business Units, guaranteeing close proximity to their markets.

In 2016-2017, Vilmorin & Cie made consolidated sales for the fiscal year of 1,414 million euros, a significant increase (+6.7% with current data and on a like-for-like basis compared with 2015-2016), completing a high quality year.



The **Limagrain** seed business



10 Business Units

- HM.CLAUSE
- Hazera
- VILMORIN-MIKADO⁽¹⁾
- Limagrain Europe
- Limagrain South America
- Limagrain Cereal Seeds
- Limagrain Asia
- Limagrain Africa
- AgReliant⁽²⁾
- Vilmorin Jardin

As the parent company of the group, Vilmorin & Cie carries out missions for the benefit of its subsidiaries, regarding general administration, human resource management, information systems and pooled upstream research programs⁽⁴⁾.

⁽¹⁾ On July 1, 2016, the Business Units Vilmorin and Mikado Kyowa Seed joined forces to create the Business Unit "Vilmorin-MKS", which was renamed "VILMORIN-MIKADO" in September 2017.

⁽²⁾ Bearing in mind the application of the standard IFRS 11, AgReliant (a 50/50 joint venture with the German seed group KWS) has been recorded in the accounts using the equity method since fiscal year 2014-2015.

⁽³⁾ Including the Holdings.

⁽⁴⁾ Compensation for these services and the corresponding flows are set out in Note 32 of the notes to Vilmorin & Cie's consolidated financial statements.

1.4.1. Vegetable Seeds

Vegetable Seeds sales
in 2016-2017
735.8
million euros
(+6.2% on a like-for-like basis)

No. 2 worldwide for vegetable seeds, Vilmorin & Cie creates, produces and sells novel seeds for professional vegetable production. Growers, who produce vegetables for fresh markets, and indirectly

processors, specialists in canning and deep-freezing, make up its customers.

Extremely diversified, Vilmorin & Cie's product line-up comprises about thirty different crops, and in particular those that are most widely consumed throughout the world: tomato, sweet and hot pepper, onion, watermelon, carrot, cucumber, melon, lettuce, cabbage, cauliflower, sweet corn, bean, summer squash, etc.

For some of these crops Vilmorin & Cie holds leading world positions: No. 1 in tomato, the top vegetable crop in the world in terms of value, but also in carrot, melon and cauliflower, No. 2 in bean and summer squash, No. 3 in sweet pepper.

1.4.1.1. Key advantages: innovation and proximity to markets

A strong capacity for innovation

Vilmorin & Cie is positioned as a world leader in terms of innovation and market shares. Indeed, Vilmorin & Cie continuously invests in research to develop seeds that meet the performance demands of vegetable growers and processors: increase in productivity, resistance to diseases and insects, perfect adaptation to growing and processing conditions, preservation, etc.

The varieties sold must also anticipate and meet consumer expectations (nutritional qualities, taste etc.), taking their cultural diversity into account, while optimizing added value for professional vegetable producers.

A diversified market approach

In order to cover highly segmented markets efficiently, the Vegetable Seeds activity is structured around three Business Units with a global vocation: Hazera, HM.CLAUSE and VILMORIN-MIKADO.

The global strategy for Vegetable Seeds is defined by the divisional management, particularly in terms of research and marketing. Organized around international, multi-cultural teams, each of the Business Units is responsible for its operational management. Each unit has a commercial department specifically adapted to its zones of

influence. The Business Units successfully combine their portfolio of products and brands, their sales forces and their distribution networks.

This organization encourages a close approach to worldwide markets, from research right through to the extremely fragmented sales. It also means a large number of highly profitable local and niche markets can be covered, with a better response to the needs of vegetable producers and consumers, and therefore it contributes to developing market shares.

Vegetable Seeds Main brands

Hazera
Seeds of Growth

HM HARRIS
MORAN
SEED COMPANY

CLAUSE
VEGETABLE SEEDS

Vilmorin
SEED GENERATION

MIKADO KYOWA SEED

1.4.1.2. Performances for 2016-2017: confirmation of solid dynamic growth

Sales for the Vegetable Seeds activity at the end of the fiscal year on June 30, 2017, reached 735.8 million euros, an increase of 6.8% with current data compared with 2015-2016. Restated on a like-for-like basis, this increase was 6.2%.

In a context of dynamic markets, even though less fruitful in certain regions (Italy, Spain and Mexico in particular), all the Business Units recorded an increase in business. All the geographical zones progressed, particularly key regions, and above all North America, which posted considerable growth.

At the same time, in Japan, the programmed run-down of the agricultural supplies and equipment activity of the Business Unit VILMORIN-MIKADO continued over the fiscal year.

Performances were particularly remarkable for strategic crops: tomato, carrot, summer squash, hot and sweet pepper and onion.

Following on from previous years, Vilmorin & Cie pursued its dynamic growth. This solid performance fully confirmed the pertinence of Vilmorin & Cie's strategy, enabling the Company to confirm its world leadership on the market for vegetable seeds.

1.4.1.3. Highlights in 2016-2017

Targeted operations to consolidate competitive positions

- Acquisitions and new facilities established in recent years in key geographical areas (United States, Vietnam, Turkey, Morocco, India, Russia, etc.) and strategic crops (tomato, sweet pepper, onion, hot pepper, cucumber, etc.) have shown themselves to be pertinent and represent active relays for growth.

In this respect, the acquisition in February 2016 of the American company Genica Research, specialized in research, breeding*, production and distribution - by delegation – of hybrid* vegetable seeds, is a fine illustration. Integration of the company, finalized during the course of fiscal year 2016-2017, provided Vilmorin & Cie with access to complementary proprietary genetic resources* of high quality, and to a pipeline of very rich products. Moreover this operation also enabled Vilmorin & Cie to integrate a team of extremely experienced breeders into its existing teams.

From an operational point of view, already in July 2016 the American activities of Genica Research were integrated into the Business Unit HM.CLAUSE and the European activities into VILMORIN-MIKADO.

Through this targeted external growth operation, in coming years Vilmorin & Cie will be able to pursue the consolidation of its positions in major crops – sweet pepper, hot pepper, cucumber, summer squash, along with tomato, eggplant, melon and watermelon – and in key regions, in particular the United States, Mexico, Spain, Italy and the Middle East.

- The fiscal year was also marked by the creation of a joint venture devoted to vegetable seeds in Africa between Vilmorin & Cie and Seed Co. This joint venture, set up within the framework of the partnership signed by the two companies ⁽¹⁾, and named Prime Seed Co International, was established operationally between the Business Unit HM.CLAUSE and Seed Co.

HM.CLAUSE will provide its know-how to this structure for the development of new varieties, while Seed Co will allow HM.CLAUSE to benefit from its experience of distribution networks in Africa. In the mid-term, a vegetable breeding* activity specific to Africa, where it will be located, is also envisaged.

Through the numerous synergies between the two companies, this new structure will be able progressively to open up significant development perspectives on a vegetable seeds market that offers high potential, particular in Sub-Saharan Africa.

Accelerating innovation and proximity to markets

In order to maintain growth in coming years, research programs have been intensified, while investment in research tools and resources devoted to sales and marketing development have been scaled up as sales have increased.

Fiscal year 2016-2017 was marked by ongoing investments in research facilities. With this objective in mind, the Business Unit Hazera transferred one of its research sites in the Netherlands; the new center, located in Warmenhuizen, is in the launch phase, and will be fully operational by the fall of 2017. After the finalization of its research center located in Brurim (Israel) during the previous fiscal year, Hazera has thus completed the modernization of its R&D infrastructures.

These new cutting edge research sites contribute to the consolidation of Vilmorin & Cie's capacity to innovate.

Furthermore, in Tunisia, the Business Unit VILMORIN-MIKADO and its historic Tunisian distributor and partner, SEPCM (Fertilizers and Chemical Products Company of Mégrine), strengthened their research partnership on hot pepper during the fiscal year and initiated a joint venture going by the name of Carthage Génétique. With this facility in North Africa, the brand Vilmorin, the leader on the market for hot pepper in Tunisia, is pursuing the development of its worldwide research network.

1.4.1.4. Competitive position

Today the top five operators represent more than half of the world market for vegetable seeds. Within this highly concentrated competitive market, Vilmorin & Cie is clearly positioned as No. 2 worldwide.

Companies	Countries	Sales Vegetable seeds (in million of euros)
Monsanto	United States	748 ⁽¹⁾
Vilmorin & Cie	France	736 ⁽¹⁾
Syngenta	Switzerland	565
Nunhems (Bayer Crop Science)	Germany	436
Rijk Zwaan	Netherlands	388

⁽¹⁾ Sales for 2016-2017

Sources: internal estimates and company disclosures

⁽¹⁾ On June 30, 2017, Vilmorin & Cie held 30.2% of the capital stock of Seed Co, the largest seeds company in Africa.

1.4.2. Field Seeds



No. 1 in Europe for wheat seeds⁽¹⁾, No. 3 for corn seeds in North America, the largest market in value in the world, and No. 4 in Europe, Vilmorin & Cie creates, produces and

distributes field seeds for farmers.

Corn and wheat are the two strategic crops defined by Vilmorin & Cie worldwide.

As a complement, the Company develops a portfolio of crops adapted to each region where it operates, and therefore proposes regional crops: sunflower, rapeseed and barley in Europe, rice in India, and soybean, which Vilmorin & Cie distributes in North and South America, and also in South Africa.

Vilmorin & Cie's field seeds activities cover Europe, North America, and, since 2010, new development zones. They are organized around two global functions (research and strategic marketing) and six Business Units with a regional vocation:

- ❖ field seeds in Europe, with the Business Unit Limagrain Europe;
- ❖ corn seeds - and soybean seeds - in North America, through AgReliant, a 50/50 joint venture with the German seed group KWS;
- ❖ corn seeds - supplemented with crops of a regional vocation - in new development zones, through three Business Units: Limagrain South America (South America mainly Brazil), Limagrain Asia (India, China and Southeast Asia) and Limagrain Africa;
- ❖ wheat seeds outside Europe, grouped within the Business Unit Limagrain Cereal Seeds.

In 2016-2017, the Field Seeds division posted sales of 626 million euros, up considerably (+8.3% on a like-for-like basis compared with fiscal year 2015-2016), demonstrating a solid performance of the business in a market context that remains difficult.

If the seeds activities for corn and soybean in North America, grouped in AgReliant, are included, sales⁽²⁾ came to 927.5 million euros, a significant increase of 4.7% on a like-for-like basis compared with 2015-2016.

1.4.2.1. Field seeds in Europe

The field seeds activity – cereal and oilseed crops – located in Europe, focuses on farmers as customers, through distribution networks that vary according to the countries targeted and the crops distributed.

A key advantage: a multi-crop strategy optimizing cover of the European market

A product line segmented according to strategic interests

A major player in Europe, Vilmorin & Cie is active on the main European agricultural markets, with clearly defined positioning for the different crops. To optimize its investments in research and marketing, Vilmorin & Cie has segmented its crops into three main categories:

- ❖ strategic crops for which it holds strong competitive positions, particularly corn and wheat. Sunflower, oilseed rape and barley are also among the main European crops for which Vilmorin & Cie develops specific research programs.
For these crops, Vilmorin & Cie permanently pursues its upstream research programs and breeding*, thus guaranteeing its future development.
- ❖ support crops which provide commercial synergies as line complements when strategic crops are marketed. Research investment is limited and production is carried out by sub-contractors through partnerships such as that developed with DLF, a Danish company which is the world leader for the forage plant segment.

- ❖ so-called "local" crops (amenity grasses, cotton, sugar beet, etc.) distributed according to market opportunities, which complete the line-up.

This multi-crop positioning means that all the farmers' needs can be met.

Corn, straw cereals (wheat and barley), sunflower and rapeseed, which represent the core products of Vilmorin & Cie's portfolio in Europe, are powerful creators of value, in the short-, medium- and long-term.

- ❖ In spite of the current difficult situation, corn is potentially a highly profitable crop, given high-performance germplasm that is historically well-suited to the needs of the forage corn market in Northern Europe. Vilmorin & Cie is indeed well-positioned as the second largest player in Europe for forage corn seeds.
This crop is liable to develop even further, particularly through the launch of new varieties developed for grain corn, the main corn market in Europe, and ultimately the potential emergence of the market for genetically modified plants.

- ❖ Straw cereals (wheat and barley), sold through two different distribution channels (long channel, from seed companies to farmers, and short channel, from seeds companies to agricultural cooperatives) have a life cycle that is longer than average. Their

⁽¹⁾ Wheat and barley.

⁽²⁾ Integrating 50% of AgReliant (North America, Field Seeds). After application of the standard IFRS 11, certain companies have been consolidated in the financial statements using the equity method since fiscal year 2014-2015.

profitability, which is indirectly influenced by the prices of agricultural raw materials, is lower than for other strategic crops, and can vary from one year to the next. However the long-term outlook for the creation of value is encouraging, with the perspective of developing GMO* and then hybrid* wheat. This is a strategic development for Vilmorin & Cie and is presented on page 42.

As far as barley is concerned, Vilmorin & Cie owns efficient germplasm which will enable it to become one of the reference breeders* for this crop.

- ❖ Sunflower, which is very similar to corn, benefits from very high performance germplasm, and a solidly implanted European distribution network. It has been developing fast for several years, especially to the east of Europe (Ukraine and Russia).
- ❖ Rapeseed varieties, because of their agronomic profile, have a short lifespan. Moreover the crop, already extremely profitable because it has switched to a hybrid* form, will further improve because of the adoption of varieties with improved technical performances.

A distinctive marketing and sales approach

The marketing strategy adopted by Vilmorin & Cie for the field seeds market in Europe is also one of the key factors in its success. In corn for example, the company has fine-tuned the segmentation of its range according to two criteria: the market targeted (market for forage corn and industrial applications) and the qualities targeted (digestibility and starch content for forage corn, and varieties devoted to the production of agrofuels, etc.).

Vilmorin & Cie's multi-crop and multi-brand strategy clearly accounts for the central role of agricultural distribution to exploit the value of its brands and innovations. In this respect, privileged commercial partnerships with European cooperative distribution networks represent another advantage.

Field Seeds in Europe Main brands



Advanta®: brand registered by Advanta Netherlands Holdings BV

Performances and highlights in 2016-2017: considerable business growth in spite of an environment that remains difficult

For fiscal year 2016-2017, Vilmorin & Cie posted a marked increase in its sales in Europe, which stood at 530.5 million euros on June 30, 2017, up 3.1% on a like-for-like basis.

Thus business began to grow again, in spite of a market context that remained difficult. Indeed, once again this year the market was characterized by a low level of prices for agricultural production, and strong pressure on pricing policies.

In this context, the situation varied according to crop.

- ❖ In corn, in spite of significant business growth in Ukraine and Russia, the sales were down in a European market under tension. This drop mainly concerned countries in Western Europe, coinciding directly with the reduction in cultivated acreages (-3% in Europe 28. *Internal source*). At the close of this past fiscal year, Vilmorin & Cie nevertheless confirmed its position as No. 4 in Europe for corn seeds.

- ❖ In straw cereals⁽¹⁾, certified wheat and barley seed sales for the long distribution channel decreased, as they were directly affected by the low price of agricultural production, leading farmers to opt for farm seeds rather than commercial seeds. Delegation of straw seed varieties (the so-called short channel) also posted a drop in comparison to the previous year; it contributed to generating almost 32 million euros in royalties*.

- ❖ In sunflower, Vilmorin & Cie achieved a very high quality campaign. Growth in business was most marked in Ukraine and Russia. Accordingly, Vilmorin & Cie once again this year won more market shares in these key countries for sunflower – Ukraine and Russia represent about half the cultivated surfaces in the world for this crop. This excellent performance, resulting from the increased commercial presence of Vilmorin & Cie in this region, is confirmation of the quality of the product portfolio and the right match of Vilmorin & Cie's germplasm to these markets. During the course of fiscal year 2015-2016, a research center devoted to sunflower was opened in Krasnodar (Russia) and is also contributing to this dynamic growth.

- ❖ In oilseed rape, the sales campaign for 2016-2017 once again ended with substantial growth, both in volume and in value, on a market benefiting from a positive trend as hybrid* seeds continue to be adopted. Progress was particularly marked in Central Europe and Germany.

With its portfolio of high technical performance products, Vilmorin & Cie is winning market shares, thus confirming its position as a top rate European player.

⁽¹⁾ Wheat and barley.

Competitive position

In Europe, Vilmorin & Cie holds top rate competitive positions for its main crops.

Competitive panorama in Europe

	Straw cereals ⁽¹⁾	Corn ⁽²⁾	Sunflower ⁽²⁾
No. 1	Vilmorin & Cie	Dupont Pioneer	Syngenta
No. 2	RAGT	Monsanto	Dupont Pioneer
No. 3	KWS	KWS	Vilmorin & Cie
No. 4	-	Vilmorin & Cie	Euralis

⁽¹⁾ Wheat and barley (main countries in which Vilmorin & Cie operates).

⁽²⁾ Greater Europe.

Source: internal estimates.

1.4.2.2. Corn seeds in North America⁽¹⁾

AgReliant, a 50/50 joint venture set up in July 2000 with the German seed group KWS, breeds, produces and sells corn and soybean seeds in the United States and Canada. The original aim in creating this company was to unite the research and marketing investments of the two companies and to climb into the rankings of the top local seed companies. Research, production, distribution and administration are all today fully pooled.

AgReliant has managed to win market shares regularly since it was first set up, and is now the third largest player on the corn market in the United States, the largest world market in terms of value.

A key advantage: a specific market approach

High added value seeds

AgReliant offers North American farmers high-quality germplasm, which, when combined with technical options, enables adapting seeds to their most specific needs. These options concern two possibilities:

- ❖ traits*, giving the plant the characteristic sought after. These resistance genes incorporated into the plant's genome* enable it to resist certain destructive insects (corn-borer and rootworm) and herbicides. The genetically modified varieties combine several resistance genes, using the stacking* technique, now considered by farmers to be a standard offer.
- ❖ plant protection products, giving protection to the plant against certain parasites or diseases.

AgReliant also proposes its platform "Advantage Acre[®]" for precision agriculture to its North American farmers. This novel tool, developed

with Spensa Technologies⁽²⁾, will allow farmers to fill in their own data from their farms and combine them with information concerning AgReliant hybrids*.

The objective is to allow growers to optimize sowing conditions, to follow the state of their crops with precision and thus overall improve agricultural production.

A distinctive sales policy

By devoting more than half of its staff to a highly qualified sales team, AgReliant can cover the three distribution networks in North America:

- ❖ direct sales to the farmer, which is the most widespread form of distribution,
- ❖ farmer-dealer networks,
- ❖ and sales through distributors.

In order to cope with these different distribution modes, AgReliant's sales teams rely on a portfolio of highly reputable brands, some with a national scope and others with a regional vocation, according to each geographical sector.

As of fiscal year 2017-2018, AgReliant will be modifying its portfolio of commercial brands by merging the regional brands into the LG Seeds brand. As a consequence, AgReliant will have two brands with a national vocation: Agrigold, devoted to direct sales to farmers, and LG Seeds, for sales through distributors and farmer-dealer networks. This project will make it possible to combine the best practices of each brand, while relying on the teams and organization set up, pursuing and reinforcing existing commercial relations.

AgReliant will therefore continue to ensure extensive cover of the *Corn Belt*, the heart of the North American market, and the Canadian market, through the brand Pride Seeds.

Field Seeds in North America

Main brands



⁽¹⁾ Bearing in mind the application of the standard IFRS 11, AgReliant has been recorded in the accounts using the equity method since fiscal year 2014-2015.

⁽²⁾ An American company specialized in the elaboration of precision agriculture systems.

Performances and highlights in 2016-2017: a quality campaign for corn seeds on a dipping market

For fiscal year 2016-2017, AgReliant posted sales of 602.9 millions euros (100% data), a drop of 2% on a like-for-like basis.

Volumes of marketed corn seeds were down proportionately to the estimated drop in cultivated acreage for this crop (-3%. *Source: USDA*). As the No. 3 player on the North American market, for corn seeds, AgReliant was thus able to maintain its market shares in an environment marked by strong pressure on prices and difficult sowing conditions during the campaign.

At the same time, volumes of marketed soybean seeds increased significantly, in proportion to the higher cultivated acreage for this crop (+7%. *Source: USDA*) and also benefitted from the introduction, over the course of the fiscal year, from soybean seeds sold under the Agrigold brand.

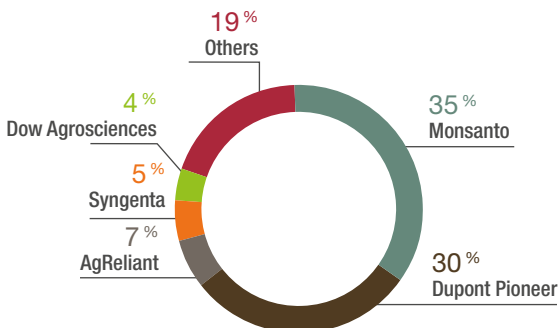
Moreover, as a consequence of the distribution agreement signed with the Canadian company Canterra Seeds during fiscal year 2015-2016, this past year AgReliant strengthened its commercial presence on the western Canada market.

Competitive position

Within a particularly concentrated competitive environment (more than 75% of the market being held by four players), in recent years AgReliant has managed to regularly strengthen its market shares, mainly on the Corn Belt, in particular to the detriment of smaller players.

Estimate of market shares in corn seeds in North America

(Spring 2017)



Source: internal estimates

1.4.2.3. Corn seeds in new development zones

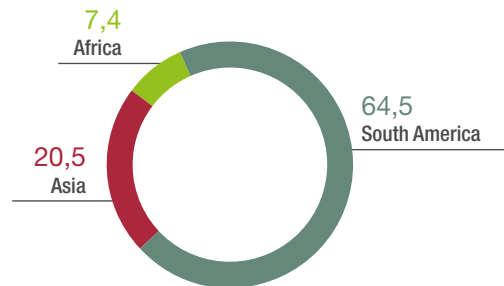
To go beyond its positions in Europe and North America, Vilmorin & Cie made the strategic choice since 2010 to internationalize its corn activities on new, fast-developing markets: South America, Asia and Africa.

Performances and highlights in 2016-2017: very strong business growth

In its new development zones for corn seeds, Vilmorin & Cie made sales of more than 92 million euros in 2016-2017, an increase of 53.4% on a like-for-like basis compared with 2015-2016.

Corn seeds in new development zones Analysis of business on June 30, 2017

(in millions of euros)



Globally, Vilmorin & Cie's new development zones enjoyed fine growth over the fiscal year. This is the fruit of the accelerated international deployment of its corn seed business, even though these sales still remain modest on the scale of the group.

Vilmorin & Cie's facilities in its new development zones are today structured for research, production and commercial development. The research and marketing functions are global today, ensuring there is worldwide coordination of these key cross-functional functions worldwide. Similarly, a genetic resources* network has been established making it possible to optimize the management of tropical corn germplasm*.

South America

In a highly buoyant market context, on June 30, 2017, Vilmorin & Cie recorded an extremely strong growth in business in South America: +82.4% on a like-for-like basis. This excellent performance, both in terms of volume and value, particularly concerned the second part of the commercial campaign for corn in Brazil (*safrinha*), confirming market share gains.

The extension of Vilmorin & Cie's commercial line-up to soybean seeds, initiated over fiscal year 2015-2016, is also beginning to pay off. Indeed, by distributing this major crop on the Brazilian market, the objective is to cover all farmers' needs.

At the same time, Vilmorin & Cie has continued to structure its corn research around three research centers dedicated to this crop in Brazil: located at Goiania (state of Goias), Sorriso (state of Mato Grosso) and Londrina (state of Parana), they now enable Vilmorin & Cie to cover the main Brazilian breeding* environments.

Looking beyond Brazil, the Business Unit Limagrain South America, responsible for the development of field seeds in South America, also deploys its business in Argentina, particularly for corn, wheat and sunflower research programs, and in Chile and Peru, with these two countries mainly devoted to seed production.

Asia

During the course of 2016-2017, Vilmorin & Cie overall achieved a fine sales performance in Asia. Vilmorin & Cie's corn activities on this continent are structured around three priority zones: India, China and Southeast Asia. Their development is managed by teams in the Business Unit Limagrain Asia, based mainly in Hyderabad (India), Beijing (China) and Bangkok (Thailand).

- ❖ In India, Vilmorin & Cie's organization relies on Bisco Bio Sciences, one of the top Indian players in corn seed, held 100% since March 2013. Vilmorin & Cie, which today holds a market share for corn seeds of about 7% on the sub-continent, is continuing its deployment in India: it is in the process of installing a second research center devoted to corn and rice, located in the north of the country as a complement to the research center located in Yadaram (state of Telangana) and finalized during the course of the previous fiscal year. Vilmorin & Cie now has its own hybrid* rice seed program and will therefore soon be in a position to offer Indian farmers this crop that is essential for the market.
- ❖ In China, Vilmorin & Cie's commercial presence is ensured through the joint venture for the production and distribution of corn seeds Hengji Limagrain Seeds. During the course of fiscal year 2015-2016, Vilmorin & Cie obtained all the necessary authorizations from the Chinese administration to set up this structure, in which Vilmorin & Cie holds 45% of the capital stock. In China, the participation of foreign companies in the capital stock of Chinese seed companies is currently limited by law to minority positions.

Vilmorin & Cie also has three research centers in China, located according to the different corn types (spring, summer and subtropical), two counter-season sites, and a wheat breeding* station. Vilmorin & Cie is pursuing its local research programs and several varieties are being introduced onto the market.

- ❖ In Southeast Asia, Vilmorin & Cie structures its activities around the Thai company Seed Asia, acquired in March 2014. Commercial presence is being gradually extended beyond Thailand and the first significant sales of hybrid* corn were made during the past fiscal year on the Indonesian market.

Africa

In Africa, Vilmorin & Cie develops its field seeds activities through the Business Unit Limagrain Africa, whose business was once again considerably affected during the course of fiscal year 2016-2017 by persistent drought in South Africa.

Vilmorin & Cie began its activity on the African corn market in January 2013, with the acquisition of Link Seed, the 3rd largest field seed company in South Africa. In order to pursue its strategic implantation on the continent, in 2013-2014, Vilmorin & Cie purchased a minority stake in the capital stock of the African company Seed Co in two operations, and held 30.2% of the company's capital stock at the end of June 2017. Listed on the Zimbabwe Stock Exchange since 1996, Seed Co is the largest seed company in Africa, with strong presence on the white corn market for human consumption.

On March 31, 2017, Seed Co closed fiscal year 2016-2017 with excellent results, marked by very strong growth of its sales (134.6 million US dollars⁽¹⁾, which is an increase of 40%) driven by sales of corn seeds in its main locations (in particular Zimbabwe, Zambia, Tanzania and Kenya).

Vilmorin & Cie and Seed Co are continuing to build up their partnership which was begun in fiscal year 2013-2014, helping Vilmorin & Cie to gain access to new markets with high potential.

- ❖ In terms of research, Vilmorin & Cie extended its facilities in South Africa with a new research center shared with Seed Co, initiated in 2015-2016, and becoming operational over this past fiscal year. Based in Potchefstroom, this facility, devoted to temperate corn, is working on germplasm* from southern Europe, North America, and Argentina in particular, illustrating Vilmorin & Cie's capacity to create networks for genetic resources*.
- ❖ Furthermore, Vilmorin & Cie is continuing to accompany Seed Co in its development projects, particularly for the yellow corn segment, which is growing fast in Africa. A dedicated facility is planned in the west of Africa in order to structure this cooperation agreement. Furthermore, a joint venture dedicated to vegetable seeds was set up during the course of fiscal year 2016-2017. This information is presented in more detail on page 22.

⁽¹⁾ 100% data for the year.

1.4.2.4. Wheat seeds in North America and in new development zones

Wheat is the most widely cultivated crop in the world, and so for Vilmorin & Cie it is a strategic crop which must be approached on a worldwide basis. Beyond Europe, where it is the market leader, Vilmorin & Cie is gradually moving out into new territories.

Today, the company is operating in the main wheat production zones in the world: the United States, Canada, Australia (through its minority stake of almost 33% in Australian Grain Technologies⁽¹⁾, the Australian leader for breeding*, developing and distributing cereals), Argentina and Brazil.

The Business Unit Limagrain Cereal Seeds, based in Fort Collins (Colorado, United States), is the development platform for these activities. This North American operation combines scientific cooperation with certain American universities, a portfolio of diversified genetic resources* and adapted to local climate conditions, and a sales network covering the main American production areas. The local team, comprising wheat experts who are highly mobilized to develop this new market that remains undervalued today, is a key factor for future success.

Performances and highlights in 2016-2017: continuing deployment of the development plan

- ❖ The Business Unit Limagrain Cereal Seeds posted a drop in sales on June 30, 2017 (3.1 million euros, which is - 6.5% on a like-for-like basis compared with June 30, 2016). The volume of business, which remains modest, was affected by a market environment that remains difficult, with wheat acreage down considerably once again this year in the United States. (-9%. Source: USDA).
- ❖ Fiscal year 2016-2017 was marked by the renegotiation of the partnership with Arcadia Biosciences, an American biotechnology company* listed on the NASDAQ since May 2015. Vilmorin & Cie and Arcadia Biosciences decided that at the end of March 2017 they would terminate their cross shareholding agreement set up in 2010.

Until that date Vilmorin & Cie held a minority stake in the capital stock of Arcadia Biosciences, and Arcadia Biosciences held 35% of the capital stock of Limagrain Cereal Seeds (Vilmorin & Cie holding the remaining 65%).

After several years of close, high quality operational cooperation, the two companies envisage pursuing their scientific partnership in wheat, particularly for research into agronomic and grain quality traits.

- ❖ Furthermore, in the United States, implementation of the partnership signed at the beginning of 2016 with the Colorado Wheat Research Foundation and the company Albaugh⁽²⁾ is continuing. This technological and commercial agreement targets the development of wheat varieties with a non-GMO* trait conferring resistance to a generic herbicide. The process for marketing these wheat varieties, which represent a novel, innovative solution for wheat producers, is making good progress and Vilmorin & Cie is expecting the first sales by 2020. This world partnership also involves an exclusive license granted to Vilmorin & Cie, with the commitment to deploy the use of the technology outside the United States.
- ❖ In Canada, Vilmorin & Cie is pursuing the development of its research program through the joint venture Limagrain Cereals Research Canada⁽³⁾, specialized in the development of breeding* cereal crops. Created in July 2015 with the Canadian company Canterra Seeds, this joint venture will ultimately bring significant added value to western Canadian agriculture by developing new varieties of cereal crops, with a specific focus on wheat, using the most advanced technologies. This creation was made possible in a context where the Canadian government adjusted its legislation, which, in the coming years, should result in the application of royalties* on wheat seeds, and which should place Canada among the top world players for this crop.
- ❖ Finally, in Brazil, the first wheat varieties will be available for sale during the course of the coming fiscal year, following the acquisition, at the end of 2014, of the Brazilian company DNA, specialized in the genetic improvement of tropical wheat. This operation, made through the Business Unit Limagrain South America, will enable Vilmorin & Cie to provide Brazilian farmers with an important complement to their corn line-up.

⁽¹⁾ Over fiscal year 2016-2017 Australian Grain Technologies posted sales of 31.6 million euros, an increase of more than 55% on a like-for-like basis, after a campaign characterized by an excellent harvest in Australia.

⁽²⁾ Company specialized in generic products for plant protection

⁽³⁾ A joint venture located in Saskatoon (Province of Saskatchewan, Canada) and held 70% by Vilmorin & Cie and 30% by Canterra Seeds.

1.4.3. Garden Products



Vilmorin & Cie offers home gardeners a full range of seeds (vegetable, flower and lawn) and associated products: flower bulbs, products for soil and plant nutrition and garden equipment. Its customers

comprise all the garden product distribution networks: garden centers, DIY stores and supermarkets. Vilmorin & Cie's product line-up is also sold online through different websites of pure play garden specialists and online sales to consumers.

The Garden Products division is now structured around the Business Unit Vilmorin Jardin.

1.4.3.1. A key advantage: innovating to satisfy consumer expectations

Vilmorin & Cie permanently develops innovations to anticipate and meet the needs of consumers who are seeking efficient, easy-to-use solutions, and guaranteeing success for their vegetable and decorative flower gardens. Notions of pleasure and fun experiences are also playing a greater role today in consumer choices.

Moreover the Garden products division relies on the technical expertise of the Vegetable seeds division to succeed in this strategy of innovation, and also on a portfolio of strong, prestigious brands, including the emblematic brand name of Vilmorin.

1.4.3.2. Performances and highlights in 2016-2017: a difficult year in a declining market

Sales for the Garden products division, consolidated with the activities of the holdings, came to 51.2 million euros on June 30, 2017, a drop of 3.9% on a like-for-like basis. This activity is still largely affected by an economic environment with declining markets: certain segments of the home garden business continued to drop significantly, especially seed packet sales. Nevertheless the Garden Products division achieved satisfactory commercial results in Poland and Turkey over the fiscal year.

The fiscal year was marked by the implementation of a Job Protection Plan affecting about 20 jobs with the objective of downsizing in order to deal with a contracting market. The major reorganization adopted in the Netherlands by delegating industrial and logistics functions to partners made it possible to streamline the business.

Vilmorin & Cie also continued to deploy its action plan to ensure better control over overheads, particularly operating costs.

The Garden products division thus completed another difficult fiscal year – a year that was devoted moreover to the implementation of the reconfiguration of its business model, which will come into effect during the coming fiscal year. The objective is to provide a response to new market trends and accompany the particular trend of a return to nature and to gardening. Vilmorin & Cie will thus strengthen its involvement in all the solutions proposed to home gardeners, through its brand Vilmorin. Its ambition is to become the privileged partner for all gardens and gardeners, whether they are experts or novices. Consequently, Vilmorin & Cie will broaden and diversify its commercial range, for example by proposing young plants sold under the Vilmorin brand name and a specific line-up for balconies and terraces.

Garden Products Main brands



1.4.3.3. Competitive Position

Vilmorin & Cie remains one of the European leaders on the seeds market for home gardeners.

1.5. Development model

A specific model

In a business sector that is characterized by the strong concentration of its players, and driven by research and internationalization, Vilmorin & Cie focuses its development on a specific economic model, with the following major, singular advantages:

- ❖ A single core business of seed
- ❖ Organization very close to its markets
- ❖ A long-term vision of its development

Through the solidity of this model, Vilmorin & Cie is in a strong position to deploy an ambitious strategy, in order to sustainably ramp up its world leadership positions.

Vilmorin & Cie's development model draws its inspiration from the respect of three founding values: progress, perseverance and cooperation. Shared with its reference shareholder, Limagrain, these values are linked to the historic expertise of Vilmorin & Cie in plant improvement since 1743, and its anchorage in the world of agriculture.

- Progress has always been at the heart of the convictions and mission of Vilmorin & Cie, which has always had a culture that is both agricultural and scientific. This culture of progress is materialized by permanent, sustained investment in research.
- Perseverance is part and parcel of the professions of farmer and seed producer, which both need to work in the long-term. At Vilmorin & Cie, this perseverance is also expressed through the consistency of its strategic orientations.
- Finally, the spirit of cooperation, which is also one of the founding principles of the cooperative group Limagrain, expressed through the numerous cooperation agreements instigated throughout the world, whether scientific, industrial or commercial.

1.5.1. A single core business: seeds

Vilmorin & Cie is a pure play seed company, not involved in agrochemicals.

Active throughout the value chain, from research to distribution, Vilmorin & Cie controls all the stages in the seed business, proposing high quality seeds, perfectly adapted to each of its target markets.

The process of developing a seed involves the following stages:



Analyzing needs

The phase of analyzing and anticipating the needs of direct customers – farmers and growers – and indirect targets – distributors and consumers – is fundamental in the creation of seeds. This stage is all the more complex that it has to account for geographical specificities and expectations that can vary considerably for the same crop.

- ❖ Vilmorin & Cie relies on operational organization that is close to its markets in order to assess the requirements of its customers and ensure relevant information is passed on to its marketing and research teams.

Managing and enriching genetic resources*

The development of new seeds varieties is only possible if beforehand there is a collection of plants, called genetic heritage or resources*, as wide and varied as possible.

They have to be collected, enriched, and characterized, and then maintained regularly so as to preserve their quality and ensure they are available for the research teams. Indeed breeders use this plant base to draw their "raw material", which is indispensable for the creation of a new seed variety.

- ❖ Vilmorin & Cie has a very large and diversified collection of varieties produced from its genetic heritage. Built up over the past 270 years of its history, it has been enriched through the acquisitions of seed companies, breeding* programs and research partnerships.

Creating new seed varieties

After these phases of needs analysis and access to genetic resources*, breeding* can begin, which is the art of crossing two varieties of the same plant species, with distinct properties, in order to create a new plant whose agronomic profile will be superior to that of its parents.

This breeding* work - or variety improvement - is the key to creating value and the competitiveness of the seed company can be facilitated by using plant biotechnology*. These tools such as molecular marking*, genotyping, transgenesis*, etc., can be used to develop new plants faster and more efficiently thanks to more extensive knowledge of their genome*.

- ❖ Vilmorin & Cie develops varieties with a better yield, specific resistances (to diseases, insects, herbicides, etc.) and improved nutritional qualities. In a context where research is becoming more and more industrialized, Vilmorin & Cie can benefit from an international network of internal and external skills, including almost 1,900 staff contributing to the research process spread out over more than 100 research centers all over the world, and from numerous partnerships. This organization is explained in more detail on page 34.

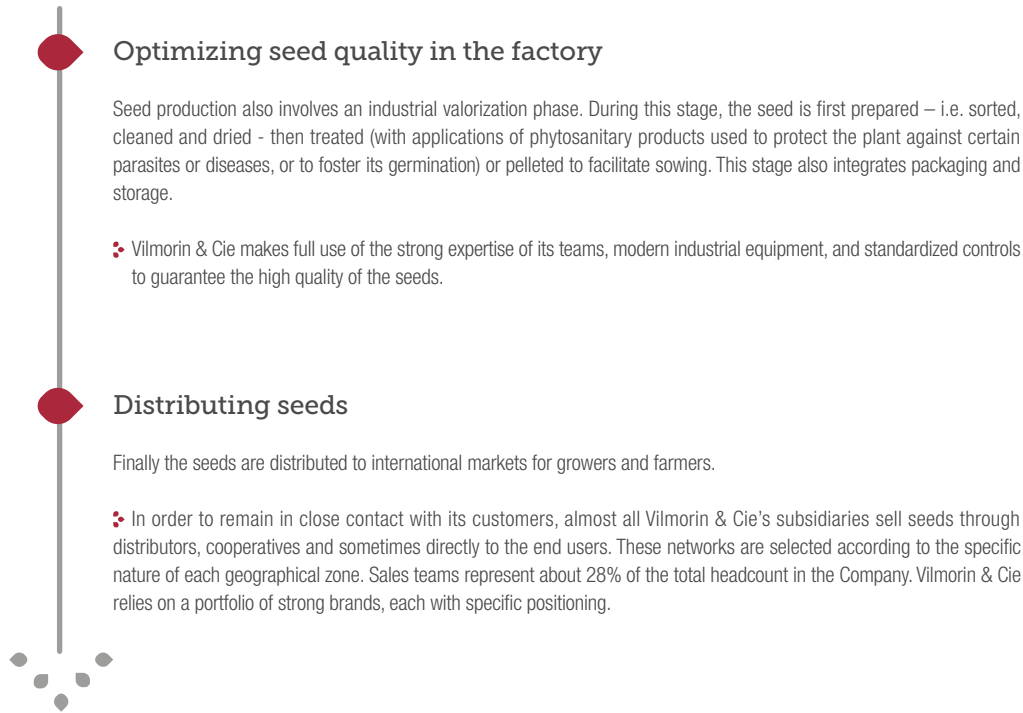
Registering seeds

In compliance with regulations in force in targeted countries, before distributing the created variety, it has to be certified and registered, in particular in order to demonstrate its qualities (innovative trait, homogeneity, stability, etc.) and to ensure its availability.

Producing seeds in the fields

Once it has been created and registered, the new seed variety is produced in the field. Seed production must provide flexibility and optimal adaptability to market conditions, with high quality at a competitive price. The careful choice of production zones is therefore a vital factor in determining seed quality and the capacity to satisfy demand.

- ❖ Vilmorin & Cie entrusts its production to an international network of carefully selected seed multiplication farmers* who work to very strict specifications.



**It takes 7 to 10 years
on average to create a seed**

1.5.2. Organization that is really close to markets

Vilmorin & Cie has chosen to organize each of its activities around Business Units, in order to focus on proximity to its multiple markets.

This organization model, specific to Vilmorin & Cie, is a great strength. It guarantees very close proximity to its customers, excellent knowledge of its markets, which are highly segmented both in terms of products and territories, along with a real capacity to anticipate and to react.

The ten Business Units of Vilmorin & Cie each have a well-adapted development strategy, defined in accordance with a global crop/geographic zone architecture; and they each have their own dedicated organization.

Cross-cutting functions, such as the scientific strategy, the external growth policy and finance are all centralized.

The organization diagram is presented on page 20.

1.5.3. A long-term vision of its development

Vilmorin & Cie is driven by a long-term vision of its development, corresponding to that of its reference shareholder Limagrain.

The long-term is the very nature of the profession of farmers and seed producers, where long periods are involved. This is also an important feature of the culture of Limagrain, with part of its source in the farmer members of the cooperative, above all concerned to ensure the lasting success of their farms.

Characterized by transparency in the information it provides and by its sharing of decisions, the governance of Vilmorin & Cie, like that of its reference shareholder Limagrain, allows strategic choices to be made for the long-term. This constancy in strategic orientations has resulted in a solid history of progression and also enabled Limagrain to encourage the development of Vilmorin & Cie, accompanying its investments regularly and significantly.

1.6. Strategy and perspectives

A strategy of winning market shares

Vilmorin & Cie's aim is to contribute to meeting the world's food challenges by creating high added value seeds. For this purpose, the Company relies on an ambitious strategy, combining strong investment in research, a targeted policy of external growth and partnerships, and strong international growth in order to accelerate its expansion and strengthen its competitive positions sustainably on promising world markets.

3 STRATEGIC FOUNDATIONS

❖ Strong investment in research

As the key to performance, the role of research is to ensure growth for the future. It aims to develop new varieties of more efficient seeds: yield, disease resistance, better adaptation to different climates and regions, etc.

⁽¹⁾ Data calculated on the basis of the sales of seeds intended for professional markets and integrating 50% of the activities of AgReliant (North America. Field Seeds).



15.2%
of sales
invested in research⁽¹⁾



More than **100**
research centers
in the world



Almost **310**
million euros
invested in research
including funding in
the form of partnerships

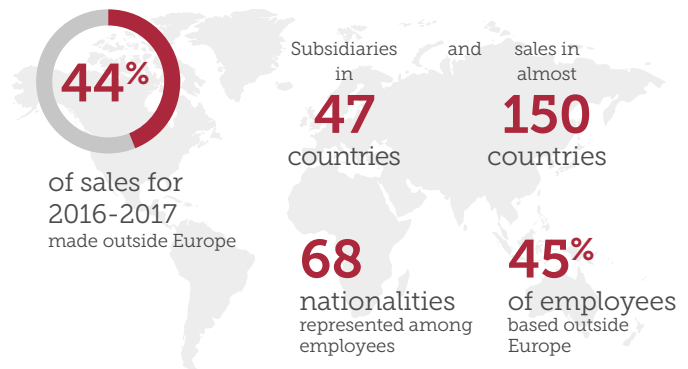
29%
of employees dedicated
to research

❖ A targeted policy of external growth and partnerships

Vilmorin & Cie has adopted a policy of targeted acquisitions and continues to establish numerous cooperation agreements throughout the world, whether scientific, industrial or commercial. These operations enable the group to meet major challenges:

- gain access to new genetic resources*;
- penetrate and cover zones with high potential;
- provide a better risk spread.

❖ Strong internationalization of activities



Data for 2016-2017

1.6.1. Strong investment in research

1.6.1.1. Research, the key to performance

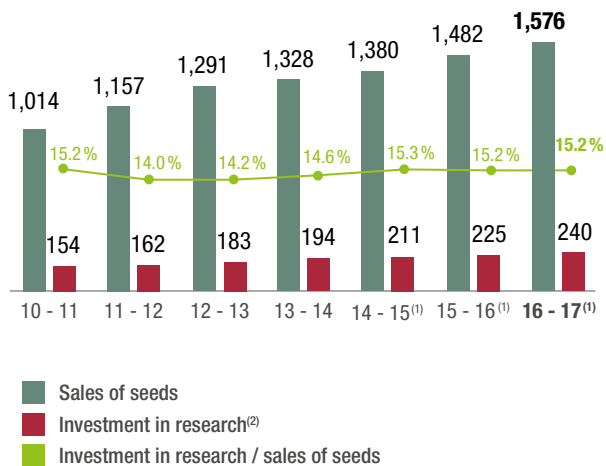
As the main source of value creation, research ensures tomorrow's growth and is at the heart of business development challenges. Its mission is to find new varieties as quickly as possible to meet the needs of the different players in the sector, and must therefore:

- ❖ improve the plant's agronomic qualities (yield, resistance to diseases and insects, adaptation to different climates and territories, drought tolerance, etc.) for farmers and growers,
- ❖ integrate the technical and logistical constraints of industrialists and distributors (standardization of calibration, appearance and texture of food products, preservation, earliness, price, etc.),
- ❖ improve the taste, convenience and nutritional qualities of the products depending on the cultural specificities of consumers, while anticipating evolutions in consumption practices.

By developing new seed varieties in as short a time as possible, with high added value, and that are perfectly suited to the requirements of its customers, Vilmorin & Cie's research offers decisive commercial advantages, making it possible to win new market shares and achieve organic growth higher than that of the market.

Key indicators for research 2016-2017

(in million euros)



⁽¹⁾ Data calculated from the sale of seeds for activities intended for professional markets and integrating 50% of AgReliant's business (North America. Field Seeds.)

⁽²⁾ Research investment corresponds to gross research expenditure before any recording of research costs as fixed assets.

Scientific progress, a priority:

- ❖ 15.2% of seed sales reinvested in research⁽¹⁾ - including about 86% devoted to conventional research, and 14% devoted to biotechnology*
- ❖ 240 million euros of investment in research in absolute value, balanced in its spread between Vegetable Seeds and Field Seeds
- ❖ Almost 310 million euros invested globally, i.e. including funding in the form of partnerships
- ❖ More than 300 new varieties created and marketed
- ❖ Proportion of sales from proprietary Vegetable Seed varieties*, i.e. made from varieties originating in research at Vilmorin & Cie: more than 90%
- ❖ Proportion of sales from proprietary Field Seed varieties*: more than 50%

Data 2016-2017

1.6.1.2. The means to succeed

A comprehensive internal research organization

As a result of the expertise of its research teams, particularly in plant biotechnology*, and its worldwide locations, Vilmorin & Cie is able to create new varieties with differentiating advantages, and strengthen its competitiveness through innovation.

In 2016-2017, almost 1,900 staff contributed to the research process. This represents 29% of the headcount, spread out over more than 100 research centers throughout the world, working on upstream research and conventional breeding* in vegetable seeds and field seeds, to meet market needs.

In terms of organization, Vilmorin & Cie's research combines cross-company resources and sites that are as close as possible to its target markets. Each Business Unit runs its own plant breeding programs, ensuring that customer requirements are taken into account with regard to the product innovation process. Their activity is coordinated by a Divisional Research Department ensuring that technological resources are pooled, and genetic databases are circulated between the Business Units, with faster integration of any work concerning the development of biotechnology* and New Breeding Techniques. It is also responsible for managing major partnerships.

In the Field Seeds division, Research Departments have also been set up for each of the strategic crops, and for each of the major areas of biotechnology*.

The Group's Scientific Affairs focuses, with complementarity, on certain strategic projects, prospective science and technology, and the pooling of support in expertise. One of the topics under consideration at the moment, for example, concerns precision farming. Vilmorin & Cie is currently working to develop new innovative,

global solutions for farmers to manage their crops, from sowing to harvesting. They include several areas of expertise: genetics, agronomy, technologies (for example data sensors) and data analysis. Examples of tools are presented in chapter 4, on page 104.

marking*, phenotyping, etc.). This palette of tools also includes New Breeding Techniques, including for example gene-editing techniques. These complementary tools provide the breeder with new solutions in certain cases where plant improvement is difficult to achieve, in terms of time and costs.

Organization of Vilmorin & Cie's research



Thanks to the use of plant biotechnology*, for a plant breeding cycle that requires seven to ten years, two to three development years on average are saved, providing the reassurance of quicker response to the evolution of demand.

Investment in biotechnology* today represents almost 14% of the research budget and will continue to progress in the coming years, while of course taking into account the adequate consolidation of the Company's financial profile.

Developing strategic partnerships to enrich upstream research

Strategic partnerships, permanently pursued and strengthened, constitute a complement to Vilmorin & Cie's research organization. They provide access to new skills and technologies, extending existing genetic bases and enriching upstream research:

Vilmorin & Cie's research focuses

Permanently enriching genetic resources*

In order to create new varieties, research is first and foremost dependent on the diversity of plants. Access to genetic resources* is therefore fundamental for prolonged seed production.

Vilmorin & Cie has a very large and diversified collection of varieties, developed over its 270 years history. Progress in plant breeding* is dependent on the capacity to enrich this heritage, extending it through networks, and is guaranteed by taking full advantage of breeders' know-how, the opening of new research centers internationally and a steadfast policy in terms of external growth and partnerships.

Accelerating the breeding process by using plant biotechnology*

The acceleration of its plant breeding cycle is one of the major orientations in Vilmorin & Cie's research strategy. In order to achieve this goal, mastering plant biotechnology* plays a major role.

Indeed, plant biotechnology* can be used to develop new plants faster and more efficiently, and to describe the plants with great efficiency and predict some of their characteristics. The breeder gains precious time by identifying the plants of interest early and more efficiently, according to the breeding* objectives.

Plant biotechnology* today includes a wide range of tools that have been considerably extended over several decades (molecular

❖ Genective (France) - a 50/50 joint venture with the German seed company KWS: through this upstream research agreement initiated during the course of fiscal year 2011-2012, Vilmorin & Cie and KWS have pooled resources in order to develop GM* traits* intended for corn seeds. It concerns the final phase of ongoing development of first generation traits* (tolerance to herbicides and resistance to insects) and the development of other innovative traits*.

The first authorizations were obtained in 2013 in the United States, and in 2014 in Canada, for a proprietary trait* of tolerance to the herbicide glyphosate. This transformation event is currently awaiting import authorization in several countries.

Vilmorin & Cie will thus eventually have a proprietary line-up of genetically modified corn seed varieties.

❖ Keygene (Netherlands) - experts in genomics* applied mainly to vegetable plants, and in which Vilmorin & Cie has held a stake of 25% since 2001, in partnership with the Dutch seed companies Enza Zaden and Rijk Zwaan, and the Japanese seed company Takii.

❖ Biogemma (France) - specialists in field seed plant biotechnology*, which is held 55% in partnership with the seed companies Euralis and RAGT, and the financial institutes for the French oilseed and protein chain (Avril group) and cereal chain (Arvalis).

❖ Australian Grain Technologies (Australia) - Australian leader for breeding*, developing and distributing novel cereal varieties. Vilmorin & Cie holds a stake of almost 33% in the company's capital stock, and can therefore benefit from broad access to Australian public genetic resources, technologies and research, and be present on the major straw cereal markets.

- ❖ Soltis (France) - a 50/50 joint venture between Vilmorin & Cie and Euralis, specialized in sunflower research.

Vilmorin & Cie's researchers also work in association with public and private research institutes throughout the world: INRA and IRSTEA (France), University of Davis (United States), Hebrew University (Israel), CSIRO (Australia), University of Wageningen (Netherlands), University of Chiba (Japan), etc.

Through this research organization, every year Vilmorin & Cie is able to create on average several hundred new varieties, and thus achieve a significant share of its sales from products that come out of its own research programs: in 2016-2017, more than 90% of Vegetable Seed sales and more than 50% of Field Seeds sales thus originated in seed varieties created by Vilmorin & Cie.

1.6.2. A targeted policy of external growth and partnerships

Vilmorin & Cie runs a policy of targeted acquisitions, and has initiated numerous scientific, industrial or commercial collaboration agreements throughout the world.

1.6.2.1. Priority orientation for acquisitions

Vilmorin & Cie's external growth strategy aims to anticipate market evolutions so that it can respond to major strategic opportunities:

- ❖ gain access to differentiating and/or complementary genetic resources* for strategic crops,
- ❖ acquire new production capacities,
- ❖ create new platforms for commercial development,
- ❖ penetrate and cover areas with high potential to provide new outlets and guarantee that the offer is adapted to local demand,
- ❖ ensure there is a better spread of risks (climate, industrial, logistics, etc.).

Accordingly, the operations achieved in recent years concerned Vilmorin & Cie's priority markets, for example North America and Asia.

1.6.2.2. A progressive integration model that respects existing identities

Vilmorin & Cie's external growth policy is to gradually integrate companies that are taken over, with the purpose of preserving the identity of the acquired company, and capitalizing on the existing assets and know-how of the teams already in place.

Product development, local distribution networks and the brand policy are maintained in most cases, whereas the functions that can generate synergies (upstream research, administration, etc.) are pooled.

Moreover, Vilmorin & Cie has made the choice of proximity management by organizing its structure into Business Units, combining respect for Vilmorin & Cie's strategic choices and acknowledgement of local and cultures and specificities. As a result of this highly specific model, Vilmorin & Cie is very much involved in the territories where it works.

1.6.3. Strong internationalization of activities

Vilmorin & Cie's internationalization within the world seeds market is the driving force for its development.

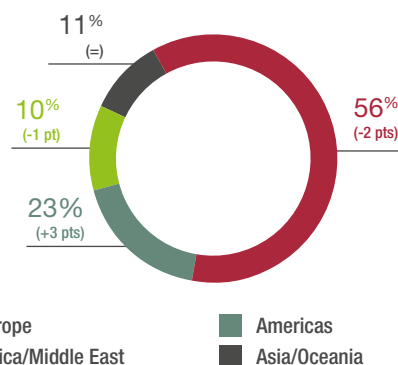
All the stages in the development of a seed have acquired an international dimension: research sites are spread out all over the world; seeds are produced and processed in the two hemispheres, while the products themselves are distributed throughout the main zones where the seeds are used.

Internationalization of business, based on a strategy of strong segmentation, targeted by zone and by crop, combines organic and external growth, and regularly involves acquisitions, strategic alliances and partnerships.

Relying on a solid financial structure, once again optimized in March 2017 through a private placement of the *Schuldschein* type (private placement of German legislation) of 100 million euros, Vilmorin & Cie is pursuing its development plan both on vegetable seeds and field seeds markets.

1.6.3.1. Business which is already well-developed outside Europe

Analysis of sales by geographical area and evolution compared with 2015-2016



1.6.3.2. North America: a major market

An area of consistent growth in vegetable and corn seeds

In the United States, Vilmorin & Cie holds strong positions and is in the top three players that share of more than two thirds of the market for corn and for vegetable seeds (Internal source).

Since it covers the territory efficiently, Vilmorin & Cie holds all the assets it needs to pursue its growth on a major market that continues to expand. Indeed, North America is the largest seed market in the world in value, with average annual growth of about 2% over the past five years (Source: *Phillips McDougall 2017*).

A long-term growth zone for wheat

Average wheat yields today in the United States stand at 3 tonnes per hectare while they stand at almost 6 tonnes per hectare in Europe. Largely dominated by low yield farm seeds, the North American market is lacking in any major innovation, whereas in Europe, seed companies are very active in wheat breeding, proposing varieties that continue to improve their performances.

Faced with the inevitable evolution of the North American market towards high yield seeds, Vilmorin & Cie has a major opportunity to exploit its expertise in this crop and contribute to converting the market.

In this respect, Canada represents a zone of great potential for Vilmorin & Cie, following the evolution of Canadian legislation, which in the coming years will result in the application of royalties* on wheat seeds. Vilmorin & Cie is actively structuring its wheat research program dedicated to this country through its joint venture Limagrain Cereals Research Canada, set up in July 2015 with the Canadian company Canterra Seeds.

1.6.3.3. Asia and South America: two priority areas for investment in the short term

Asia and South America have been defined as two priority areas for development, considering the current size of their markets and their growth potential.

Asia: a continuously growing market

With the continuous growth in population and the evolution of consumption habits, the Asian market is growing regularly and today represents more than 15% of the world market in value (Source: *Phillips McDougall 2017*).

Asia represented almost 10% of Vilmorin & Cie's sales in 2016-2017, achieved mainly in Japan⁽¹⁾, along with India and China.

Besides the two countries initially targeted - India and China - Vilmorin & Cie has expanded its presence in Southeast Asia in recent years, with the acquisition of the Thai company Seed Asia (Field Seeds) in 2014 and the Vietnamese company Tropicorp (Vegetable Seeds) in 2015.

For Vilmorin & Cie, development in this zone is a clear strategic objective, both in vegetable seeds and field seeds, with an approach combining respect for cultural specificities and protection of intellectual property.

In a longer-term perspective, Vilmorin & Cie's ambition is to make 15% of its consolidated sales on this continent.

South America: No. 2 world market for seeds

With average annual growth of almost 5% over the past 5 years, the South American market represented more than 20% of the world market for seeds in 2016 (Source: *Phillips McDougall 2017*) and offers very significant potential for development.

During the course of 2016-2017, progress was particularly strong, especially in Brazil.

In this context, Vilmorin & Cie made sales of more than 120 million euros on this continent⁽²⁾, as opposed to more than 80 million euros the previous fiscal year.

Historically, South America has provided Vilmorin & Cie with the opportunity to reinforce its capacity to produce counter-season seeds. For Vilmorin & Cie this has for several years also become a zone for commercial development, with field seeds as a priority, Brazil being the key country.

Vilmorin & Cie's ambition is to double its market shares for corn in the mid-term in Brazil.

1.6.3.4. Africa: a market with potential

Even though the market for seeds in Africa today represents less than one billion dollars (Sources: *Phillips McDougall and ISAAA 2017*), it is assured of considerable development in the long-term, especially because of extremely dynamic population growth. Africa will hold almost one quarter of the world's population by 2050 (Source: *United Nations Food and Agriculture Organization / FAO*).

Already present with vegetable seeds, in particular in North Africa and South Africa, Vilmorin & Cie set up business at the beginning of 2013 on the market for corn seeds, the most widely grown crop in Africa, by acquiring Link Seed, the third largest seed company in South Africa. Vilmorin & Cie has also held a minority stake since fiscal year 2013-2014 in Seed Co, the top seed company in Africa. On June 30, 2017, this stake stood at 30.2% of Seed Co's capital stock.

Over the course of fiscal year 2016-2017, Vilmorin & Cie and Seed Co created a joint venture devoted to vegetable seeds, allowing Vilmorin & Cie to open up new development perspectives on this market, particularly in Sub-Saharan Africa. This information is presented in more detail on page 22.

⁽¹⁾ Through the Vegetable Seeds Business Unit Mikado Kyowa Seed, which on July 1, 2016, joined the Business Unit "VILMORIN-MIKADO".

⁽²⁾ Not including Mexico.

Vilmorin & Cie's aim is to pursue its gradual development on this particularly high potential continent by continuing to rely on its direct facilities, partnerships and distribution agreements, while adapting to the specific nature of each country.

1.6.4. Three strategic priorities

Vilmorin & Cie's ambition is to accelerate its development according to three strategic priorities, each at its own rhythm:

- ❖ maintain world leadership in vegetable seeds is an immediate priority;
- ❖ the objective of becoming a global player in corn seeds is a medium-term aim;
- ❖ internationalization of leadership in wheat is on the long-term horizon.

❖ Vegetable Seeds

A global market with high value (5.2 billion dollars in 2016), highly segmented in terms of products and production methods.

Strategy

- Combine organic and external growth:
 - Maintain organic growth higher than that of the market, thanks to the virtuous circle of innovation combined with proximity to its markets.
 - Strengthen positions through targeted external growth operations.
 - Develop business on complementary crop/territory segments.



Objective REINFORCE WORLD LEADERSHIP

❖ Corn seeds

Top crop in the world in value
(more than 15 billion dollars in 2016)



Strategy

- Reinforce leading positions in Europe and North America.
- Structure and develop activities in new regions: South America, Asia and Africa.
- Pursue innovation in plant breeding and develop a proprietary range of genetically modified varieties.

Objective BECOME A GLOBAL PLAYER

⁽¹⁾ Through AgReliant.
⁽²⁾ Wheat and barley.

❖ Wheat seeds

Top crop in the world in acreage
(more than 220 million hectares in 2016)



Strategy

- Consolidate its position as leader in Europe.
- Contribute to converting the market to high value seeds.
- Progressively move into new regions and develop solid international partnerships.

Objective ULTIMATELY BECOME THE WORLD REFERENCE

1.6.4.1. Vegetable seeds: strengthen world leadership

Vilmorin & Cie's development in this mature business, where it is No. 2 worldwide, is based on a combination of organic growth, driven by a regular flow of innovations, great proximity to markets and external growth, through targeted operations.

This development will be pursued and promoted through its organization in Business Units, with a focus on a number of main orientations, to enable Vilmorin & Cie to develop on complementary crop/territory segments. For this purpose, Vilmorin & Cie has defined a segmentation strategy for its geographical markets and crops, depending on their size and growth potential, to guide its market approach.

Maintain organic growth higher than that of the market

In order to gain market shares and prolong its organic growth, Vilmorin & Cie relies on the virtuous circle of innovation combined with proximity to its markets. Indeed, development of the vegetable seed market, due to evolutions in the world consumption of vegetables, depends primarily on the development of novel seeds.

- ❖ For this reason, mastering cutting-edge research technologies, for example plant biotechnology* (molecular marking*, genotyping, cellular biology, etc.), contributes directly to the acceleration of plant breeding and is now a vital tool for breeders.

Research investment allocated to these tools therefore continues to be high. For example, over the past ten years, the Business Unit VILMORIN-MIKADO has developed very specialized expertise in image processing. An "artificial vision" unit was set up in 2007 and has developed cutting edge tools to obtain and analyze information automatically on seeds, the seedling, the fruit and the finished product. These tools, used in numerous fields (research, quality control), are used for all the group's activities.

The Business Unit HM.CLAUSE benefits from its center of expertise in molecular biology, and in the domain of entomology, the Business Unit Hazera is researching into the detection of links between the behavior of insects and genotypes. These programs are made available to all the Business Units.

At the same time, investment in the research sites that run these programs is being reinforced. As an example, over the course of fiscal year 2016-2017 the Business Unit Hazera completed modernization of its research facilities through the transfer and reopening of one of its major research centers in the Netherlands. In Tunisia, the Business Unit VILMORIN-MIKADO extended its world research network through the creation, in conjunction with SEPCM (Fertilizers and Chemical Products Company of Mégrine), of a joint venture going by the name of Carthage Génétique and devoted to hot pepper.

- ❖ At the same time, organization in Business Units guarantees a much finer knowledge of customer needs, with teams operating very closely to highly segmented markets, and working together in tight-knit collaboration in plant breeding*, product development and marketing.

Moreover, opening new sites increases proximity to markets and contributes to the chances of winning business there, while, the modernization and extension of certain production sites directly participate in the final quality of the product and customer satisfaction. Investments are regularly made to improve the different sites of Vilmorin & Cie everywhere in the world.

Strengthening positions by targeted external growth operations

Vilmorin & Cie's objective is to reinforce its positions on the most mature markets (Europe, Middle East, North America) while developing business in new emerging zones, in particular in Asia and Africa.

Consequently, operations undertaken to consolidate the current geographical set-up, and solidify the key zones and crops that are less prominent in the line-ups in the Business Units will continue in the years to come.

To illustrate this objective, the acquisition, in February 2016, of the company Genica Research Corporation, based in the United States, has enabled Vilmorin & Cie to strengthen its positions on major crops (sweet pepper, hot pepper, cucumber, summer squash and tomato in particular), while consolidating its presence in the United States, Mexico, Spain, Italy and the Middle East.

Furthermore, Vilmorin & Cie will continue, beyond its solid anchorage in Japan, to strengthen its presence in Asia (Southeast Asia, South Korea, India, etc.), by purchasing stakes, making acquisitions and developing partnerships. Africa will also be a key zone for development.

- ❖ In Asia, the acquisition of the Vietnamese company Tropdicorp, finalized during fiscal year 2014-2015, illustrates this objective, and enabled Vilmorin & Cie to strengthen its presence in Southeast Asia. At the same time, in India, once again this past year, sales increased considerably, confirming the successful integration of the company Century Seeds, acquired in 2012-2013, which has enabled Vilmorin & Cie to complete its genetic resources* with crops specific to this geographical zone, while reaching a critical size on this promising market.

As for China, a zone where Vilmorin & Cie cannot afford to be absent, because of the high level of vegetable production, it nevertheless requires a gradual, careful approach because of the difficulties involved in protecting intellectual property. Vilmorin & Cie's presence and development are the responsibility of breeding* stations and distribution networks for all the Vegetable Seeds Business Units.

❖ In Africa, during the course of fiscal year 2016-2017, Vilmorin & Cie finalized the creation of a joint venture, devoted to vegetable seeds, with Seed Co in Africa. This structure, named Prime Seed Co International, will develop business on the Sub-Saharan market, where there is great potential. This information is presented in more detail on page 22.

1.6.4.2. Corn seeds: become a global player

As the largest seeds market in the world in terms of value, representing more than 190 million hectares in 2016 (grain corn and forage corn), corn is quite naturally a strategic crop for Vilmorin & Cie.

In spite of a context that remains difficult for field seed markets, leading to tighter management of all the Company's operating expenses, Vilmorin & Cie is pursuing the implementation of its strategic plan to become a global player for this crop. This strategy is based on a combination between regional Business Units, something very specific to Vilmorin & Cie, and global functions - research and strategic marketing – to ensure coordination of these cross-cutting functions throughout the world.

In this respect, the networking of genetic resources* for corn means their management can be optimized, so they can benefit from high levels of synergy. The genetic resource* flows between the tropical and temperate zones of the world therefore contribute to increased efficiency in research.

Strengthening leading positions in Europe and North America

Historically present on the corn market in Europe and North America, Vilmorin & Cie aims, in its strategy, to reinforce its leading positions in these major regions of the world. Vilmorin & Cie is the No. 4 player in Europe and No. 3 in North America (through AgReliant, its 50/50 joint venture with the German seed company KWS) for corn seeds.

In Europe, Vilmorin & Cie needs both to consolidate its position as No. 2 in Europe on the forage corn segment and, in a context where its competitive positions in corn are becoming more and more international, strengthen its presence on the grain corn segment, by bringing out new products. The world market for corn is divided between grain corn (more than 95% of world acreage) and forage corn, essentially a European crop.

Research programs devoted to grain corn have been redeployed to extend the existing line-ups through innovations specifically developed for this segment, particularly for early to medium late grain corn, to better meet the needs of farmers (higher yields, resistances to diseases, etc.).

Vilmorin & Cie is concentrating its efforts particularly to Eastern Europe (Ukraine and Russia), which today represent a very interesting market.

In North America, AgReliant's dynamic growth will continue to rest on its specific market approach, combining a seed offering of high added value and a differentiating sales policy. This information is presented in more detail on page 25.

Developing business in new regions: South America, Asia and Africa

Vilmorin & Cie can exploit these strong positions in Europe and North America to branch out toward a wider market. Capitalizing on its expertise in field seeds and on the proven solidity of its development model, in 2010 Vilmorin & Cie fixed a strong ambition: to become a top international player in corn. This objective implies rapid internationalization of its positions in corn on new, fast-growing markets, and to set up business here sustainably:

- ❖ South America, with Brazil in particular,
- ❖ Asia (India, China and Southeast Asia),
- ❖ and Africa.

This internationalization enables Vilmorin & Cie to aim for a much more significant share of this market for corn: by integrating South America, Asia and Africa, Vilmorin & Cie is now targeting potentially around 90% of the world acreage for corn, as opposed to about 30%, with presence exclusively in Europe and North America.

Conquering new frontiers is an opportunity to approach corn with a more comprehensive vision of the crop. It enables Vilmorin & Cie to enrich its research process, gain access to complementary genetic resources*, particularly for tropical corn, and to work in extremely varied climatic environments with different objectives in the use of corn.

The first stages in this ambitious action plan were to set up Business Units on these different markets in order to form development platforms. Acquisitions and research partnerships have been achieved for several years in order to establish the right conditions and best advantages for the deployment of these activities. Today, Vilmorin & Cie's set-up in these new zones is structured in terms of research, production and commercial organization, and the Company is pursuing its development, while sales increased strongly in 2016-2017. This information is presented on pages 26-27.

South America

Historically, South America provided Vilmorin & Cie with the opportunity to reinforce its capacity to produce counter-season seeds, to extend the period when products are available in the northern hemisphere. As a complement to this strategic advantage, this continent, and particularly Brazil, now represents a key development orientation for field seeds. Corn is a widely grown cereal here and the use of genetically modified varieties is very widespread: Brazil has become the second largest world market in terms of GM* corn acreage.

Vilmorin & Cie prefers a gradual approach to its development in South America, with the aim of reinforcing its existing organization in Brazil, while pursuing its deployment on the Argentinian market, whose temperate germplasm could provide synergies with the genetic resources* of Europe and North America.

In a country where soybean is a major crop, in 2015-2016 the Company extended its commercial line-up, and now offers soybean seed varieties to Brazilian farmers. It thus has a further advantage to approach this market and optimize its cover.

Vilmorin & Cie's ambition in Brazil is to double its corn market shares in the mid-term, relying on a line-up comprising innovative conventional and genetically modified seeds, combining genetic resources* and proprietary technologies.

Asia

In Asia, the largest geographical continent for corn acreage, with around 59 million hectares in 2016 (*Source: ISAAA 2017*), Vilmorin & Cie has defined priority zones for action and investments: India, China, and Southeast Asia.

Vilmorin & Cie's long-term growth in these areas means extending its present number of sites through new partnerships or acquisitions. Access to local genetic resources*, just like in other regions for development, is an essential step.

An increase in the field seeds business in Asia will initially require selling high added value conventional corn seeds, and possibly at a later stage, the introduction of GM* varieties that will better respond to the need to improve yields. To date, only the Philippines and Vietnam have adopted GM* corn in Asia.

❖ In India, Vilmorin & Cie has strong strategic ambitions. With a market share of around 7% in corn seeds, Vilmorin & Cie's objective is to extend its cover of India and continue to win market shares in the corn sector. After taking full control of Bisco Bio Sciences in 2013, one of the top Indian players in corn seeds, Vilmorin & Cie created a facility which has a number of assets to help it achieve its ambitions in this sub-continent: adapted and shared genetic resources*, breeding* centers and local production units, reinforced through an extensive sales network. Furthermore, Vilmorin & Cie today benefits from a hybrid* rice program in India, which means it can complete its product portfolio for this essential crop on the market.

❖ In China, Vilmorin & Cie has adopted a specific development policy. In this key country, Vilmorin & Cie has to develop business growth in conditions that guarantee protection of intellectual property and its values, particularly in terms of management and organization model.

Moreover, foreign companies are limited by law to a minority stake in the capital stock of Chinese seed companies, and so access to genetic resources* and their conditions of use must be assessed carefully before any investment. In such a context, direct implantations and partnerships with important local seed companies remain the two privileged options in Vilmorin & Cie's development policy in this zone.

Vilmorin & Cie's commercial presence in China is ensured by Hengji Limagrain Seeds, a joint venture in which Vilmorin & Cie holds 45% of the capital stock, and which is dedicated to the production and distribution of corn seeds, with the company Anhui Hengji Seeds.

Vilmorin & Cie also has a network of research centers located according to different types of corn, which means it can breed seeds adapted to local agronomic conditions.

❖ Southeast Asia is another area of the highest potential, and Vilmorin & Cie began doing business here in 2014 when it acquired the company Seed Asia (Thailand) specialized in hybrid* tropical corn. Besides a commercial presence which is being gradually extended in Southeast Asia (Thailand, Cambodia, and more recently Indonesia), this operation provided Vilmorin & Cie with access to the highest quality genetic resources*, also adapted to other regions of the world (India, Brazil, southern China and Africa) and which therefore enrich its genetic heritage in tropical corn.

Africa

As a new corn seed development zone for Vilmorin & Cie, Africa has considerable potential for growth in the long term. About 34 million hectares of corn were grown here in 2016, representing about 18% of world acreage (*Source: ISAAA 2017*). Vilmorin & Cie first set up business on this continent in fiscal year 2012-2013, through the acquisition of Link Seed, the third largest seed company in South Africa. In 2013-2014, Vilmorin & Cie purchased a minority stake in Seed Co, the largest seed company in Africa; on June 30, 2016, this participation stood at 30.2% of Seed Co's capital stock.

Seed Co, which owns an extensive base of infrastructures (six factories and six research stations) spread out over the continent, holds leading positions in several countries in southern Africa (Zimbabwe, Zambia, Malawi, etc.), and aims to develop in other regions in Africa.

Vilmorin & Cie is continuing to strengthen its partnership with Seed Co: on top of the joint venture devoted to vegetable seeds set up during the course of fiscal year 2016-2017 (this information is presented in detail on page 22), this collaboration today involves the development of operational partnerships that mainly concern research. Several other projects have been initiated, including the creation of a joint venture in western Africa, in order to accompany the fast growth of yellow corn throughout the African continent. Vilmorin & Cie is thus pursuing its progressive integration on the African market.

Pursuing innovation in plant breeding and developing a proprietary line-up of genetically modified varieties

With an adoption rate of 33% of world acreage in 2016 – as opposed to 29% in 2015 (*Source: ISAAA 2017*), the market for genetically modified corn seeds today represents more than 11 billion US dollars (*Source: Phillips McDougall 2017*) and is characterized by more and more complex products, often stacking several traits* in the same variety.

In this context, Vilmorin & Cie aims to take up position among the few technology providers in the world, and to develop a proprietary line-up of transgenic corn varieties:

❖ so-called first generation: with traits* for tolerance to herbicides and resistance to insects, intended primarily for American markets (North and South America), and for other potential GM* markets (Europe and Asia),

- ❖ so-called second generation: improving yield, integrating better tolerance to drought or with an improved utilization of nitrogen fertilizers, intended for the world market.

With this objective in mind, Vilmorin & Cie is counting on a number of complementary possibilities:

- ❖ As a complement to GM* traits* for corn currently being licensed in, Vilmorin & Cie is working on the development of corn seed varieties integrating its own technologies.

This research is being conducted through Genective, a 50/50 joint venture between Vilmorin & Cie and KWS in order to develop proprietary GM* traits* for corn. The first authorizations were obtained in 2013 in the United States, and in 2014 in Canada, for a proprietary trait* of tolerance to the herbicide glyphosate. On top of the files already registered in various other countries, this success has enabled Genective to submit this trait* for authorization to import into other countries, such as China for example; this authorization is pending.

- ❖ At the same time Vilmorin & Cie is continuing to exploit the long-term license agreements signed with Syngenta in October 2015, concerning GM* traits* for corn. These agreements provide Vilmorin & Cie with the authorization to use, for commercial purposes, present and future GM* traits* for corn developed and sold by Syngenta. These agreements also provide for the combination of these traits* with those developed by Genective; they also include AgReliant⁽¹⁾ for North American markets.

These agreements significantly supplement and strengthen Vilmorin & Cie's technological platform. Indeed, the possibility of combining its proprietary genetic resources* with a wider range of highly competitive traits* - including those developed by Genective - will make it possible to offer farmers throughout the world a greater number of options and corn seed varieties that are extremely competitive in meeting their needs.

Vilmorin & Cie could thus launch the first commercial products, integrating first generation traits*, in the medium term on markets that are open to GMOs*.

1.6.4.3. Wheat seeds: becoming the world reference for the most widely grown crop in the world

Consolidating the leading position in Europe

As the European leader for straw cereals (wheat and barley), Vilmorin & Cie is empowered by its historical expertise and high-quality genetic resources* obtained through acquisitions and specialized partnerships. Today it holds around 12% of the wheat market in Europe with market shares exceeding 20% in certain countries. Vilmorin & Cie's ambition is to maintain and strengthen its position as leader in Europe. In particular this involves the creation of varieties that meet farmers' needs even better, and the strengthening of its genetic resources* on a case-by-case basis.

Contributing to the conversion of the market into one of high value seeds

Wheat is the most widely grown cereal in the world with more than 220 million hectares in 2016 (*Source: USDA*), and is the staple food for one third of the world's population. In order to satisfy constantly increasing food needs, the world production of wheat needs to increase by 60% before 2050.

Yet wheat is suffering from low yields, and this represents a serious risk for the world food balance. This situation can be explained by a lack of major innovation for this crop with very complex genetics and consequently the really low use of commercial seeds. The seeds sector is thus working to come up with more efficient seeds, guaranteeing a better performance, particularly in terms of yield and a better potential for different uses.

Vilmorin & Cie is particularly well positioned to contribute to the conversion of this market into a seed market that offers high yields as a result of genetic progress, with GM* seeds being developed, and then, at a later date, hybrid* seeds.

Progressively conquering new regions and developing solid international partnerships

From this position of excellence in Europe, Vilmorin & Cie has all the benefits required to stand out as the world reference for this strategic crop. Targeting the main wheat production areas, i.e. the Americas, Australia and Asia, its particularly dynamic conquering strategy is aimed at the constitution of a portfolio of genetic resources* perfectly adapted to local climatic conditions, with access to, and the development of, innovative technologies and the setting up of new distribution networks.

⁽¹⁾ A 50/50 joint venture created in July 2000 with the German seed group KWS.

- ❖ The United States represented the first major objective for Vilmorin & Cie. Launched in 2009, its wheat seed development plan for this zone, deployed by the Business Unit Limagrain Cereal Seeds, means that it now has an efficient platform to distribute high yield seeds.

In this respect, Vilmorin & Cie and Arcadia Biosciences – which previously held 35% of Limagrain Cereal Seeds' capital stock – decided that at the end of March 2017, they would terminate their cross shareholding agreement set up in 2010. After several years of close, quality operational collaboration, the two companies envisage pursuing their scientific partnership in wheat, particularly for research into agronomic and grain quality traits.

Furthermore, through the implementation of the cooperation agreement with the Colorado Wheat Research Foundation and the company Albaugh, signed at the beginning of 2016, Vilmorin & Cie reached a new stage in its development of this crop. This agreement, which targets the development and distribution of wheat varieties with a non-GM trait* conferring resistance to a generic herbicide, also involves an exclusive license granted to Vilmorin & Cie, with the commitment to deploy the use of the technology worldwide.

This information is presented in detail on page 28.

Vilmorin & Cie is pursuing its development on the Canadian market, initiating its presence in this country in July 2015, with the creation of a joint venture devoted to research and the development of new varieties of cereal crops, with a special focus on wheat, with the Canadian seed company Canterra Seeds.

This operation is the consequence of changes to Canadian legislation which, in the coming years, will result in the application of a system of royalties* on wheat seeds, and provide direct remuneration to research. Canada will therefore be positioned among the top world players for this crop.

This information is presented in detail on page 28.

- ❖ Australia is an extremely important market for wheat seeds, and already has an efficient royalties* collection system. Since 2008 Vilmorin & Cie has benefited from a strategic partnership with the company Australian Grain Technologies (AGT), the Australian leader for the breeding*, development and distribution of innovative wheat varieties, which holds more than 45% of market shares. It also benefits from existing agreements with the two wheat research leaders in Australia – ACPFG and CSIRO⁽¹⁾ – to develop wheat optimizing the use of nitrogen adapted to local conditions.

At the same time Vilmorin & Cie is pursuing its strategy to internationalize its positions on other major markets, and particularly in Asia, which is the largest market in terms of wheat acreage and production, and in South America. Since 2014-2015, Vilmorin & Cie entered the Brazilian wheat market, which offers great potential, through the acquisition of the assets of DNA, a research company for tropical wheat. The objective is to take up a prominent position on the wheat market in Brazil and other South American countries, by developing wheat varieties with improved qualities and a high potential for production. Finally, in southern Africa, the company Seed Co, in which Vilmorin & Cie holds a minority stake, also owns and develops wheat seed activities.

1.6.5. Objectives for 2017-2018

Fiscal year 2017-2018 should allow Vilmorin & Cie to consolidate its potential for organic growth in market conditions that will probably be tense for Field Seeds in Europe.

Vilmorin & Cie will continue to strengthen moderately its investment in research and development, particularly in upstream research, while remaining on the look-out for any targeted external growth opportunity that fits in with its strategic objectives.

Vilmorin & Cie will continue to deploy its strategy for development and innovation, in a long-term vision.

Consequently, for fiscal year 2017-2018 Vilmorin & Cie is aiming for significant growth of 5% on a like-for-like basis, of its consolidated sales.

Furthermore, Vilmorin & Cie has set the objective of achieving a current operating margin at the same level of 2016-2017. This objective takes into account investment in research estimated at about 255 million euros, in order to encourage growth both in Vegetable Seeds and Field Seeds.

Finally, Vilmorin & Cie is aiming at income from associated companies – mainly AgReliant (North America. Field Seeds), Seed Co (Africa. Field Seeds) and AGT (Australia. Field Seeds) at least equivalent to 2016-2017.

1.6.5.1. Vegetable seeds

After an extremely dynamic year once again in 2016-2017 for this activity, Vilmorin & Cie's aim for 2017-2018 is to strengthen its leadership in vegetable seeds and to develop more particularly in emerging countries. The objective is to achieve growth in sales of 4% on a like-for-like basis.

Pursuing innovation in plant breeding will ensure that Vilmorin & Cie can regularly renew its product range. In Japan, Vilmorin & Cie will continue the programmed run-down of the agricultural supplies and equipment activity of the Business Unit VILMORIN-MIKADO.

At the same time, Vilmorin & Cie will remain on the look-out for any external growth operation, in order to consolidate its positions in strategic zones and crops.

1.6.5.2. Field seeds

In a market context that will probably remain difficult in Europe, Vilmorin & Cie is approaching 2017-2018 with the ambition of strengthening its positions in the different territories where it has set up business, considerably broadened in recent years, both for corn seeds (South America, Asia and Africa) and wheat seeds (North and South America).

Therefore Vilmorin & Cie is aiming for an increase of at least 5% of its sales on a like-for-like basis for this activity.

⁽¹⁾ (ACPGF: Australian Centre for Plant Functional Genomics. CSIRO: Commonwealth Scientific and Industrial Research Organisation.

This objective is founded on the continuing implementation of its strategic plan for Field Seeds, aiming specifically to reach an uncontested position as global player in corn seeds.

Moreover, during fiscal year 2017-2018, the Field Seeds division will adapt its organization in order to reflect more closely the geographical reality of its activities. Accordingly, the wheat seeds activities in Australia⁽¹⁾ will join the Business Unit Limagrains Asia (which will be renamed Limagrains Asia-Pacific); the Business Unit Limagrains Cereal Seeds will continue to be responsible for the wheat seeds activities in North America (United States and Canada).

Field Seeds in Europe

In Europe, Vilmorin & Cie's objective is to consolidate its commercial position in its main crops, in a market context that remains tense.

During the course of fiscal year 2017-2018, Vilmorin & Cie will reorganize its European research plan. The aim of this reorganization is to optimize existing infrastructures and implement a better balance for the different research centers. It will provide Vilmorin & Cie with a research set-up that is better adapted to the evolution of field seeds markets in Europe so that it can fully benefit from opportunities for synergies between the different crops, with the creation of centers of expertise.

Field seeds in North America

In North America, AgReliant⁽²⁾, No. 3 player on the corn market in the United States, aims to continue to consolidate its market shares.

Furthermore, fiscal year 2017-2018 will be devoted to the continued exploiting of the agreements signed with Syngenta in October 2015 concerning GM* traits* for corn, and to the reorganization of AgReliant's commercial brands, for the benefit of the two strong brands with a national vocation.

Corn seeds in new development zones

In 2017-2018, Vilmorin & Cie will be devoting energy to the reinforcement of its presence in its new development areas (South America, Asia and Africa), with the objective of achieving another fiscal year with a strong increase in business.

As a complement to corn, positioned as the strategic crop, Vilmorin & Cie will continue to deploy its activities through a portfolio of complementary crops, depending on each market, so that Vilmorin & Cie can increase its visibility, particularly soybean in Brazil and rice in India.

The strengthening of partnerships with Seed Co in Africa, and the development of business through the joint venture Hengji Limagrains Seeds in China will also be included in the priorities.

Finally, Vilmorin & Cie will remain on the look-out for any opportunity providing access to complementary genetic resources* in tropical corn and/or additional market shares.

Wheat seeds in North America and new development zones

Vilmorin & Cie will continue to strengthen its global wheat network during the course of 2017-2018.

In North America, Vilmorin & Cie will continue to structure its organization, with the short-term objective of distributing conventional wheat seeds.

Vilmorin & Cie will make further progress in the deployment of cooperation agreements initiated since 2015-2016, on the one hand with the Colorado Wheat Research Foundation and Albaugh, and on the other hand with the Canadian company Canterra Seeds.

1.6.5.3. Garden products

In 2017-2018, Vilmorin & Cie will continue the reorganization of its product offering, which was begun during the course of fiscal year 2016-2017. The year will therefore be devoted to implementing the diversification of its consumer product range, around its flagship brand Vilmorin.

In a context where the segment for seed packet sales has continued to decline over several years, this diversification will strengthen all the solutions it proposes to home gardeners, and respond to new market trends. Vilmorin & Cie's objective is therefore to become the privileged partner of all gardeners in their gardening experience.

1.6.6. Ambitions for 2020

Vilmorin & Cie has defined its ambitions for 2020 by fixing global objectives. These objectives should lead to business growth higher than market trends, while increasing operating margins, both for Vegetable Seeds and Field Seeds.

At the same time, Vilmorin & Cie will continue to achieve its three strategic priorities, which are presented in detail on page 38.

After a fiscal year for 2016-2017 which fully confirmed its ambitions, the objectives for 2017-2018 are firmly in line with these trends, enabling Vilmorin & Cie to consolidate its ability to offer long-term prospects for steady growth and consolidate its position as the world's fourth largest seed company.

⁽¹⁾ Through the minority stake held in AGT (Australian Grain Technologies).

⁽²⁾ 50/50 joint venture created in July 2000 with the German seed group KWS.

1.7. Risk factors

1.7.1. Risk management organization

Through its business activities and its locations, Vilmorin & Cie is exposed to risks of different natures (operational, financial and cross-functional). Risk management is an integral part of the global strategy at Vilmorin & Cie, which is pursuing the construction and permanent improvement of its organization in this respect.

During the course of fiscal year 2016-2017, the process for identifying and managing risks continued to integrate and consolidate descriptions of risks using mapping that ranks them according to the probability with which they might occur and their estimated financial impact on Vilmorin & Cie.

During the fourth quarter of the fiscal year, within the Progress Department, which also includes the departments for CSR, legal affairs, quality and safety-security, Vilmorin & Cie modified its organization by creating a Department for "Risks Management & Insurance", for greater coherence and proximity with each Business Unit. This Department's mission is to guarantee a pertinent process, from identification to dealing with major risks. The main objectives of this Department are to:

- ❖ make sure there is a homogeneous and lively approach to risk management, particularly through the sharing of a common language and methodology that allow for consistent risk mapping,
- ❖ define the policy for transferring to the insurance market, design and negotiate appropriate international programs,
- ❖ spread the culture of risk,
- ❖ manage the risk management process.

During the course of fiscal year 2016-2017, it was also decided to set up a risk management information system to facilitate consolidation and optimize the monitoring of the various risks and their evolution. This system is currently being deployed.

The risk management program and its governance are described in the Chairman's report on the functioning of the Board of Directors and internal control. (cf. page 79).

Based on the mapping carried out and monitored as part of the risk management system, the main risk factors to which Vilmorin & Cie believes it is exposed, which it considers significant or liable to become so, on the date of the present Annual Report, are described hereafter. Other risks – which Vilmorin & Cie is not aware of on the date of this Annual Report or which it does not consider to be significant on this same date and which might have a negative effect on Vilmorin & Cie – might exist.

1.7.2. Operating risks

1.7.2.1. Risks linked to the competition

Identification of the risk

A sudden change in the competitive environment or a disruptive innovation coming from a competitor are both risks that need to be envisaged. First of all, since agriculture is a priority focus for many governments, the intervention of the public authorities from a country could call into question the balance of the competing forces regionally or worldwide. Moreover the introduction by a competitor of a disruptive innovation in terms of plant breeding research, technology, or more generally a business model might expose Vilmorin & Cie to the loss of a competitive advantage on one of its business segments.

Managing the risk

The spread of Vilmorin & Cie's business, both in terms of business segments and geographical zones helps to limit these risks. For example in 2016-2017, Vilmorin & Cie made 52% of its sales in Vegetable Seeds and 44% in Field Seeds.

Furthermore, Vilmorin & Cie reinforces its positions on vegetable seed and field seed markets by making strong investment in research, by launching several hundred new varieties on average every year, and by developing numerous collaboration agreements with research institutes with a world-reaching reputation.

The research and partnership agreements developed by Vilmorin & Cie are presented in detail on pages 35-36.

The Development Department is responsible for producing a forward vision and exploring new topics to accompany Vilmorin & Cie's growth, in terms of activities and products in particular. Within the Development Department, the strategy and competition intelligence department that analyzes market trends follows the evolution of the strategy of competitors and detects any weak signals.

In this respect, the ongoing movements in Vilmorin & Cie's competitive environment, which concern major players in the seed and agrochemicals sector, do not alter Vilmorin & Cie's competitive positions or strategy. The competitive landscape is presented on page 19.

1.7.2.2. Risks related to the geopolitical and market environment

Identification of the risk

Vilmorin & Cie has sites in 47 countries and does business in almost 150 countries. The group's employees and activities are liable to be affected, whether directly or indirectly, by a period of economic, political or financial instability with regard to the situation of agriculture and farmers in different areas (war, revolution, major social conflicts, devaluation, unsecured funding for farmers, etc.).

Furthermore, the prices of agricultural products have an impact on the profitability of farms. For example, when prices of agricultural raw materials (corn, wheat) are low, this affects farmers' cash flow, and so they are more vigilant about their investment in inputs*. However, there is no direct correlation between commodity prices and seed prices.

Over the past few years, the operating margin level of Vilmorin & Cie's Field Seeds business has been impacted by the low price level of agricultural products.

Moreover, since agriculture is considered to be a strategic business sector in many countries, local authorities may implement restrictive policies for foreign investors: foreign exchange control, protection of intellectual property rights, restrictions on the possibility to hold stakes in companies, local indebtedness, repatriation of flows and the capital invested, or even nationalization of agriculture.

Managing the risk

Vilmorin & Cie cannot affirm that its results would not be affected by an upheaval in the economic, political or regulatory conditions, or by a crisis in certain countries in which it is present.

However, Vilmorin & Cie's international development has created a diversified geographical spread, limiting the concentration of this risk in a given country.

Accordingly, Vilmorin & Cie achieved 56% of its sales for fiscal year 2016-2017 in Europe, 23% in the Americas, 11% in Asia/Oceania and 10% in Africa/Middle East.

In addition, the unfavorable market environment that affected the Field Seeds business also affected Vilmorin & Cie's competitors; it has no impact whatsoever on the Vegetable Seeds business.

Furthermore, any risks related to countries are also considered when making decisions on investments and the location of industrial, scientific and commercial assets: exchange facilities, political stability, protection of intellectual property, etc.

1.7.2.3. Risks related to external growth operations

Identification of the risk

Vilmorin & Cie's strategy is based on a combination of organic growth and external growth. Working within a seed industry that is continually growing more concentrated, the risk would be to make an external growth operation that turned out to be inappropriate or, on the contrary, to be incapable of achieving operations that turned out to be the most promising, particularly in a context where potential targets are rare, and where there is strong competition between players with very different scales of financial resources. The failure of an external growth operation might also result from a breakdown in the process (analysis, structuring and integration).

Managing the risk

In order to deal with these risks, Vilmorin & Cie has set down a specific process for mergers and acquisitions, from the identification of targets right up to their integration, in which several functions are involved, both at group level and Business Unit level. Each stage in the process is reviewed and validated by Vilmorin & Cie's management bodies; the integration of targets is the subject of operational collaboration between the Business Units concerned and the holding services, adapted to each target. Acquisitions form part of the mid-term strategic plan which is reviewed every year, so that funding needs can be anticipated, and funding sources diversified.

1.7.2.4. Product quality risks

Identification of the risk

Once created and registered, seed varieties are produced in the fields. In order to produce its seeds (conventional and genetically modified field seeds, conventional vegetable seeds), Vilmorin & Cie makes use of a vast international network of seed multiplication farmers*. The production of seeds is presented in detail on page 31.

Vilmorin & Cie must respect its obligations with regard to legislation, to its contracts and to customer requirements.

Regulatory obligations exist in most countries; these concern in particular health⁽¹⁾, technological and seed purity aspects in order to guarantee the identity, specific purity and germinative faculty of seeds⁽²⁾.

⁽¹⁾ Sanitary quality is harmonized by the International Plant Protection Convention (IPPC): <https://www.ippc.int/en/core-activities/governance/convention-text/>

⁽²⁾ Seed quality controls are carried out in the laboratory, usually using internationally harmonized procedures of the Organisation for Economic Co-operation and Development (OECD), following the guidelines of the International Seed Testing Association (ISTA - <https://www.seedtest.org/en/home.html>).

Vilmorin & Cie also has internal requirements to reduce its exposure to risks of product non-conformities. Product non-conformities can have serious financial consequences, which may be amplified when the seeds are disseminated in different countries in the world, and by the complexity of regulations.

Moreover, Vilmorin & Cie's reputation, its financial results, and the market value of products could be negatively affected in cases of:

- ❖ contamination of seed lots by parasites (insects, fungi or bacteria),
- ❖ physical mixing or contamination by pollen flows between conventional seeds and genetically modified seeds,
- ❖ non-compliance of the quality requirements laid down by suppliers of GM* traits (these requirements concern, for example, the implementation of the Quality Management System in accordance with the ETS - Excellence Through Stewardship⁽¹⁾ platform, the implementation of a control plan in accordance with the requirements of the supplier of the trait*, the running of training courses, etc.).

Managing the risk

Firstly, in order to control the quality of its seed production, Vilmorin & Cie secures, on the basis of contracts and detailed specifications, relations with its network of seed multiplication farmers*. These are rigorously selected in a vision of partnership in the medium to long term.

At the same time, Vilmorin & Cie has quality management systems, redeployed in its operating structures, in order to ensure the compliance of its conventional and GM* products for its activities of research, production and sales.

With regard more specifically to the GMO* quality management system, a document system (guidelines, procedures, control plans, etc.) is deployed and transmitted to colleagues, in particular through internal training courses. GMO risk mapping* was also carried out by country and crop to assess the different levels of risk and determine priorities and control plans.

Regular audits validate the system's implementation, the traceability of research processes, testing, production, processing and sales processes in order to limit the risks of unwanted mixes, seed non-conformity and mislabeling.

In order to guarantee the quality and reliability of the products sold, a quality control system has been set up as well as analytical plans to be followed (depending on crop and country). These specific analytical controls are carried out by accredited laboratories, regularly tested and validated by the quality management department in order to guarantee the reliability of the results. In addition, since 2012, for

responsible management of GMOs*, Vilmorin & Cie has joined the ETS (Excellence Through Stewardship) platform by implementing the quality management system throughout the life of the GM* product: research, production, marketing, launch, distribution, crisis management and product stoppage. Vilmorin & Cie was successfully audited by ETS in 2015, concluding a cycle of three years, and is currently engaged in the second cycle of three years (2015-2018).

Overall, in 2016-2017, 64 employees from the Field Seeds and Vegetable Seeds divisions were trained on the guidelines, and 26 audits were carried out by the network of internal quality auditors. 3 audits were also carried out to ensure that the quality requirements of suppliers of GM traits* were met. A decrease in the number of non-conformities detected during internal audits and a decrease in their criticality* were noted compared to 2015-2016.

1.7.2.5. Risks related to procurement

Identification of the risk

Vilmorin & Cie's activities are highly seasonal, and sensitive to climate risks and supply hazards. Whether the reasons are climate-related, technical, geopolitical, contractual, etc., the consequences of risks related to seed procurement may have a strong impact on Vilmorin & Cie.

Managing the risk

The production plan⁽²⁾ plays a major role in limiting risks related to procurement. As a vital aspect in the appropriate supply of markets and also control over inventory levels, the production plan is set up with regard to different factors: market needs, harvest results, commercial lifespan of the variety, keeping quality of each seed lot, and also each production zone. Coordinated by the production managers, this plan is confirmed by the General Management in each company.

In terms of climate, weather and geopolitical risks, the varied international locations of production areas and research stations make it possible to share out and limit these risks, and ensure regular high-quality seed production. As far as production is concerned, the highly seasonal nature of the business, the specific needs of the different crops and the variations in demand all mean that sites need to be established all over the world. These sites are either owned directly by the Company, by the network of seed multiplication farmers* or indeed by sub-contractors. There are about twenty production basins spread out over five continents, both in the northern and southern hemispheres, to ensure this risk is under control.

⁽¹⁾ Reference system created at the initiative of the international seed industry.

⁽²⁾ Depending on crops and varieties, the production plan is built up on the basis of sales forecasts for the following year. These forecasts are made with regard to inventories, customer opportunities and market trends. The function of the production plan is to define the crops and varieties to be produced, the places and quantities for production, depending on climate risks, production sites, earliness, average yields and producers.

1.7.2.6. Risks related to research

Identification of the risk

In order to develop tomorrow's seed varieties and ensure its future growth, Vilmorin & Cie permanently invests in Research and Development projects. Today these investments represent 15% sales of seeds intended for professional markets⁽¹⁾.

Vilmorin & Cie's competitiveness could be affected in cases of:

- ❖ a mismatch between the research projects launched and future market needs, bearing in mind the long duration of research cycles (7 to 10 year to create a new seed; 10 to 15 years to develop a new trait*);
- ❖ an imbalance between the distribution of investments granted to different research and development projects, the targets being insufficiently diversified, or markets being targeted with no potential growth or inappropriate timelines;
- ❖ late identification of emerging technologies that might have an impact on seed improvement processes.

Managing the risk

Vilmorin & Cie has adopted several measures in order to secure its investments in research. On the one hand, permanent work on scientific, technological and competitive intelligence is carried out and several international partnerships provide information on the identification of emerging trends and breakthroughs that Vilmorin & Cie and its environment will be confronted with tomorrow.

Moreover, Vilmorin & Cie relies on research orientation committees for each activity and the management of project portfolios to assess research programs and make sure the balance of investment fits in with market trends and ensures current programs will be profitable.

1.7.3. Financial risks

1.7.3.1. Deterioration of the working capital needs

Identification of the risk

As previously explained in 1.7.2.5, Vilmorin & Cie is liable to be impacted in its procurement, particularly by climate hazards and the evolution of agricultural markets.

If there is an unanticipated deterioration of the different components of its working capital needs, including inventory management, Vilmorin & Cie might see an erosion of its financial ratios and economic performance.

Managing the risk

The measures implemented to limit risks related to procurement have been described above (cf. section 1.7.2.5.).

Efficient management of the quantities and quality of seed inventories is therefore a key aspect in Vilmorin & Cie's strategy.

With regard to its customer portfolio, Vilmorin & Cie is not globally confronted with excessive concentration of its customers that might lead to a sudden drop in business.

The Company has a wide portfolio of customers:

Evolution of the weight of the main customers

(as a % of consolidated sales)

	16-17	15-16	14-15
Weight of the top 5 customers	9.8	7.1	7.0
Weight of the top 10 customers	14.8	10.8	9.8

The risks of non-recovery are usually moderate. Vilmorin & Cie's subsidiaries each provide the answers adapted to their activity. The amount considered as posing a risk of non-recovery, and provisioned for this, is disclosed in Note 20 "Trade receivables" in the notes to the consolidated financial statements. It establishes in about 3% of gross trade receivables.

The breakdown of accounts receivable by age is presented in Note 30, Section 2.5 "Information concerning credit risk" of the notes to the consolidated financial statements.

Finally, as far as its relations with suppliers are concerned, Vilmorin & Cie pays careful attention to make sure there is no economic dependence, and manages a significant part of its procurement and purchasing conditions through a dedicated internal organization, comprising representatives from different Business Units, structured in steering committees for each major category of products and services.

In this respect it should be noted that some of the corn seed supplies to European markets are shipped from the Limagrain cooperative. These supplies are made within the framework of the annual preparation of production plans, and in accordance with the conditions of contract and remuneration defined yearly on the basis of market practices.

Evolution of the weight of the main suppliers⁽²⁾

(as a % of purchases)

	16-17
Weight of the top 5 customers	3.8
Weight of the top 10 customers	5.4

These data have not been consolidated for previous fiscal years.

⁽¹⁾ Integrating the business activities of the North American company AgReliant, held 50%.

⁽²⁾ These concern seed multiplication farmers* whose role is described on page 31.

1.7.3.2. Risks regarding exchange rates, interest rates and markets

Identification of the risk

As it conducts its business, Vilmorin & Cie is naturally exposed to risks related to exchange rates and to the volatility of interest rates, and the prices of certain agricultural raw materials.

Managing the risk

Bearing in mind the size of Vilmorin & Cie and its international dimension, procedures have been set up in order to better identify these risks and control them.

For this reason the Corporate Finance Department more particularly manages both for Vilmorin & Cie and its subsidiaries:

- ❖ the search for diversified and suitable financial resources,
- ❖ an intra-group mutual management procedure to deal with currency translation risks with group forward cover strategies. The hedging methodology and the values involved are described in Note 30, section 2.1 "Information regarding currency exchange risks" in the notes to the consolidated financial statements; an analysis of sensitivity to currency risk after management is described in section 2.1.5 "Information on risk exposure to instruments set up to hedge currency exchange" in the notes to the consolidated financial statements,
- ❖ specialized cash flow and interest rate risk management tools (cash flow agreements, forward cover instruments). Information concerning interest rate risks is presented in Note 30, section 2.2 "Information concerning interest rate risks" in the notes to the consolidated financial statements; an analysis of sensitivity to interest rate risks is described in section 2.2.4 "Information on exposure to interest rate risks" in the notes to the consolidated financial statements.

On June 30, 2017, Vilmorin & Cie's consolidated financial debt mainly comprised funding at a fixed rate, with 450 million euros from a debenture loan and 134 million euros from Schuldschein funding. This point is set out in Note 27 section 2.4 "Analysis of loans by nature of rates", in the notes to the consolidated financial statements. Information related to liquidity risks is presented in Note 30 section 2.4 "Information concerning liquidity risks" in the notes to the consolidated financial statements.

Vilmorin & Cie pursued its disintermediation strategy in March 2017 through a new Schuldschein issue of 100 million euros on maturities of up to ten years, and by an early repayment of 51 million euros.

In addition, in order to consolidate the financial resources dedicated to the North American activities, Vilmorin USA Corp made an early repayment of its syndicated loan in May 2017 for an amount of 120 million US dollars and for a term of 5 years.

This credit had been fully used as at 30 June 2017, and the financial covenant was fully respected.

On June 30, 2017, Vilmorin & Cie had 300 million euros of resources available from the syndicated bank loan of May 2014 for which last year the maturity was extended to May 2021, since this credit facility had not been used. This credit facility is accompanied with the commitment to respect two consolidated financial ratios (net financial debt/EBITDA⁽¹⁾, EBITDA⁽¹⁾/net financial charges); on June 30, 2017, Vilmorin & Cie complied fully with this commitment.

Further information on indebtedness and interest rates are presented in Note 27, section 2.2 "Information on bond loans", and in section 2.3 "Information on bank loans" in the notes to the consolidated financial statements.

As far as the potential impact of the volatility of certain agricultural raw material prices is concerned, it should be emphasized that the network of seed multiplication farmers*, to which Vilmorin & Cie entrusts the production of its seeds, meets very strict specifications, one of the main points being that the purchasing price of the seed is pre-defined. These specifications comprise fixed or variable prices which are not structurally indexed on the evolution of the prices of agricultural raw materials. Therefore the contractual system set up allows Vilmorin & Cie to preserve considerable economic independence.

Vilmorin & Cie does not systematically use hedging instruments to hedge the price of agricultural raw materials, except for its North American subsidiary in corn and soybean seeds - AgReliant. These positions, which translate into forward buying positions on corn and soybeans on the Chicago market, allow it to control the potential volatility of its supply costs.

1.7.4. Cross-functional risks

1.7.4.1. Image risks

Identification of the risk

Through its business activities, Vilmorin & Cie is exposed to public attacks of all kinds and all origins, in particular in France, whether well-founded or not, sincere or otherwise, which might damage its image and reputation.

Such events could have negative effects on Vilmorin & Cie's sales, income, image, attractiveness and development perspectives.

Managing the risk

In order to limit the proliferation, range and impact of criticisms and attacks against the group, Vilmorin & Cie has implemented measures to prevent this risk and be in a position to react in the case of a media crisis.

⁽¹⁾ The EBITDA is defined as the operating result to which are added any provisions for depreciation, amortization and impairment.

The Communication and Institutional Affairs department, which is more specifically in charge of crisis communication, has organized its approach around several points:

- ❖ The strengthening of relations with national and local administrations, by presenting the group, its activities and its installations, its challenges and potential risks. This preventative action means there is greater comprehension and proximity in times of crisis, in situations where the intervention of these services is required.
- ❖ The development of regular communication with the regional and national media to facilitate their understanding of the group and initiate quality dialogue.
- ❖ Awareness development and training for the Top Executives, representatives and spokespersons of the group. They each have two crisis communication guidebooks and specific media-training programs are organized preventively to prepare for certain sensitive subjects.
- ❖ The dissemination of a press procedure to provide a framework for speaking to the media.
- ❖ Conducting crisis management exercises (this information is presented in detail on page 53, paragraph 1.7.5. The crisis management system).

Specific web monitoring, flexible and multi-lingual (social media, websites, blogs, the press, etc.) is also part of this system.

In addition, to support Vilmorin & Cie's employees, who are the primary vectors of the Company's image, and to guide them in their actions and behaviors in the interest of integrity and ethics, tools and training are provided, the first line of which includes the group's Code of Conduct⁽¹⁾, which is now widely deployed.

1.7.4.2. Legal risks

Anti-trust risk

Identification of the risk

Vilmorin & Cie does business in a competitive environment where there is growing concentration of players. Legislation aiming to prevent these economic players from restricting or distorting competition on a particular market, imposes, in cases of infringement, fines calculated as a percentage of the sales of the group concerned.

Managing the risk

Knowing the rules, and integrating them in specific codes of conduct, and early enough in reflections, are both essential in preventing such risks.

Naturally, Vilmorin & Cie is committed to respecting legal and regulatory provisions, both national and international, with regard to laws on competition. The whole network of the group's lawyers is required to supply any information and assistance necessary to make

sure that legislation in force is known and applied in the company and all its subsidiaries.

Training, advice and the dissemination of guidelines are some of the actions undertaken to satisfy this objective.

These actions are monitored and are the subject of specific reports (indicators) within the framework of the CSR action plan. Moreover the Code of Conduct includes reminders concerning the rules of business ethics.

Risks related to intellectual property

Identification of the risk

Vilmorin & Cie's business relies to a large extent on the exploitation of intellectual property rights, which protect its products and services, and particularly its plant varieties and its innovations. The acquisition, management and defense of such rights, which constitute major strategic assets for Vilmorin & Cie, require particular precautions.

The questioning of the validity of intellectual property rights, and the related rights, is a risk that Vilmorin & Cie might well be faced with.

Moreover, Vilmorin & Cie's activity requires access to genetic resources* in order to develop new varieties adapted to the needs of farmers throughout the world. In this respect, Vilmorin & Cie is exposed to different risks, particularly that of unduly using protected genetic material without the adequate authorizations. This risk could, on the one hand, be related to new regulations such as the Convention on Biological Diversity (CBD), and on the other, to changes in practices in the seed industry. Indeed, the seed industry, alongside the traditional intellectual property tool of the Proprietary Variety Protection Certificate (PVPC), is increasingly using patents to protect its innovations.

These risks could weaken the Company, affecting its results and/or damaging its image and its reputation.

Managing the risk

Vilmorin & Cie has a Coordination Committee composed of experts from the Legal Affairs and Scientific Affairs departments who work very closely on intellectual property issues. Supported by a solid legal framework and a network of expert lawyers on this subject, Vilmorin & Cie uses tools to protect its rights and innovations.

One of the clauses in the group's Code of Conduct⁽¹⁾, states that each employee in the group must ensure that creations and innovations benefit from adequate protection of intellectual property, which is essential for the company's sustainability and development.

Moreover, traceability and documentation of biological material used in breeding* programs are indispensable to ensure authorizations for use.

⁽¹⁾ The group's Code of Conduct is presented in detail on page 114.

This process is based on written collection procedures laid down for this purpose, and on the training of employees at Vilmorin & Cie and its subsidiaries on this subject.

At the same time, Vilmorin & Cie lobbies public authorities for a breeder's exemption to be included in legislation on patents, so that a plant protected by a patent can nevertheless be used for breeding* purposes. This information is presented in detail on pages 103-104. Moreover, in order to facilitate the acquisition of patents⁽¹⁾ that protect plant innovations, Vilmorin & Cie participated in the creation of the International Licensing Platform-Vegetables (<http://www.ilp-vegetable.org/>).

Litigation

As they run their business, Vilmorin & Cie and its subsidiaries are sometimes required to find solutions to various kinds of litigation (customers, particularly with regard to product quality issues; suppliers; employees; etc.). These situations are immediately examined in detail, with the risks and responsibilities being analyzed, resulting in the appropriate course of action to be taken in the subsidiaries, in liaison with Vilmorin & Cie's legal services.

Provisions are made on such litigations when appropriate. Information on litigations is presented in Note 26 "Other current provisions" in the notes to the consolidated financial statements.

On June 30, 2017, the Company had identified no litigation that might affect its financial situation significantly.

To the knowledge of the company, there is no other governmental, judiciary or arbitration procedure in progress, or threatening to arise, concerning the past twelve months that is liable to have, or indeed has had, any significant effects on the financial situation or profitability of the Company and/or the group.

Important contracts outside the normal course of business

Vilmorin & Cie runs its business activities through a large number of suppliers and a diversified clientele. Within the framework of its Field Seeds business in North America, Vilmorin & Cie has signed agreements for pluriannual licenses to use technologies which enable selling genetically modified seeds.

With the exception of these pluriannual, contractual relations, for which Vilmorin & Cie has alternative solutions, there is no other important contract outside the normal course of business that is liable to have a significant and recurring impact on its financial profile.

1.7.4.3. Risks related to human resources

Identification of the risk

One of Vilmorin & Cie's challenges lies in its capacity to attract and retain talents in all the countries where the group has sites. Vilmorin & Cie's long-lasting success is related to its performance level in innovation and relies on certain professions, particularly those related to research activities, requiring specific expertise. Any difficulty in attracting or retaining skilled staff could have a negative impact on the development of the group's activities and results.

Managing the risk

Vilmorin & Cie is pursuing the development of its employer brand to broaden its visibility and attractiveness: partnerships with schools, social networks, student forums, relations with companies, etc.

Furthermore, Vilmorin & Cie has a diversified global compensation system including the redistribution of income through profit sharing to all employees. For staff working in French companies there is also an employee savings scheme.

In this respect, a new Group profit-sharing scheme was introduced during the year, with the objective of better redistribution of profits to all employees. It is characterized by a significant increase in the Group's share and greater consistency in the amounts distributed between each company. This information is presented in detail in Chapter 4, page 110.

At the same time, Vilmorin & Cie is gradually completing its plan by embarking on a process of integrating all employees into its social protection offer in health and welfare. This information is presented in detail in Chapter 4, page 110.

The aim of the group Careers Committee is to promote internal mobility and offer perspectives for career evolution to employees. Vilmorin & Cie encourages international mobility to support its activities throughout the world, by providing the opportunity to future employees to benefit from international professional experience through international volunteer programs (VIE).

By combining social and sustainable performance, Vilmorin & Cie promotes attachment to the group's values of progress, perseverance and cooperation, thereby developing employee loyalty. Vilmorin & Cie's strong involvement in social actions in the world demonstrates its commitments. This information is presented in detail in Chapter 4 starting on page 129.

⁽¹⁾ Detailed information on the PVPC and patents is presented on pages 103-104.

1.7.4.4. Risks related to the safety of persons

Identification of the risk

Vilmorin & Cie employs more than 6,500 permanent employees in 47 countries, working in various conditions and environments. Through Vilmorin & Cie's business activities, employees are exposed to different risks liable to provoke work accidents, in certain cases resulting in sick leave.

Particular risk factors include:

- ❖ risks related to mechanical and electrical equipment,
- ❖ risks related to the working environment,
- ❖ risks related to exposure to chemical agents,
- ❖ risks from industrial accidents,
- ❖ risks of road traffic accidents (commuting or business trip accidents).

Managing the risk

Vilmorin & Cie is pursuing its efforts in the prevention of work accidents. Aiming at a 50% reduction in accidents over a period of three years, the policy initiated in fiscal year 2014-2015 is based on a high level of management involvement and a behavioral approach to the prevention of accidents. This policy is already bearing fruit, with a reduction in the number of accidents and a reduction in frequency rates 1 and 2 of 35% and 38% respectively since 2014-2015.

The safety at work policy is presented in detail in Chapter 4, pages 125-126.

1.7.4.5. Risks related to the security of staff and property

Identification of the risk

Vilmorin & Cie is exposed to risks of harm to persons, especially because of its international scope. A significant proportion of its employees, whether they are expatriates, local staff, or on business trips, are exposed to a variety of risks in different countries (acts of terrorism, armed conflicts, riots, criminal activity).

Vilmorin & Cie is also exposed to the risk of malicious attacks on its property (production plant, production inventory, products from its research, etc.). Theft and deliberate damage are the main risks involved in this category.

Managing the risk

Vilmorin & Cie has implemented a monitoring and alert procedure in countries with risks in order to limit staff exposure, for example through

accompaniment during business trips or even restrictions on such trips. For example, in July 2016, because of the situation in Turkey, trips within and to this country were forbidden for a certain period or time. Guidelines on risks in different countries have been written and are regularly updated. In order to provide help and information in the event of difficulties, the capacity to locate staff away on business trips at all times has been deployed. Finally fast repatriation solutions have been set up.

This organization has been completed by crisis management procedures dealing with the nature of these risks.

With regard to risks of attacks on property, Vilmorin & Cie is permanently reinforcing the protection systems at its sites.

All these measures are coordinated by a Corporate Safety/Security officer.

1.7.4.6. Risks related to information systems

Identification of the risk

The information system and IT infrastructures play an ever-greater role in the management and development of Vilmorin & Cie. The main risks concern the availability, the integrity and the confidentiality of data. Any failure of the information system, its infrastructures and the network or data centers (centers that manage, host and process data), and any loss of data, whether accidental or intentional, could have a negative impact on Vilmorin & Cie's business and its results.

Managing the risk

The most sensitive applications and data are hosted in different data centers exploited by companies with recognized know-how in this domain. Vilmorin & Cie is pursuing the deployment of its policy to consolidate its IT infrastructures, particularly for its data centers. As part of this approach, all the sensitive information systems are being transferred to a highly secure data center (Tier 3+)⁽¹⁾. At the same time, Vilmorin & Cie has begun migration of the network using a single provider, a leader on the market and recognized as an expert in operating secure, global networks.

Moreover, the management of computer equipment operations (PC) is being industrialized in order to improve the control of user environments. Incident management is handled by a single Helpdesk service center with the objective of improving incident handling and traceability. As workstations are an important vector of virus penetration (cryptovirus, ransomware, etc.), security updates are "pushed" after validation by the technical teams to reduce security flaws. At the same time, awareness-raising messages are sent to users via several media such as mail, intranet and the private screen circuit.

(1) This type of processing center can reach and even exceed an availability rate of 99.99% (an aggregate of less than 24 minutes of stoppage per year). Systems do not need to be stopped, even for operations of logistical maintenance or replacement of active equipment.

1.7.4.7. Environmental risks

Identification of the risk

While conducting its business, Vilmorin & Cie is subject to numerous environmental regulations. These regulations are complex and constantly evolving, increasingly stringent, and their application can prove costly or even limit the group's ability to conduct or develop its activities. In particular they concern the quantitative and qualitative management of water, air, greenhouse gas emissions, soil pollution, the use of natural resources, the preservation of biodiversity, noise, dust and waste⁽¹⁾. In cases where the group's environmental responsibility were to be called into question because of an accident or significant pollution, its activities, results and reputation could be negatively affected.

Moreover, the purchasing preferences of distributors and customers, especially in more developed countries, are more and more influenced by environmental issues (particularly greenhouse gas emissions and tackling climate change, soil protection and preservation of water resources), sometimes publicized by NGOs (Non Governmental Organizations). If Vilmorin & Cie fails to anticipate these evolutions correctly, and take measures to control, optimize and communicate on the environmental consequences of its business, its performance and reputation could be negatively affected.

Managing the risk

Vilmorin & Cie's environmental risk management policy focuses on:

- ❖ understanding and respecting the external obligations of Vilmorin & Cie (legal requirements, requests from the authorities),
- ❖ developing a culture of continuous improvement and operational excellence through employee training, incident reporting and analysis, and sharing of learning,
- ❖ providing quality solutions that meet the needs of distributors and customers, notably through the creation of seed varieties adapted to the diversity of environments, and the dissemination of responsible and reasoned agricultural practices to farmers and partners in all regions,
- ❖ optimizing agricultural, agronomic and industrial processes to guarantee food quality and safety for products,
- ❖ preventing and reducing, whenever possible, the negative impacts, direct and indirect, of the group's activities on the environment and on the communities directly linked to its territories.

At the same time, the Group's Code of Conduct reiterates its commitment to make a significant contribution to respect for the environment, notably through its economic and social performance

and responsibility, and the rational use of resources coupled with the optimization of its production processes at its facilities in all the countries where it operates.

In order to ensure its compliance with the environmental regulations in force (as presented above in the paragraph "Identification of the risk"), Vilmorin & Cie has implemented organizations, procedures and tools:

- environmental self-diagnosis of the Business Units within the framework of three dedicated CSR committees,
- international environmental monitoring accessible from the Group's intranet and organized by theme and by country,
- adapted management of the sites declared ICPE (Installation Classified for the Protection of the Environment), in water stress zones or an adjacent area and or protected for its biodiversity.

At the same time, Vilmorin & Cie, through its reference shareholder Limagrain, has adhered since December 2013 to the principles of the Global Compact.

These various initiatives and the measures implemented during fiscal year 2016-2017 are presented in detail in Chapter 4 (paragraph 4.3.3.).

Vilmorin & Cie continually strives to strengthen its social, societal and environmental commitment, and to improve the management of its activities over the entire product life cycle. The actions implemented and achievements made in 2016-2017 are described in Chapter 4.

1.7.5. Provisions for crisis management

Vilmorin & Cie has set up a crisis management system, which involves different functions of the company and is redeployed in the Business Units. This system uses dedicated tools and, in particular, crisis management and communication rules distributed to all Vilmorin & Cie entities for deployment.

During fiscal year 2016-2017, several events justified the mobilization of the Group crisis unit and crisis units within the Business Units concerned. These minor events were successfully managed, leading to the detection of areas for improvement. The effectiveness of the system was also assessed during the course of fiscal year 2016-2017 through a crisis simulation exercise. This exercise mobilized two crisis units over one day, one at group level and the other at Business Unit level, involving a total of twenty people.

Lessons learned from the various events and the crisis simulation exercise were used to further refine internal crisis management processes. This type of exercise will be repeated in 2017-2018 with a different scenario.

⁽¹⁾ The regulations concerned include the following:

- Directive 2012/27/UE of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (Text with EEA relevance): <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012L0027>
- Article L.181-2 of the French Environmental Code created by Ordinance No. 2017-80 of January 26, 2017 - art. 1 https://www.legifrance.gouv.fr/affichCodeArticle.do?sessionId=471A73122900A56968B366B607746470.tpdila18v_1?idArticle=LEGIARTI000033928564&cidTexte=LEGITEXT000006074220&dateTexte=20170301
- Law No. 2016-1087 of August 8, 2016 for the regaining of biodiversity, nature and landscapes: <https://www.legifrance.gouv.fr/eli/loi/2016/8/8/2016-1087/jo/texte>

1.7.6. Insurance

Vilmorin & Cie has a policy of global cover concerning different operating and cross-functional risks, and makes use of different insurance schemes available on the world market, depending on their availability and local regulations.

Insurance programs are negotiated and managed by Vilmorin & Cie for its subsidiaries with leading international or national insurance companies. These programs concern, in particular, risks of damage to property and operating losses, civil liability, damage to goods in transit and insurance for the automobile fleet.

For risks of damage to property, operating losses and civil liability, the cover is "all risks except" on the basis of the widest guarantees that exist on the market, combined with deductible that varies according to activity. 93.6% of Vilmorin & Cie's entities, representing 99.53% of consolidated sales, are guaranteed by the Group Civil Liability program with the widest possible guarantees. 58% of Vilmorin & Cie's entities

are covered by the Property Damage program, an increase of 19% since 2014-2015. Compensation limits, fixed on the basis of worst-case scenarios and of capacities proposed by the insurance markets, stand at 300 million euros per claim for consequential and operating loss, and at 80 million euros per claim and per year for general public liability and product liability.

Insurance programs for special risks which are potentially significant and require centralized management, such as the responsibility of corporate officers and environmental risks, are negotiated according to capacities available on the markets.

Management of these programs is entrusted to brokers and professional insurers under the supervision of Vilmorin & Cie. These programs were renewed on July 1 2016, for the duration of one year or two years.

Vilmorin & Cie is gradually standardizing its cover policy and deploying its insurance programs internationally.

2

CORPORATE GOVERNANCE

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2.1. Corporate governance code of reference

At its AGM of December 9, 2016, Vilmorin & Cie's Board of Directors decided to adopt, as of fiscal year 2016-2017, the Middlednext Code of corporate governance published in December 2009, and updated in September 2016, as its reference Code, considering that today it is more suitable than the AFEP-MEDEF Code for the governance of the Company and the structure of its shareholding.

This Code is available for consultation on the Middlednext website (<http://www.middlednext.com/spip.php?rubrique91>).

In compliance with the recommendation of the Middlednext Code of corporate governance, the Board of Directors has consulted the key points for vigilance in the Code and has committed to reviewing it regularly. The change in corporate governance code has been integrated into the Corporate Rules of Procedure as adopted by the Board of Directors at its meeting of June 30, 2017.

If certain recommendations of this Code or subsequent guidelines for its application were not implemented, this would be justified in the Summary Table of the Middlednext Code of corporate governance Recommendations not followed (cf. § 2.6).

2.2. The Board of Directors

Vilmorin & Cie has always attached the greatest importance to the quality of its governance, which is strongly marked by two particular aspects: the fact it is a seed company with the need for a long-term vision, and its reference shareholder, Limagrain, an international agricultural cooperative group.

In 1993, when Vilmorin & Cie was first listed on the French stock market, Limagrain made a commitment to encourage its development strategy, respecting the interests of minority Shareholders, another fundamental pillar in the Company's development.

2.2.1. Composition of the Board and mandates of the Board Members

Composition of the Board of Directors on June 30, 2017

On June 30, 2017, Vilmorin & Cie's Board of Directors comprised seven members:

- ❖ the Chairman and CEO: Philippe AYMARD,
- ❖ four other Board Members representing the reference shareholder Limagrain: Joël ARNAUD, Jean-Yves FOUCAULT, Sébastien VIDAL and Pascal VIGUIER,
- ❖ two independent Board Members: Mary DUPONT-MADINIER and Miriam MAES.

All the Board Members are appointed by the Annual General Meeting of Shareholders for a duration of 3 years, renewable.



Philippe AYMARD

- Chairman and CEO
- Nationality: French
- 57 years old

Terms of office

- Commencement: 2006
- Renewal: 2014
- Expiry: 2017

Main activities

Farmer, Vice-Chairman of Limagrain

Background

A member of the Limagrain Board since 1995, and Vice-Chairman since 2013, Philippe AYMARD is Chairman of the Vegetable Seeds division. He plays an important role in agriculture, and participates in the professional bodies representing cereal crops in the region of Auvergne-Rhône-Alpes (France).

Ongoing mandates on June 30, 2017

✦ Chairman and CEO:

HM. CLAUSE SA (France), Vilmorin SA (France)

✦ Chairman of the Board of Officers:

HM. CLAUSE INC. (United States)

✦ Joint Manager:

Dôme 2000 (France)

✦ Member of the Board of Management:

Limagrains Chile Limitada (Chile)

✦ Member of the Board:

Groupe Limagrains Holding SA (France), Hazera Seeds Ltd (Israel), Mikado Kyowa KK (Japan), Sélia SA (France), Société Coopérative Agricole Limagrains (France) (Vice-Chairman), Vilmorin USA Corp (United States)

Mandates exercised over the past 5 years and expired *(End of mandate)*

2011 - Chairman and CEO: Dom Vert SA (France)

Joint manager and founder: Vilmorin 1742 SARL (France)

Member of the Board Committee: Sélia SAS (France)

Chairman of the Board of Management: Cave Saint Verry SARL (France)

Chairman of the Board of Officers: Suttons Seeds (Holding) Ltd (United Kingdom)

Member of the Board: Top Green SA (France)

Member of the Board of Trustees: Top Green SAS (France)

Chairman of the Supervisory Board: Eurodur SA (France)

2012 - Member of the Board: Clause SA (France), Suttons Seeds (Holding) Ltd (United Kingdom), Vilmorin SA (France)

Chairman and CEO: Oxadis SA (France)

Member of the Supervisory Board: CNOS Garden Sp.Zo.o (Poland)

2013 - Member of the Board: Harris Moran Seed Company (United States)

2014 - Member of the Supervisory Board: Nickerson Zwaan BV (Netherlands)

Member of the Board: DLF France SAS (France)

2015 - Chairman: Vilmorin Participations SAS (France)

Member of the Supervisory Board: Hazera Seeds BV (Netherlands),

Limagrains Cereals Nederland BV (Netherlands)

2016 - Joint Manager: Aigle & Partners SNC (France)



Joël ARNAUD

- Member of the Board and Member of the Audit and Risk Management Committee
- Nationality: French
- 58 years old

Terms of office

- Commencement: 2006
- Renewal: 2014
- Expiry: 2017

Main activities

Farmer, Vice-Chairman of Limagrain

Background

Joël ARNAUD joined the Limagrain Board in 1990, becoming Vice-Chairman in 1992, and is Chairman of the Field Seeds division. His responsibilities in France involve chairing the FNPSMS (National Federation of Corn and Sorghum Seed Producers) and a position on the Board of the AGPM (General Association of Corn Producers).

Ongoing mandates on June 30, 2017

✦ Chairman and CEO:

Limagrain Europe SA (France)

✦ Chairman of the Board:

Limagrain Brasil SA (Brazil)

✦ Member of the Board :

Bisco Bio Sciences Private Ltd (India), Groupe Limagrain Holding SA (France), Limagrain Tohum Islah Ve Uretim Sanayi Ticaret As (Turkey), Link Seed Proprietary Limited (South Africa), Sélia SA (France), Société Coopérative Agricole Limagrain (Vice-Chairman) (France), Vilmorin USA Corp. (United States)

✦ Member of the Board of Management:

Limagrain Chile Limitada (Chile) (Representing Groupe Limagrain Holding)

Mandates exercised over the past 5 years and expired *(End of mandate)*

2011 - Member of the Board: Ets Tardifs & Fils SA (France) (Representing Limagrain), Gemstar SA (France), Syndicats des Producteurs de Semences de Maïs et de Sorgho des Limagnes et Val d'Allier (France) (Representing Limagrain), Vilmorin Luxembourg SA (Luxembourg)
Member of the Board Committee: Limaclub SAS (France), Soltis SAS (France) (Representing Limagrain Europe)
Member of Management Committee : Limagrain Cereal Seeds LLC (United States)

2012 - Member of the Board: Genective SA (France), Limagrain Guerra Do Brasil (Brazil), Syndicat des Producteurs de Semences de Maïs et de Sorgho des Limagnes et Val d'Allier (France) (Representing Limagrain)
Member of the Supervisory Board: Limagrain Nederland Holding BV (Netherlands)

2013 - Chairman of the Board of Directors: Brasmilho SA (Brazil)
Chairman of the Board of Trustees: Limagrain A/S (Denmark), Limagrain Belgium NV (Belgium), Limagrain GmbH (Germany), Limagrain UK Ltd (United Kingdom)

2014 - Chairman and CEO: Limagrain Central Europe SE (France)
Chairman of the Board: Limagrain Italia Spa (Italy), Limagrain Ibérica (Spain), Valgrain SCA (France)
Member of the Board: Limagrain UK Ltd (United Kingdom), Limagrain A/S (Denmark)
Chairman of the Supervisory Board: Limagrain Nederland BV (Netherlands)

2015 - Member of Management Committee: AgReliant Genetics LLC (United States)
Member of the Supervisory Board: Limagrain Cereales Nederland BV (Netherlands)



Mary DUPONT-MADINIER

- Independent Member of the Board
- Nationality: Franco-American
- 62 years old

Terms of office

- Commencement: 2014
- Expiry: 2017

Ongoing mandates on June 30, 2017

✦ Member of the Board:

Groupe Limagrain Holding (France)

COMPANIES OUTSIDE THE GROUP

✦ Director:

IPSOS SA⁽¹⁾, American Chamber of Commerce (AmCham) in France

⁽¹⁾ Listed company

Main activity

Partner at VALTUS

Background

Mary DUPONT-MADINIER has more than 30 years of experience in top management in functions of business development, international trade, operations and IT in the United States, in France and in the United Kingdom (Thales, Thales Raytheon System, Cable & Wireless, EDS). She is a specialist in transformation and change program management. Today she is a Partner of VALTUS, French expert in transition management.



Jean-Yves FOUCAULT

- Member of the Board and Member of the Audit and Risk Management Committee
- Nationality: French
- 62 years old

Terms of office

- Commencement: 2006
- Renewal: 2016
- Expiry: 2019

Main activities

Farmer, Chairman and CEO of Limagrain

Background

After beginning his professional career in consultancy and agricultural training, Jean-Yves FOUCAULT started and developed his own farm. He joined the Limagrain Board in 2000, and became Chairman of the Group in December 2011. He participates in several professional agricultural organizations and associations.

Ongoing mandates on June 30, 2017

- ✦ **Chairman:**
Société Coopérative Agricole Limagrain (France)
- ✦ **Chairman and CEO:**
Groupe Limagrain Holding SA (France)
- ✦ **Chairman of the Board Committee:**
GLH Participations SAS (France)
- ✦ **Member of the Board:**
Jacquet Brossard SA (France), Sélia SA (France), Tardif Tivagrain SA (France) (Representing Coopérative Limagrain), Vilmorin Jardin SA (France)
- ✦ **Member of the Board Committee:**
Agence Momagri SAS (France), Limagrain Céréales Ingrédients SAS (France), Mouvement pour une Organisation Mondiale de l'Agriculture SAS (France), Proxiel SAS (France)
- ✦ **Member of the Board of Management:**
Limagrain Chile Limitada (Chile) (Representing Coopérative Limagrain)
- ✦ **Chairman and Member of the Strategic Committee:**
Biogemma SAS (France)

Mandates exercised over the past 5 years and expired *(End of mandate)*

- 2011 - Chairman and CEO:** Limagrain Meunerie SA (France)
Chairman of the Board: Etablissement Tardif & Fils SA (France)
Chairman of the Board Committee: Etablissement Tardif & Fils SA (France), Holding Meunerie SAS (France), Limaclub SAS (France), Sélia SAS (France)
Chairman of the Management Board: La Gerbe d'Or SARL (France)
Member of the Board: Coopérative Agricole Limagrain (France), Dom Vert SA (France) (Representing Coopérative Limagrain), Groupe Limagrain Holding SA (France), Société Coopérative Agricole de la Vallée du Rhône Valgrain (France) (Representing Coopérative Agricole), Syndicat des Producteurs de Semences de Maïs et de Sorgho des Limagnes et du Val d'Allier (France) (Representing Coopérative Limagrain)
Member of the Board Committee: Limaclub SAS (France)
Manager / Joint Manager: Fournil des Vergnes SARL (France), Vertdom SCI (France), Vertimmo SCI (France)
- 2012 - Chairman and CEO:** Genective (France), Sélia SA (France)
Chairman: Céréales Vallée (France) (Competitiveness Cluster – Non-profit-making association)
Chairman of the Board Committee: Grain Auvergne Innovation (France) (Representing Limagrain)
Member of the Board: Limagrain Europe SA (France), Pain Jacquet SA (France), Ulice SA (France)
Manager / Joint Manager: De la Graine au Pain SARL (France), Magasins Généraux du Centre SARL (France)
- 2014 - Member of the Board:** Jacquet Belgium SA (Belgium), Suttons Seeds (Holding) Ltd (United Kingdom)
Member of the Board Committee: Crêperie Lebreton SAS (France), Jacquet Brossard Distribution SAS (France), Jacquet Panification SAS (France)
- 2015 - Member of the Supervisory Board:** Limagrain Cereals Nederland BV (Netherlands)



Miriam MAES

- Independent Member of the Board and Chairman of the Audit and Risk Management Committee
- Nationality: Dutch
- 61 years old

Terms of office

- Commencement: 2013
- Renewal: 2016
- Expiry: 2019

Ongoing mandates on June 30, 2017

COMPANIES OUTSIDE THE GROUP

✦ Chairman of the Board of Directors:

Elia Group (Elia Asset NV and ELIA System Operator NV⁽¹⁾) (Belgium)

✦ Member of the Board of Directors:

Assystem⁽¹⁾ (France), Naturex⁽¹⁾ (France), Eramet SA⁽¹⁾ (France)

✦ Member of the Board of Directors:

Port of Rotterdam (Netherlands), Ultra Centrifuge Nederland BV (Netherlands), Urenco Ltd (United Kingdom)

⁽¹⁾ Listed company

Main activity

Manager of a consultancy company

Background

Miriam MAES graduated with a diploma in business administration at the Nijenrode Business Universiteit (Netherlands), and has worked for more than 30 years for multinationals (Unilever, ICI, Texas Utilities and EDF). In 2007, she became General Manager of Foresee, Climate Change Consulting Company, specialized in advising companies on strategy and policy with regard to energy and climate change.

Between 2010 and 2012, Miriam MAES was Delivery Advisor to the UK Government Department of Energy and Climate Change (DECC); since 2012 she was invited to become Research Fellow on the Climate and Energy Program of the German Marshall Fund of the United States, a transatlantic policy think-tank*.

In February 2015 she was appointed Commissioner on the London Sustainable Development Commission.



Sébastien VIDAL

- Member of the Board and Member of the Consultative Committee for Shareholders
- Nationality: French
- 41 years old

Mandat

- Commencement: 2016
- Expiry: 2017

Main activity

Farmer

Background

Member of the Limagrain Board since 2006, Sébastien VIDAL has exercised several mandates within the different divisions in Limagrain. Today he is a Director for the Vegetable Seeds division and has specific responsibilities for following the local activities of the Limagrain Cooperative.

Ongoing mandates on June 30, 2017

✦ Chairman and CEO:

Sélia SA (France), Tardif Tivagrain (France)

✦ Member of the Board:

Coopérative Agricole Limagrain (France), Groupe Limagrain Holding SA (France), Hazera Seeds Ltd (Israel), HM.CLAUSE INC. (United States), HM.CLAUSE SA (France), Sélia SA (France), Tardif Tivagrain SA (France), Vilmorin SA (France)

✦ Member of the Board of Management:

Limagrain Chile Limitada (Chile)

Mandates exercised over the past 5 years and expired *(End of mandate)*

2011 - Member of the Board: Limagrain Central Europe SE (France), Limagrain Europe SA (France), Limagrain Iberica SA (Spain), Limagrain Italia (Italy)
Member of the Board of Trustees: Limagrain A/S (Denmark), Limagrain GmbH (Germany), Limagrain UK Ltd (United Kingdom)
Member of the Supervisory Board: Limagrain Nederland BV (Netherlands), Limagrain Nederland Holding BV (Netherlands)

2012 - Manager: Vertimmo SCI (France), Vertdom SCI (France)

2013 - Chairman and CEO: Limagrain Meunerie SA (France)
Chairman of the Board Committee: Holding Meunerie SAS (France)
Member of the Board Committee: Pain Jacquet SAS (France)

2014 - Chairman: Suttons Seeds (Holding) Limited (United Kingdom)
Member of the Board: Suttons Seeds (Holding) Limited (United Kingdom)
Member of the Board Committee: Crêperie Lebreton SAS (France), Jacquet Brossard Distribution SAS (France), Jacquet Panification SAS (France)

2015 - Chairman and CEO: Vilmorin Jardin SA (France)
Chairman of the Supervisory Board: Vilmorin Garden Sp.Zo.o (Poland)
Member of the Board: Jacquet Brossard SA (France), Limagrain Céréales Ingrédients SAS (France), Savane Brossard SA (France), Sélia SA (France)
Manager: De la Graine au Pain (France)



Pascal VIGUIER

- Member of the Board and Member of the Audit and Risk Management Committee
- Nationality: French
- 53 years old

Mandat

- Commencement: 2007
- Renewal: 2016
- Expiry: 2019

Main activities

Farmer, Vice-Chairman of Limagrain

Background

Pascal VIGUIER became a Limagrain Board member in 1999, and has exercised several mandates in the Group's different divisions. Today he is Vice-Chairman of Limagrain and Board Member of the Field Seeds division and as such monitors the activities of AgReliant.

Ongoing mandates on June 30, 2017

✦ Chairman of the Board of Directors:

Link Seed Proprietary Limited (South Africa)

✦ Member of the Board:

Bisco Bio Sciences Private Ltd (India), Groupe Limagrain Holding SA (France), Limagrain Brasil SA (Brazil), Limagrain Europe SA (France), Sélia SA (France), Société Coopérative Agricole Limagrain (France) (Vice-Chairman), Soltis SAS (France) (Representing Limagrain Europe), Unisigma GIE (France)

✦ Member of the Board of Management:

Limagrain Chile Limitada (Chile)

✦ Member of the Management Committee:

Limagrain Cereal Seeds LLC (United States)

✦ Member Representative :

AgReliant Genetics LLC (United States)

Mandates exercised over the past 5 years and expired *(End of mandate)*

2011 - Chairman and CEO: Ulice SA (France)

Chairman of the Board Committee: Limagrain Céréales Ingrédients SAS (France)

Member of the Board: Brossard SA (France), Jacquet SA (France), Pain Jacquet SA (France), Savane Brossard SA (France), Saveurs de France Brossard (France)

Member of the Board Committee: Crêperie Lebreton SAS (France), Jacquet Panification SAS (France), Limaclub SAS (France), Sélia SAS (France)

Member of the Board of Management: La Gerbe d'Or SARL (France)

2012 - Member of the Board: Grain Auvergne Innovation (Union Coop.) (France) (Representing Coopérative Limagrain), Syndicat des Producteurs de Semences de Maïs et de Sorgho des Limagnes et du Val d'Allier (France) (Representing Coopérative Limagrain)

2013 - Member of the Board: Limagrain Meunerie SA (France) (Representing Limagrain)

Member of the Supervisory Board: Limagrain Nederland BV (Netherlands)

Member of the Board of Trustees: Limagrain A/S (Denmark), Limagrain Belgium NV (Belgium), Limagrain GmbH (Germany), Limagrain UK Ltd (United Kingdom)

2014 - Member of the Board: Jacquet Belgium (Belgium), Limagrain Central Europe SE (France), Limagrain Iberica (Spain), Limagrain Italia Spa (Italy)

Member of the Supervisory Board: Limagrain Nederland BV (Netherlands)

2015 - Member of the Board: Société Coopérative Agricole de la Vallée du Rhône Valgrain (France) (Representing Coopérative Limagrain)

Table of the composition of the Board of Directors on June 30, 2017

	Nationality	Age	Independence ⁽¹⁾	Commencement of the mandate	Date of last renewal	Expiry of current mandate	Number of years on the Board	Attendance rate at Board meetings	Audit and Risk Management Committee	Strategic Committee
Philippe AYMARD Chairman of the Board	French	57	No	2006	2014	2017	11 years	100 %	-	Member
Joël ARNAUD	French	58	No	2006	2014	2017	11 years	85,71 %	Member	-
Mary DUPONT-MADINIER	Franco-American	62	Yes	2014	-	2017	3 years	100 %	-	Member
Jean-Yves FOUCAULT	French	62	No	2006	2016	2019	11 years	100 %	Member	Chairman
Miriam MAES	Dutch	61	Yes	2013	2016	2019	4 years	100 %	Chairman	-
Sébastien VIDAL	French	41	No	2016	-	2017	1 year	100 %	-	-
Pascal VIGUIER	French	53	No	2007	2016	2019	10 years	100 %	Member	Member
Number of meetings								7	4	2
Average attendance rate								96.43%	93.75%	100%

⁽¹⁾ Independence according to the criteria of the Middledlex Code of corporate governance as interpreted by the Board of Directors.

The Board of Directors of Vilmorin & Cie does not include any Director representing employees, in accordance with the exemption provided for in article L.225-27-1 paragraph 3 of the French Commercial Code.

For the purpose of their office, all members of the Board can be contacted at the following address:
c/o Vilmorin & Cie – CS 20001 Saint-Beauzire – F-63360 GERZAT.

The Board of Directors attaches particular importance to its composition and that of its Committees. It ensures that the profiles of Directors are complementary, in terms of nationality and skills (agricultural expertise, accounting and financial knowledge, etc.). It also ensures that the Board of Directors maintains an independence rate appropriate to the Company's shareholding structure (cf. section 2.2.3.), as well as a balanced representation of women and men on the Board.

Independence of the Members of the Board

In accordance with the Middledlex Code of corporate governance and as specified in the Internal Regulations of Vilmorin & Cie, the Company ensures that at least two members of the Board of Directors are independent members and meet the following criteria:

- ❖ they have not been, within the last five years, an employee or corporate officer of the company or a company in its group,
- ❖ they have not had, in the last two years, and do not currently have, a significant business relationship with the company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.),
- ❖ they are not a reference shareholder of the company and do not hold a significant percentage of voting rights,
- ❖ they do not have a close relationship or close family tie with a corporate officer or a reference shareholder,

- ❖ they have not been, during the course of the last six years, the company's Statutory Auditor.

Mary DUPONT-MADINIER and Miriam MAES are thus considered as Independent Directors because they have no financial, contractual, family or significant proximity relationship with Vilmorin & Cie that could impair their independence of judgment.

The Board of Directors of Vilmorin & Cie, at its meeting of 30 June 2017, verified that Mary DUPONT-MADINIER and Miriam MAES fulfilled these independence criteria.

Balanced representation of women and men on the Board of Directors

On June 30, 2017, the presence of two women out of a total of seven Directors on Vilmorin & Cie's Board of Directors ensures women are represented in accordance with law No. 2011-103 of January 27, 2011 relating to the balanced representation of women and men on the Boards of Directors and Supervisory Boards and to professional equality. This proportion is liable to change at the Annual General Meeting Ordinary of December 8, 2017 in accordance with the provisions of the aforementioned law, applicable at the end of the first Annual General Meeting following January 1, 2017.

The resolutions approved by the Board of Directors, which will be presented to the Annual General Meeting of December 8, 2017, will thus increase the percentage of women on the Board of Directors above the threshold of 40%.

2.2.2. Changes in the composition of the Board

Changes in 2016-2017

On June 30, 2016, the Board of Directors of Vilmorin & Cie was composed of eight members: Philippe AYMARD, Joël ARNAUD, Mary DUPONT-MADINIER, Jean-Yves FOUCAULT, Jean-Christophe JUILLIARD, Miriam MAES, Sébastien VIDAL and Pascal VIGUIER.

Following the resignation of Jean-Christophe JUILLIARD, the ratification of his appointment as Director was not proposed to the Annual General Meeting of Shareholders of Vilmorin & Cie on December 9, 2016.

As for the ratification of the appointment of Sébastien VIDAL as Director, it was approved by the said Annual General Meeting, replacing François HEYRAUD for the remaining term of office of the latter, i.e. at the end of the Annual General Meeting of Shareholders called to deliberate on the financial statements for the financial year ending June 30, 2017.

The Annual General Meeting of Shareholders of Vilmorin & Cie held on December 9, 2016 also approved the re-appointments of Jean-Yves FOUCAULT, Miriam MAES and Pascal VIGUIER as Directors. Their terms of office will expire at the end of the Annual General Meeting of Shareholders called to deliberate on the financial statements for the fiscal year ending June 30, 2019.

Changes planned in 2017-2018⁽¹⁾

The terms of office of Philippe AYMARD, Mary DUPONT-MADINIER and Sébastien VIDAL as Directors expire at the end of the Annual General Meeting of Shareholders of December 8, 2017.

In preparing for the Annual General Meeting, the Board of Directors examined the individual situation of these three Directors. It confirmed the diligence and involvement of each of them in the work of the Board of Directors throughout their term of office. It therefore proposes the renewal of their mandates.

In addition, to replace Joël ARNAUD, whose term of office is also expiring, the Board of Directors proposes to nominate Annick BRUNIER as Director, for a term of three years expiring at the end of the Annual General Meeting of Shareholders called to deliberate on the financial statements for the fiscal year ending June 30, 2020.

The Board of Directors thus proposes to broaden the gender mix of the Board.



A farmer and a Director of Limagrain since 2012, Annick BRUNIER has held several mandates in various divisions of the Group.

Today, she is Chairman of Limagrain's Bakery Products activity. She also represents Limagrain on the Board of Directors of Coop de France Auvergne-Rhône-Alpes. In this capacity, she is an advisor to

CESER⁽²⁾ Auvergne-Rhône-Alpes. Annick BRUNIER is 57 years old and of French nationality

2.2.3. Presentation of Limagrain and the shareholding structure

The majority of the Directors on Vilmorin & Cie's Board are also members of the Limagrain Board. As a result they all benefit from specialist experience in agriculture and agronomy, along with real experience in seeds.

As the reference shareholder for the company, Limagrain has always encouraged Vilmorin & Cie's development by providing regular and consistent investment support.

Limagrain is an international agricultural cooperative group founded and managed by French farmers, with the mission of moving agriculture forward to meet food challenges. As a creator and producer of plant and cereal varieties, Limagrain develops activities in field seeds and vegetable seeds through Vilmorin & Cie, as well as cereal products (cereal ingredients and bakery products), notably through the Jacquet and Brossard brands. Limagrain is the guarantor of Vilmorin & Cie's long-term growth strategy.

Limagrain is structured around a holding company, Groupe Limagrain Holding (GLH), a joint stock company in which the Société Coopérative Agricole Limagrain is the majority shareholder, with almost 2,000 farmers working under contract.

Reflecting its culture of open-mindedness and an unprecedented approach to its governance, in 2010 Limagrain opened up its capital stock and the governance of its holding GLH to the Strategic Investment Fund (SIF), now part of Bpifrance, in order to contribute to its development. With the same objective, the Crédit Agricole bank acquired a stake in the capital stock of GLH in June 2013.

Limagrain held 73.81% of Vilmorin & Cie's capital stock on June 30, 2017⁽³⁾. Limagrain is willing to consider lowering this rate depending on market opportunities, and with the objective of encouraging the development of Vilmorin & Cie.

⁽¹⁾ Subject to the approval of the Annual General Meeting of December 8, 2017.

⁽²⁾ Regional Economic, Social and Environmental Council.

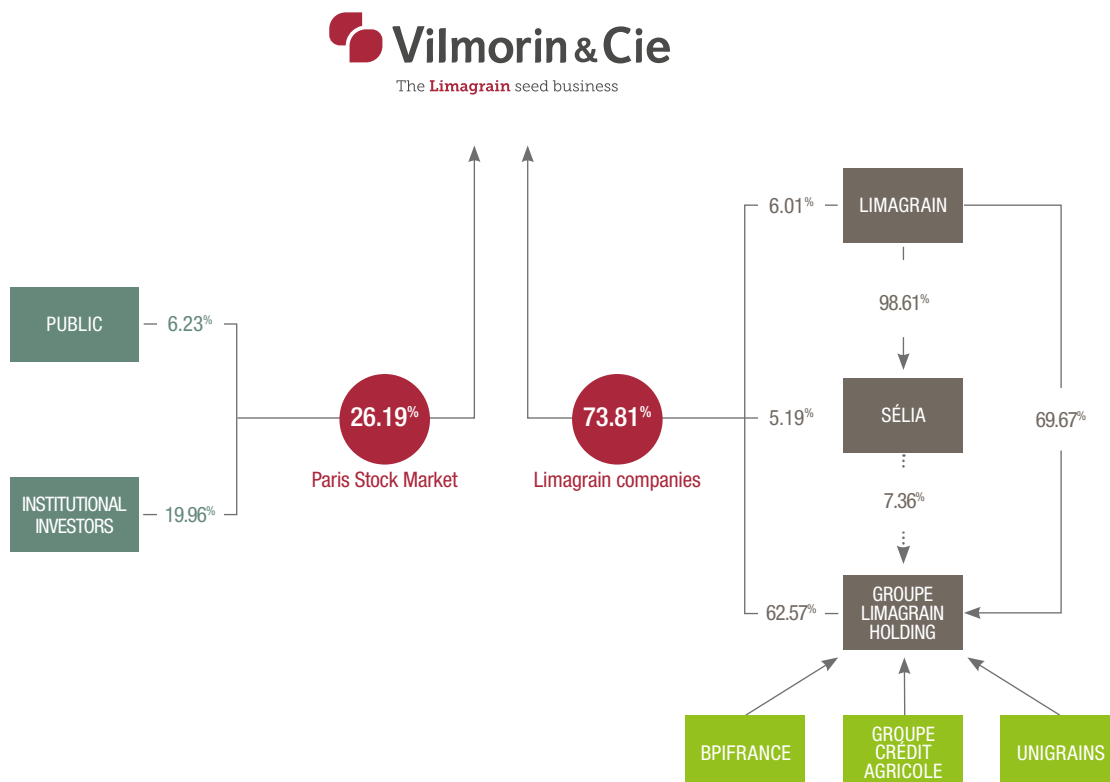
⁽³⁾ With the exception of shares that benefit from the provisions laid down in the by-laws for double voting rights (registered and held for more than four years), Limagrain does not benefit from any special rights.

Responsible to its majority shareholder, Vilmorin & Cie's Board of Directors is equally responsible to all other Shareholders, their common objectives and interests being to invest in a healthy and profitable company with a long-term vision.

With majority representation on Vilmorin & Cie's Board, Limagrain is careful, through different decision-making processes required for its organization, management and governance, not to exert abusive control on strategic orientations and their operational applications. In 2010, Limagrain formally set up a Strategic Committee, in which the Independent Directors participate. This Committee regularly analyses

the Company's strategic orientations in relation to the development projects and opportunities proposed by the General Management and the Executive Committee. In addition, Limagrain has long structured its various activities into specialized, dedicated divisions, thereby committing itself not to invest in business that would compete with Vilmorin & Cie outside the scope of the latter.

Shareholding structure on June 30, 2017



2.2.4. Internal Regulations and how the Board of Directors functions

2.2.4.1. Internal Regulations

In accordance with the Middelnext Code of corporate governance, Vilmorin & Cie's Board of Directors, meeting on June 30, 2017, adopted a set of Internal Regulations in order to comply with the recommendations made. These Internal Regulations lay down the principles governing the functioning of the Board of Directors, as well as the ethical obligations of the members, in particular with regard to the declaration and management of conflicts of interest within the Board of Directors. It has been made public and posted on the Company's website www.vilmorincie.com.

2.2.4.2. Training and information for the Board Members

In addition to the individual and personalized training courses regularly attended by Vilmorin & Cie's Directors, the Board of Directors holds an annual one-week seminar during which various topics directly related to the group's development strategy are discussed. During fiscal year 2016-2017, exchanges focused on the mid-term plan for each activity, in particular for Field Seeds, the international development strategy, investments in new technologies and financial performance indicators.

With regard to informing the members of the Board of Directors, it is specified in the Internal Regulations that all Directors must of course have access to the same information.

The agenda for the Board of Directors' meetings is established by the Chairman. As stipulated in the Internal Regulations, it is sent to members in advance of each meeting and accompanied, as far as possible, by the necessary documents and information to enable them to prepare efficiently for the meetings. In addition, as stated in Vilmorin & Cie's Internal Regulations: *«Directors are kept regularly informed, between meetings, of any events or operations that are significant for the life of the group»*.

2.2.4.3. How the Board of Directors functions

Vilmorin & Cie's Board of Directors meets regularly. Meetings are convened by written notice to attend from the Chairman, and are held at the head office or any other place fixed in the notice.

During fiscal year 2016-2017, Vilmorin & Cie's Board of Directors met seven times; the attendance rate for the members of the Board of Directors was 96.43%. Vilmorin & Cie's Directors are also given responsibilities on the Board or equivalent bodies in its main subsidiaries.

Vilmorin & Cie's Statutory Auditors attend Board meetings twice a year to approve the interim and annual financial statements.

The work of the Board of Directors is structured through its missions of orientation and monitoring. It thus defines the strategic orientations, checks the coherence of policies implemented, and ensures that the main risks are identified and properly controlled.

The main topics discussed during the past fiscal year dealt with:

- ❖ an analysis and approval of the orientations presented by the Executive Committee for the mid-term plan,
- ❖ confirmation of the strategy and the orientations of the Vegetable and Field seeds divisions both in terms of international development and research investments,
- ❖ an analysis of the main operations for acquisitions/mergers planned,
- ❖ closing of the parent company financial statements and the consolidated financial statements for the first semester and fiscal year of 2016-2017,
- ❖ implementation of the group's financial operations to reinforce the Company's mid- and long-term resources, (new «*Schuldschein*» issue, syndicated bank funding, etc.),
- ❖ approval of the budget for fiscal year 2017-2018.

As stipulated in the Internal Regulations, the Board of Directors regularly ensures that a succession plan is in place for corporate officers and key individuals. The guidelines for the succession plan for corporate officers are drawn up, according to each case, either by Limagrain's Board of Directors for its direct representatives, or in consultation with the Strategic Committee for Independent Directors.

With regard to salaried Top Executives and key individuals, as part of its Human Resources function, Vilmorin & Cie has set up a Careers Committee to plan and organise the mobility and succession of Top Executives and Executive Managers.

The Board of Directors' meeting of June 30, 2017 formally discussed certain key elements of succession that will need to be materialized during fiscal year 2017-2018.

For each meeting of the Board of Directors, minutes are drawn up summarizing the discussions and validated by each Director. Each

Director may request, at his or her initiative, a copy of the minutes of the meetings of the Board of Directors at a later date. Extracts of the minutes to be produced in court or otherwise are certified by the Chairman of the Board of Directors or the Chief Executive Officer, or by the Secretary of the Board of Directors.

2.2.4.4. Evaluation of the Board's work

In order to comply with the Middledenext recommendation on establishing an evaluation of the Board's work, Vilmorin & Cie's Board of Directors carries out an annual self-assessment of its operating mode, the organization of its work and its composition. The Board of Directors has opted not to formally carry out this evaluation with the help of external consultants.

2.3. Specialized committees

The Board of Directors consolidates its work through two specialized Committees: the Audit and Risk Management Committee and the Strategic Committee.

2.3.1. The Audit and Risk Management Committee

Composition on June 30, 2017

At the beginning of 2010, Vilmorin & Cie's Board of Directors set up an Audit and Risk Management Committee today chaired by Miriam MAES, its independent Director, and under the exclusive and collective responsibility of the members of the Board. On June 30, 2017, Joël ARNAUD, Jean-Yves FOUCAULT and Pascal VIGUIER were also members of this committee.

Philippe AYMARD, Emmanuel ROUGIER⁽¹⁾, Daniel JACQUEMOND⁽²⁾ also participate in the meetings of this Committee, and depending on the items on the agenda, the Company's Statutory Auditors and certain other colleagues, required for their expertise, also participate.

Missions

The Audit and Risk Management Committee has Internal Regulations which were adopted by the members at the Board meeting of February 23, 2010, and updated on May 4, 2017. These rules lay down its organization and functioning as a complement to the provisions in Vilmorin & Cie's by-laws and to the decisions of its Board of Directors.

The Audit and Risk Management Committee is responsible in particular for:

- ❖ controlling the process of preparing financial information,
- ❖ ensuring the efficiency of all internal control and risk management,
- ❖ monitoring legal control of the financial statements by the Statutory Auditors and external auditors,

- ❖ proposing the designation of its Statutory Auditors, their remuneration, ensuring their independence and safeguarding that their missions are carried out correctly,
- ❖ approve the provision of services rendered by the Statutory Auditors other than the certification of the financial statements, in accordance with applicable regulations.

Main achievements in 2016-2017

The Audit and Risk Management Committee met four times during fiscal year 2016-2017, with an attendance rate of 93.75%. In particular its work focused on:

- ❖ a review of the interim and annual financial statements,
- ❖ the internal audit plan and a half-yearly review of its implementation,
- ❖ the Corporate Governance Code and rules of procedure of the Audit and Risk Management Committee,
- ❖ a summary of the actions undertaken in terms of regulatory compliance,
- ❖ certain points of vigilance relating to pension plans.

Vilmorin & Cie, as a Public Interest Entity (PIE), falls within the scope of the European audit reform aimed at regulating the auditing profession. These texts have been taken into account by Vilmorin & Cie's Audit and Risk Management Committee, and its Internal Regulations of procedure have been updated accordingly, in accordance with the deliberations of the Board of Directors meeting on May 4, 2017. A charter was also added to the rules of procedure approving the services that may be entrusted to the Statutory Auditors and their networks outside the scope of the certification of the financial statements.

⁽¹⁾ Vilmorin & Cie's Chief Executive Officer Delegate

⁽²⁾ Vilmorin & Cie's Chief Financial Officer

2.3.2. The Strategic Committee

Composition on June 30, 2017

Set up in 2010, the Strategic Committee was composed of four Board members on June 30, 2017, and is currently chaired by Jean-Yves FOUCAULT. Philippe AYMARD, Mary DUPONT-MADINIER, and Pascal VIGUIER are also members of this Committee.

Emmanuel ROUGIER⁽¹⁾, Daniel JACQUEMOND⁽²⁾ and Damien BOURGAREL⁽³⁾ also participate in this committee.

Missions

The mission of the Strategic Committee is to:

- ❖ review strategic orientations, the prospective analysis of markets and the competitive environment,
- ❖ propose the designation of new Independent Directors for the Board.

Its operation is governed by Internal Regulations adopted by the members of the Board of Directors on June 30, 2017.

Main achievements in 2016-2017

The Strategic Committee met twice during the course of fiscal year 2016-2017, with an attendance rate of 100%. Its work mainly focused on:

- ❖ presentation of the mid-term plan 2015 and a retroactive analysis of the past five fiscal years in this process,
- ❖ consolidation operations in the agrochemical industry and seeds,
- ❖ major developments in technologies and upstream R&D,
- ❖ development files.

Given the current choice to allocate directors' fees only to Independent Directors and the specific organization of its General Management, in conjunction with its main shareholder, Vilmorin & Cie does not currently have a formal Compensation Committee. The Board of Directors has therefore decided not to set up either a Nomination Committee and a Compensation Committee, but to deal directly with these issues in its plenary sessions.

⁽¹⁾ Vilmorin & Cie's Delegate CEO

⁽²⁾ Vilmorin & Cie's CFO

⁽³⁾ Vilmorin & Cie's VP for Strategy and Development

2.4. Management bodies

2.4.1. The General Management

Vilmorin & Cie's General Management is the responsibility of the Chairman of the Board, Philippe AYMARD. The Board of Directors has adopted the combination of the functions of Chairman and CEO.

The Chairman is assisted in his mission by Emmanuel ROUGIER, Delegate CEO⁽¹⁾, specifically in charge of operational functions.



Emmanuel ROUGIER

- Delegate CEO
- Nationality: French
- 64 years old

Terms of office

- Commencement: 2011
- Renewal: 2014
- Expiry: 2017

Main activity

Chief Executive Officer of Limagrain

Background

A graduate of the ESSEC business school, Emmanuel ROUGIER has 40 years of experience in the main departments of the group, both in France and other countries (United States, Netherlands). In particular he has held the operational functions of Divisional CEO and VP for Strategy and Development.

Main activities on June 30, 2017

❖ Chairman of the Board of Directors:

GLH Do Brasil Servicos De Consultoria E Participações Ltda (Brazil)

❖ Chairman and CEO:

Vilmorin USA Corp (United States)

❖ Vice-Chairman:

Vilmorin Garden Sp.Zo.o (Poland)

❖ CEO:

Société Coopérative Agricole Limagrain (France)

❖ Delegate CEO:

Groupe Limagrain Holding SA, Vilmorin Jardin SA

❖ Member of the Board of Directors :

Vilmorin Hong Kong Limited (Hong Kong), Bisco Bio Sciences Private Ltd (India), Link Seed Proprietary Limited (South Africa), Vilmorin Singapore Pte Ltd (Singapore), Vilmorin 2014 (Holding) Limited (United Kingdom), Limagrain Peru S.A.C. (Peru), Hengji Limagrain Seeds Co. Ltd (China), Samuel Dobie & Son Ltd (United Kingdom), Vilmorin 2014 Limited (United Kingdom), Carter Tested Seeds Ltd (United Kingdom), R & G Cuthbert Ltd (United Kingdom)

❖ Member of the Board of Directors:

Limagrain Brasil Ltda (Brazil)

❖ Chairman of the Supervisory Board:

Vilmorin Nederland Holding BV (Netherlands)

⁽¹⁾ Bearing in mind that Emmanuel ROUGIER will be retiring at the end of 2017, the nomination of Daniel JACQUEMOND as Vilmorin & Cie's Delegate CEO will be proposed to the meeting of the Board of Directors following the Annual General Meeting of December 8, 2017. Daniel JACQUEMOND has been Vilmorin & Cie's Chief Financial Officer since 2000. A graduate of ESCP Europe, Daniel JACQUEMOND has experience of more than 30 years in Limagrain's main activities, and in particular, has held several operational positions as CEO for subsidiaries in France and Germany.

2.4.2. The Executive Committee

Vilmorin & Cie's Executive Committee is led by Emmanuel ROUGIER; it also comprises:



Franck BERGER,
VP of the Vegetable Seeds division



Damien BOURGAREL,
VP for Strategy and Development



Bruno CARETTE,
VP of the Field Seeds division



Daniel JACQUEMOND,
Chief Financial Officer



Agnès MISTRETTA,
VP for Human Resources

With the perspective of the appointment of Daniel JACQUEMOND as Vilmorin & Cie's Delegate CEO, Vincent SUPIOT will be appointed Vilmorin & Cie's CFO. For this purpose he joined the Executive Committee in September 2017.



Vincent SUPIOT, a graduate of the University of Economic Sciences in Clermont-Ferrand, joined the group almost 20 years ago. In particular he has exercised different missions as CEO or CFO in Business Units in France and other countries (Netherlands, United States, Japan).

2.5. Agreements with corporate officers and interests of the Management bodies

2.5.1. Stock options, stock purchasing, voting rights, agreements with corporate officers

With the aim of securing shareholdings and simplifying administrative formalities, the Annual General Meeting of December 9, 2016, after acknowledging the report of the Board of Directors, decided, in compliance with article L.225-25 of the French Commercial Code, to cancel the obligation stipulated in the by-laws for Directors to hold qualifying shares, and therefore to make the corresponding transfers and redeem these shares. Consequently, the Directors do not hold any of Vilmorin & Cie's shares.

No operation or agreement has been agreed by the Company with its corporate officers.

No loan or guarantee has been granted or signed in their favor by the group's banks. No service contract binding members of the Board of Directors or the General Management and granting benefits has been signed by Vilmorin & Cie or one of its subsidiaries.

2.5.2. Fees or allowances paid to corporate officers and Directors

2.5.2.1. Compensation and benefits of any nature received by the corporate officers

With regard to the compensation of corporate officers, the Company complies with the recommendations of the Middlednext Code of corporate governance. Thus, the principles for determining this compensation meet the criteria of exhaustiveness, balance, benchmark, consistency, readability, measurement and transparency.

Mr. Philippe AYMARD, Chairman and CEO, exercises his mandate without any compensation, both for his function of Chairman and of CEO. He does not receive any compensation either from Vilmorin & Cie, or from Limagrain.

Indeed, it is an established management principle that Directors representing Limagrain should not receive a salary or any other form of compensation for their mandates.

As part of the organization of the Limagrain General Management functions, Vilmorin & Cie's Delegate CEO has a permanent contract of employment with Groupe Limagrain Holding. Compensation is paid by Groupe Limagrain Holding and is re-invoiced to Vilmorin & Cie through management fees.

This contract defines the different components of compensation, provisions regarding the non-competition clause and the conditions for terminating the contract.

Concerning the components of compensation:

- ❖ The fixed salary is reviewed annually.
- ❖ The variable part is defined each fiscal year exclusively in relation to the group's financial performance, expressed "per thousand" of Vilmorin & Cie's consolidated net income.

This quota calculation of the income is reviewed at the beginning of each fiscal year and is thus applied as such at the end of the fiscal year, once the consolidated financial statements have been definitively approved.

The total amount is not capped.

The total compensation paid for fiscal year 2016-2017 to Mr. Emmanuel ROUGIER, for his function as Delegate CEO, came to 312,400 euros.

Contractual severance payments made in the case of termination of the contract correspond to one year of total compensation, fixed and variable.

The calculation of this sum, which constitutes the ceiling, takes into account the annual gross fixed salary, excluding any benefits in kind, to which is added a complementary payment corresponding to the annual average of the past three closed fiscal years of variable compensation.

It is specified that only termination of the contract of employment by the Company can generate this severance payment, which cannot be applied if the Delegate CEO leaves the Company at his or her own initiative.

At the end of fiscal year 2016-2017, the potential impact of the termination of the mandate of Vilmorin & Cie's Delegate CEO can be evaluated at 0.3 million euros.

As compensation for a non-competition obligation, the Delegate CEO can benefit from an allowance corresponding to one year's gross fixed salary, excluding any benefits in kind, to which is added a complementary payment corresponding to the annual average of the variable compensation for the previous three fiscal years closed.

At the end of fiscal year 2016-2017, this allowance can be evaluated at 0.3 million euros.

Finally, it is specified that the Delegate CEO does not receive any compensation for his/her corporate mandate, since all compensation is exclusively related to his/her contract of employment.

The allocation of stock options or stock purchasing and performance shares is not applicable to corporate officers of Vilmorin & Cie.

2.5.2.2. Fees and allowances paid to corporate officers (non-executive corporate officers)

The Directors from Limagrain exercise their mandate without charge and do not receive any fees; moreover they do not receive any corporate compensation with a direct or indirect legal link to Vilmorin & Cie, in compliance with the normal practices of Limagrain.

Following the resolution approved by the Annual General Meeting held on December 9, 2016, the Board of Directors decided to allocate all the attendance fees for 2015-2016 (45,000 euros), to Miriam MAES and Mary DUPONT-MADINIER, Independent Directors.

It will propose to the Annual General Meeting deliberating on the financial statements closed on June 30, 2017 to fix the attendance fees for fiscal year 2016-2017 at 45,000 euros. The distribution policy for Directors' fees broadly takes into account the attendance of each Director on the Board and the Committees and the time he/she devotes to these functions.

Compensation for corporate officers who have a work contract comprises a fixed salary that is reviewed every year, and a variable part defined in relation to the financial performance of each fiscal year, and expressed "per thousand" of the consolidated net income. The formulation of this rule is reviewed at the beginning of each fiscal year and is thus applied as such once the consolidated financial statements have been approved.

2.5.2.3. Summarized statements of compensation

The different compensation components of the executive corporate officers due or allocated for fiscal year 2016-2017, which will be submitted to the advisory opinion of the Shareholders during the Annual General Meeting of December 8, 2017, are shown in the following tables, completed in reference to the appendix of the Middlednext Code of corporate governance.

Any entry not mentioned in these tables is deemed not to be applicable.

Table 1 - Summarized table of compensation payable to each corporate officer

In thousands of euros	06.30.15		06.30.16		06.30.17	
	Amounts due	Amounts paid out	Amounts due	Amounts paid out	Amounts due	Amounts paid out
Emmanuel ROUGIER, Delegate CEO						
Fixed compensation	245.6	245.6	251.3	251.3	246.6	246.6
Annual variable compensation	88.3	88.3	75.9	75.9	60.8	60.8
Attendance fees	-	-	-	-	-	-
Benefits in kind ⁽¹⁾	4.2	4.2	4.8	4.8	5.0	5.0
Total	338.1	338.1	332.0	332.0	312.4	312.4

⁽¹⁾ Benefits in kind correspond to the use of a company car.

These provisions do not concern Philippe AYMARD, who exercises his mandate without any compensation.

Table 2 - Table on attendance fees (and other compensation) received by non-executive corporate representatives

In thousands of euros	06.30.15	06.30.16	06.30.17
	Amounts paid out	Amounts paid out	Amounts paid out
Miriam MAES, Independent Director			
Attendance fees	30.0	30.0	30.0
Other compensation	-	-	-
Total	30.0	30.0	30.0
Mary DUPONT-MADINIER, Independent Director			
Attendance fees	-	15.0	15.0
Other compensation	-	-	-
Total	-	15.0	15.0
Daniel CHÉRON, Director			
Attendance fees	-	-	n/a
Other compensation	173.0	303.1	n/a
Total	173.0	303.1	n/a

n/a : not applicable

These provisions do not concern Vilmorin & Cie's other Directors, who exercise their mandate without any compensation. It should be noted that the attendance fees of Miriam MAES, are equally allocated on the one hand for her mandate as Director, including her participation in Committees, and on the other hand as Chairwoman of the Audit and Risk Management Committee.

Table 3 - Summary table of allowances or benefits paid out to executive corporate officers

Executive corporate officers	Contract of employment		Supplementary pension scheme		Allowances or benefits due or liable to be due because of the termination or change of function		Allowances with regard to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe AYMARD, Chairman and CEO Commencement of term of office: 2006 Expiry of term of office: 2017		x		x		x		x
Emmanuel ROUGIER, Delegate CEO Commencement of term of office: 2011 Expiry of term of office: 2017	x			x	x		x	

2.5.3. Remuneration of Members of the Management bodies

In 2016-2017, the sum of compensations and benefits in kind made to members of the Executive Committee came to 1.7 million euros. Moreover, the total amount funded to retirement benefits of members of the Executive Committee came to 1.2 million euros on June 30, 2017.

2.5.4. Conflicts of interest

The Internal Regulations of Vilmorin & Cie, as adopted on June 30, 2017, include an article relating to the independence of Directors and conflicts of interest. It provides for the obligation for each Director in such a situation to fully and immediately inform the Board of Directors of any real or potential conflict of interest that he/she may have in the course of his/her duties as a Director. In the event of a conflict of interest, he or she must abstain from taking part in the debate and from voting on the deliberations concerned.

To the knowledge of the Company:

- ❖ no member of the Board or the management has been convicted of fraud over the past five years,
- ❖ no member of the Board or the management has been subject to bankruptcy, has gone into receivership or liquidation as a member of an administrative, management or supervisory body over the past five years,
- ❖ no member of the Board or the management has received an official public penalty or sanction pronounced by the statutory or regulatory authorities (including designated professional bodies) over the past five years,
- ❖ no member of the Board or the management has been prevented by a court of justice from acting as a member of an administrative, management or supervisory corporate body, or from intervening in a management or executive capacity over the past five years,
- ❖ there is no current or potential conflict of interest between the duties held by any of the members of the Board or the management with regard to the Company and/ other duties.

2.6. Summary table of the recommendations of the Middenext Code of corporate governance that are not followed



The Board of Directors of Vilmorin & Cie decided to adopt, as of fiscal year 2016-2017, the Middenext Code of corporate governance as its reference Code, considering that it is more suitable for the governance of the Company and the structure of its capital stock and shareholding.

The Board of Directors has set itself the objective of putting into practice all the recommendations made by this Code, in accordance with the specificities of Vilmorin & Cie.

On June 30, 2017, Vilmorin & Cie had not identified any discrepancies with this Code.

2.7. Chairman's report on the functioning of the Board of Directors and internal control

Under the responsibility of the Board of Directors, it is the role of the General Management to define and implement adequate and efficient internal control procedures. In application of article L.225-37 of the French Commercial Code, it is my responsibility, as Chairman of the Board of Directors, to report on:

- ❖ the conditions for preparing and organizing the work of the Board of Directors,
- ❖ procedures for internal control and risk management implemented by the Company,
- ❖ and where relevant, the limitations that the Board of Directors applies to the powers granted to the CEO and the Delegate CEO.

2.7.1. Conditions for preparing and organizing the work of the Board of Directors

Vilmorin & Cie directly holds the majority of the significant companies in the consolidation scope of its accounts.

The role of the Board of Directors consists primarily in ensuring optimization of the management of all the operating structures. For this purpose, it is more particularly required to define the global strategy of Vilmorin & Cie, check that the policies adopted are coherent, and ensure that the main risks have been identified and adequately dealt with.

In order to attain these objectives, the Directors of Vilmorin & Cie always have full responsibility in Board Meetings or any equivalent meetings in its main subsidiaries. Moreover, strategic decisions are regularly prepared and discussed by the members of the Board of Directors and the operational Vice-Presidents.

The Board of Directors comprised seven members on June 30, 2017.

Respecting the suggestions of the AFEP/MEDEF report of October 2003, and the recommendation of the European Commission of February 15, 2005, the Board of Directors was extended in December 2007 to integrate an Independent Director. The Board of Directors now includes two Independent Directors. The independence criteria proposed by the Middelnext Code, to which Vilmorin & Cie now refers, were verified by the Board of Directors during this fiscal year.

The AFEP/MEDEF recommendations on the compensation of executive corporate officers were adopted as early as December 2008. Their compliance has since been verified and transposed in accordance with the recommendations of the Middelnext Code.

Moreover, during the course of 2010, the Board of Directors formally set up an Audit and Risk Management Committee chaired by one of its Independent Directors. This specialized committee is, in particular, responsible for ensuring the process of elaborating financial information, the efficiency of all the risk management systems, and the legal control of the financial statements by the Statutory Auditors and other external auditors.

Furthermore, a Strategic Committee was established during fiscal year 2010-2011; a mixed gender Board of Directors was instigated in fiscal year 2013-2014 through the successive appointment of two female Directors. The resolutions proposed to the Annual General Meeting of December 8, 2017 will mean, if adopted, the percentage of women on the Board of Directors will stand at 40%.

As of fiscal year 2016-2017, the Board of Directors has decided to adopt the Middelnext Code of corporate governance for midcap companies, updated in September 2016, as its reference Code, instead of the AFEP-MEDEF Code, considering that the points of vigilance and recommendations of this Code are better suited to Vilmorin & Cie for the structure of its capital stock and shareholding. This Code is available for consultation on the Middelnext website (<http://www.middelnext.com>).

During the course of fiscal year 2016-2017 your Board of Directors met seven times, following a work schedule that is established on an annual basis. The attendance rate of its members was 96.43%. In addition to scheduled meetings, the Board of Directors may be convened on any other matters of significant importance. The Board of Directors is then informed of the progress of these files.

The duration laid down in the by-laws for the term of office of the Directors is three fiscal years, renewable. This term allows for staggered renewal of the Directors in accordance with the recommendations of the Middelnext Code.

With regard to the recommendation relating to the preparation of executive succession, the Board of Directors puts this recommendation into practice, while respecting the specificities of Vilmorin & Cie.

In accordance with the provisions of the Internal Regulations and the recommendation of the Middelnext Code, the Chairman of the Board of Directors will invite the members of the Board of Directors to express their views on the operation of the Board and its Committees, as well as on the preparation of the work, once a year.

Your Board of Directors closed the parent company accounts and the consolidated accounts of Vilmorin & Cie, including the associated reports, during its meeting of October 18, 2017.

2.7.2. Procedures for internal control and risk management set up by the Company

2.7.2.1. General provisions for internal control

Vilmorin & Cie is in full agreement with the definition of internal control as proposed by the AMF, and has adopted an approach that aims to implement its framework reference. This reference defines internal control as a provision implemented to ensure:

- ❖ compliance with laws and regulations,
- ❖ application of the instructions and orientations fixed by the General Management,
- ❖ efficient functioning of internal corporate processes, particularly those that have been implemented to protect its assets,
- ❖ the reliability of financial information,
- ❖ and more generally, contribute to maintaining control of its activities, and ensure the efficiency of its operations and use of its resources.

As with any control system, it cannot provide an absolute guarantee that these risks are totally eliminated and can only provide reasonable assurance with regard to the successful achievement of its objectives.

Internal control primarily concerns Vilmorin & Cie's different Business Units, and is applied as a central function to the group and its subsidiaries as part of its central management functions.

As a holding structure, the Company Vilmorin & Cie plays a central role in steering internal control. Besides ensuring the coherence of general policies, its role is to coordinate, advise and control its Business Units and subsidiaries. In order to do so, within its Corporate Finance Department it has an internal audit service, and a financial control service; this system is completed by the missions of the Risk and Insurance Management Department, now forming part of the Progress Department, which groups legal affairs, CSR, and quality management, among others.

An internal auditing charter was implemented a number of years ago, based on the definitions, the "Code of Ethics" and the "Core Principles for the Professional Practice of Internal Auditing" of the IIA (Institute of Internal Auditors). Moreover, reporting standards have been defined in accordance with a standard format integrating different levels of analysis and a summary of how to follow different recommendations. During the course of fiscal year 2016-2017, audits were conducted in direct association with the group's global risks map, and included reviews of internal control. These missions resulted in regular follow-up on recommendations.

The Business Units and subsidiaries define and implement operational procedures adapted to their specific situations.

Rules for managing and defining functions and procedures in the companies and the group constitute the reference for implementing and applying rules for internal control.

Furthermore, a system to delegate powers and signatures, initiated for Vilmorin & Cie, has been set up in each company.

2.7.2.2. Development of a risk management system

General principles for the management of risks

The objective of risk management is to secure the attainment of Vilmorin & Cie's objectives. In order to do this, it must make it possible to secure decision-making and processes by presenting risk factors, ensure the consistency of actions, mobilize employees around a common vision of risk, and disseminate a risk culture, in order to create and preserve the group's values, assets and reputation.

Since fiscal year 2008-2009, Vilmorin & Cie has had a global risk management organization based on a select steering committee for global risk management and specific committees.

Vilmorin & Cie has gradually developed a more operational approach to risk management, with the identification at Group level of ten risk areas adapted to its activities, i.e. categories that enable it to classify strategic risks, operational risks inherent in its activities (such as quality, environment, intellectual property, safety of people and property), external risks (such as security) and cross-cutting risks (such as legal, information systems, human resources and finance, etc.).

Among these areas, risks are identified that are perceived as likely to have major consequences for Vilmorin & Cie, and therefore need to be dealt with and monitored.

During the course of fiscal year 2016-2017, several Business Units adopted these general approaches and methodologies.

To accelerate this appropriation and further support each Business Unit, Vilmorin & Cie has set up a specific Risk and Insurance Management Department with the mission of guaranteeing a relevant process, from identification to the treatment of major risks (this information is presented in detail in the Risk Factors section on page 45) and has begun to deploy an information system (SIGR) that allows for better consolidation and communication.

The organization of the system is also being adapted.

The select steering committee will soon be replaced by a risk coordination committee composed of both Corporate and Business Unit functions. The tasks of this committee will be to facilitate the implementation of the risk management approach, discuss points for improvement, implement cross-cutting actions if necessary, particularly through thematic workshops, monitor and ensure the iterative nature of the process enabling global mapping. It is anticipated that this committee will meet quarterly as a first step.

The Executive Committee will review one or more risks every month.

Identification of the main risks

The risk mapping process is based on a formal methodology that can be used to define a shared language and assessment criteria harmonized between the sectors of activity, leading to the creation of a sheet for each risk, using a single model with the same parameters whatever the sector of activity.

This mapping is regularly reviewed by all those involved in the system, (those responsible for each risk domain; the risk owners; the persons assigned by each of the Business Units to guarantee implementation of the system in each structure; the operational risk managers working in the field and confronted *in situ* with the ever-present possibility of a risk occurring).

As mentioned above, this risk mapping is naturally used to establish the internal audit program.

Financial risks related to the effects of climate change

For several years now, Vilmorin & Cie has been implementing various actions to measure and reduce its impact on climate change. These are presented in the Board of Directors' report on social, environmental and societal information. In addition, work is currently being carried out with all Business Units to define and implement a structured and objective environmental strategy, taking into account the effects of climate change. This strategy will be formalized during fiscal year 2017-2018.

A continuous progress approach

The reference document

Preventive measures appearing in the risk sheets are converted into rules to be respected on all the group's sites throughout the world; these rules are minimum standards grouped according to each risk domain in a Limagrain risk management reference document.

Audits

In order to check that all the standards defined above are applied efficiently, audit campaigns have been conducted per risk domain; these involve either field audits or self-assessments. Summarized audit reports analyze any non-conformities, measure gaps and include proposals for improvement.

Reporting

The audit results are examined in conjunction with the operational managers in order to analyze the causes of the non-conformities and, wherever possible, to adopt measures to eliminate them, or at least improve the situation. Furthermore, feedback from these experiences, together with the audit results, are used to develop and improve preventive measures, thus reducing risk criticality and the number of non-conformities, and ultimately raising the standards.

Other rules will be progressively added to enrich the reference document. Accordingly, this approach can be seen as a tool for permanent progress and continuous improvement.

2.7.3. Procedures concerning the production of financial and accounting information

Vilmorin & Cie's consolidated financial statements are set out in accordance with the international accounting standards (IFRS standards) published by the International Accounting Standards Board (IASB) and with the interpretations of the IFRS published by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as applied by the European Union on June 30, 2017.

The scope of application for internal control concerning the production and processing of financial and accounting information includes the parent company and all the subsidiaries integrated 100% in the consolidated financial statements.

2.7.3.1. Financial organization

The production of financial and accounting information comes within an overall process that involves several phases:

The mid-term plan

A mid-term plan is the working reference that describes the main strategic orientations, and is set out in each Business Unit in conjunction with the management of its division. Every year it is updated and confirmed by the Board of Directors and the Executive Committee at the level of Vilmorin & Cie, and consolidated in accordance with a formal process.

The short-term financial budget

A short-term financial budget with detailed operations is set out every year by each Business Unit during the first semester. It is also validated by Vilmorin & Cie and consolidated in accordance with a formal process.

This budget is updated as a forecast at least once over the course of the fiscal year.

Monthly reporting

Each company produces monthly performance indicators adapted to its business activity. These are compared to the budget, and any differences are analyzed to detect any significant discrepancies. Data from reporting is also compared to the general accounts.

Such monitoring generally concerns business (sales and commercial margins) and results, evolution of the headcount, cash flow and funding, and the investment plan.

The main indicators of this reporting are also consolidated every month in accordance with a formalized process. Detailed, non-audited quarterly financial statements complete this organization.

The half-yearly and annual financial statements

Preparation of the half-yearly and annual financial statements comes under the responsibility of the financial departments and General Management of each subsidiary.

Procedures are defined locally to match the business of the different companies, but must respect a general schedule defined by Vilmorin & Cie.

Any significant decisions that need to be taken when the financial statements are established are confirmed by the company before being definitively adopted by the respective Boards of Directors, and by Vilmorin & Cie's Board of Directors and Executive Committee.

Consolidation operations are carried out using consolidation files completed by each company in compliance with procedures and a specific schedule.

Information feedback is structured in such a way as to guarantee the permanence and homogeneity of the methods used to record transactions in accordance with Vilmorin & Cie's accounting principles:

- ❖ coherence of the accounting reference, methods and consolidation rules,
- ❖ standardization of presentation formats,
- ❖ use of a shared computing tool for information feedback and shared consolidation.

2.7.3.2. Control

All the data intended to be disclosed is controlled and analyzed with reference to the information collected and reported.

Instructions are given and controls made in order to guarantee a standard, homogeneous formalization process. Information is prepared under the responsibility of the Business Units and the subsidiaries.

The Corporate Finance Department co-ordinates closely with the Statutory Auditors and other external auditors, who work with the subsidiaries and the Consolidation Department according to a schedule prepared together.

All the accounting and financial items prepared by the main consolidated subsidiaries are audited at least once by external auditors when the accounts are closed. At this audit, the CEO and CFO of each subsidiary pledge together through a co-signed letter of confirmation that the financial information is of high quality, reliable and exhaustive.

Auditing missions in the different countries are entrusted in almost all cases to members of the network of the two Statutory Auditors who, after examining together all the financial statements and methods used to draw them up, certify Vilmorin & Cie's consolidated financial statements. They certify that the consolidated financial statements and parent company financial statements present a true, consistent and fair picture. They are given information prior to the elaboration of the financial statements and present a summary of their work to the

financial and accounting managers in the Business Units for the six-month and yearly positions.

The consolidated financial statements are reviewed by the Executive Committee and the Audit and Risk Management Committee before they are approved by the Board of Directors.

2.7.3.3. Assessment of internal control

Within Vilmorin & Cie, and in accordance with the AMF model, the internal auditing service issued internal control questionnaires with regard to the accounting and financial information. These questionnaires were reviewed in conjunction with the Statutory Auditors, in order to adapt them more closely to Vilmorin & Cie's activities and environment.

The questionnaires were deployed in the Business Units and subsidiaries in the form of self-assessment. This self-assessment was, in certain cases, confirmed through interviews conducted directly by the Statutory Auditors or internal auditors.

For fiscal year 2016-2017, no major anomaly was highlighted.

2.7.4. Limits to the powers granted to the CEO and the Delegate CEO

The General Management of Vilmorin & Cie is the responsibility of the Chairman of the Board of Directors, Philippe AYMARD. During the course of fiscal year 2016-2017 he was assisted in his mission by a Delegate CEO, Emmanuel ROUGIER.

The CEO has the widest powers to act in all circumstances on behalf of the Company. He exercises these powers within the scope of the object of the Company, and within the limits of the powers granted by the French law governing Shareholders' meetings and Boards of Directors.

The Delegate CEO has the same powers as those of the CEO with regard to third parties.

For purposes of the Company's internal organization, the powers of the CEO and the Delegate CEO have been partially limited by the Board of Directors, but these limits are not available against third parties.

These restrictions concern, in particular, the following points (according to financial limits defined by the Board of Directors):

- ❖ acquisition, contribution and disposal of participations in other companies or provision of security interests in such participations,
- ❖ signing off-balance sheet commitments,
- ❖ borrowing, with the exception of campaign funding over less than one year,
- ❖ decision to grant any sureties and constitute any mortgages or other guarantees on all the company's assets.

2.7.5. Compensations and benefits paid to corporate officers

As in previous fiscal years, bearing in mind the presence of independent, external Directors on the Board, it is proposed to the Annual General Meeting deliberating on the financial statements closed on June 30, 2017 to set the attendance fees for fiscal year 2016-2017 at 45,000 euros.

The remuneration of corporate representatives that have a work contract comprises:

- ❖ a fixed salary that is reviewed every year,
- ❖ a variable part defined in relation to the financial performance of each fiscal year and based on the consolidated net income,
- ❖ the benefit of a company car.

2.7.6. Participation of the Shareholders in General Meetings

All provisions concerning notices to attend, and the holding of Shareholders' General Meetings, are defined in Heading V of Vilmorin & Cie's by-laws, with clauses concerning the attendance and representation of shareholders appearing in articles 28 and 39.

2.7.7. Information liable to have an impact in the case of a take-over bid

In compliance with the law, any information concerned by article L.225-100-3 of the French Commercial Code is provided as required in the report of the Board of Directors.

This full report was discussed and approved by the Board of Directors at their meeting held on October 18, 2017.



3

MANAGEMENT REPORT

Report of the Board of Directors to the Joint Annual Meeting
(Ordinary and Extraordinary) of December 8, 2017 _____

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Report of the Board of Directors to the Joint Annual Meeting (Ordinary and Extraordinary) of December 8, 2017

To the Shareholders,

The present Joint Annual Meeting (Ordinary and Extraordinary) was convened in accordance with the law and the by-laws of your Company:

- ❖ to submit for your approval the annual financial statements for the fiscal year closing on June 30, 2017,
- ❖ to renew the terms of office of certain Directors, to approve the appointment of a new Director and to renew the terms of office of a Statutory Auditor,
- ❖ and to delegate to your Board of Directors the necessary powers to proceed with the purchase of your Company's own shares and the issue of securities through a public issue with or without pre-emptive rights, according to the best possible market conditions.

Notice to attend has been sent to all of you, and all the documents and relevant information have been made available under the conditions and deadlines stipulated according to the law.

Activity for the fiscal year

Corporate financial statements

The corporate financial statements of Vilmorin & Cie have been set out in accordance with French regulations.

Within the framework of its development and innovation strategy, over fiscal year 2016-2017 Vilmorin & Cie consolidated the internationalization of its business, and furthered its partnerships in the research and the development of new technologies.

Vilmorin & Cie's sales reached 78.3 million euros in 2016-2017 as opposed to 80.8 million euros the previous fiscal year.

These sales mainly correspond to services rendered by Vilmorin & Cie to its subsidiaries in the areas of general administration, human resource management, information systems and pooled upstream research programs.

These services are invoiced as management fees according to real expenditure and shared out proportionately between the subsidiaries of Vilmorin & Cie according to keys based on objective economic criteria.

Total operating charges came to 103.3 million euros, an increase of 6.4 million euros in relation to 2015-2016.

The operating income showed a loss of 12.9 million euros, an increase of 5.1 million euros compared to the previous fiscal year.

The financial result showed a net income of 39.6 million euros compared to 27.4 million euros in 2015-2016.

This figure takes into account the dividends received from the subsidiaries, with the total amount this year standing at 55.8 million euros, compared with 57.2 million euros the previous fiscal year.

It also includes net provisions on shares of 7.6 million euros and a net currency exchange gain of 3.9 million euros.

Finally, this financial result also includes 12.6 million euros of net interest charges, as opposed to 12.7 million euros the previous fiscal year.

The extraordinary result showed a net charge of 16.2 million euros, as the result of the divestment of a minority stake, as opposed to 1.4 million euros in 2015-2016.

Income tax takes into account the impact of the fiscal integration system adopted by the group on July 1, 2000. This fiscal group comprises in particular Vilmorin & Cie, Vilmorin SA, HM.CLAUSE SA, Vilmorin Jardin SA and, since fiscal year 2012-2013, Limagrain Europe SA and Limagrain Central Europe SE; for fiscal year 2016-2017 a net income of 20.5 million euros was posted for this line, including tax relief for research of 5.1 million euros.

As a result of the above-mentioned considerations, the net corporate income came to 26.2 million euros on June 30, 2017.

The capital stock stood at 317,717,005.50 euros on June 30, 2017, corresponding to 20,833,902 shares each with a nominal value of 15.25 euros.

On June 30, 2017 loans and financial debts showed a value of 784.2 million euros.

Net of cash and investment securities, and also current accounts granted to subsidiaries as part of the group's cash flow management system, net financial debts stood at 335.2 million euros.

We remind our shareholders that during fiscal year 2013-2014, Vilmorin & Cie set up syndicated credit of 300 million euros, structured in the form of a revolving credit facility with maturity after five years, the due date being in May 2019, and involving two extension options, each for one year; a first option was exercised in May 2015 and a second in April 2016.

On June 30, 2017, this credit was unused.

It is accompanied with the commitment to respect two consolidated financial ratios (net financial debt/EBITDA, EBITDA/net financial charges); on June 30, 2017, Vilmorin & Cie complied fully with this commitment.

Finally, Vilmorin & Cie decided to consolidate and diversify its financial resources in March 2017 by carrying out a 100 million euros private

«Schuldschein» placement operation. At the same time, Vilmorin & Cie partially repaid 51 million euros of the «Schuldschein» due in May 2018.

Consolidated financial statements

Accounting standards, principles and methods

At the close of fiscal year 2016-2017, Vilmorin & Cie's consolidated financial statements were set out in accordance with the IFRS (International Financial Reporting Standards) reference as applied by the European Union on June 30, 2017.

The international accounting standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), along with their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The accounting principles and methods used to prepare the consolidated financial statements for the year ended on June 30, 2017 are identical to those used to prepare the consolidated financial statements for the year ended on June 30, 2016.

No change in accounting method or estimate was applied by Vilmorin & Cie during fiscal year 2016-2017 that might have an impact on the consolidated annual statements of Vilmorin & Cie.

Comparability of data

The evolution of data for fiscal year 2016-2017 is analyzed in current data and like-for-like data.

Like-for-like data concern the data restated for the impact of changes to scope and currency fluctuation; accordingly the restated financial data for fiscal year 2015-2016 take into account:

- ❖ the impact of currency translation, by applying the average rates of fiscal year 2016-2017,
- ❖ any changes in the consolidation scope.

In this respect, the activity of the company Genica Research (United States. Vegetable Seeds), acquired in February 2016, was not restated for scope impact over fiscal year 2016-2017, since in July 2016, the company's business had already been integrated into the Vegetable Seeds Business Units, respectively HM.CLAUSE for its American business, and VILMORIN-MIKADO for its European business.

Activity and results for the fiscal year

Consolidated sales for fiscal year 2016-2017, and corresponding to revenue from ordinary activities, stood at 1,414 million euros, up 6.7% with current data.

Restated on a like-for-like basis (currency translations and changes in scope), sales also progressed by 6.7% compared with the previous fiscal year.

Restated for inventory write-off and depreciation, gross margin on cost of sales stood at 48.6%, a significant increase of 0.9 percentage points compared with 2015-2016.

Net operating charges came to 568.7 million euros, as opposed to 531.9 million euros on June 30, 2016.

In compliance with its strategic orientations, Vilmorin & Cie continued to increase funding of its research programs, at a moderate rate in 2016-2017, both in terms of conventional plant breeding and biotechnologies. Total research investment came to 240.2 million euros as opposed to 225.2 million euros in 2015-2016, and now represents 15.2% of seed sales intended for the professional markets, integrating the activities of the North American company AgReliant, held 50%.

Consequently, the consolidated operating income stood at 118.3 million euros, a strong increase compared with the previous fiscal year, resulting in a recorded operating margin of 8.4%. This margin reflects the fine sales performance of the activities, and the tight management of all the operating charges. It includes the recording of 6.1 million euros of impairment and 6.2 million euros of reorganization costs.

Income from associated companies came to 33.9 million euros, including in particular AgReliant, and the African company Seed Co.

The financial result showed a net charge of 24.5 million euros compared with 36.5 million euros in 2015-2016, this year including currency exchange gains of 0.1 million euros compared with losses of 5.4 million euros on June 30, 2016.

Cost of funding came to 22.1 million euros compared with 23.8 million euros the previous fiscal year.

The net charge of income taxes came to 37.6 million euros as against 33.8 million euros in 2015-2016. They include a net charge of deferred taxes of 12.6 million euros compared with 6.8 million euros the previous year.

Finally, the total net income came to 90.1 million euros, a very significant increase (29.3 million euros), compared with the previous fiscal year; the group share («attributable to the controlling company») stood at 86.9 million euros.

Compared with the previous fiscal year, the balance sheet structure on June 30, 2017 was strengthened with a clear improvement in the net debt to equity ratio, as a result of the strong growth in the EBITDA and a limited impact of development operations. Net of cash and cash equivalents (256.3 million euros), total net financial indebtedness came to 713.9 million euros on June 30, 2017 compared with 742.3 million euros on June 30, 2016. The share of non-current financial indebtedness stood at 749.2 million euros.

The group's share («attributable to the controlling company») of equity stood at 1,196.7 million euros and minority interests («attributable to the non-controlling minority») at 111.8 million euros.

Vegetable Seeds

Sales for the Vegetable Seeds division for the year ending June 30, 2017 came to 735.8 million euros, up 6.8% with current data compared with 2015-2016. Restated on a like-for-like basis, this increase was 6.2%.

Following on from previous fiscal years, Vilmorin & Cie confirmed its dynamic growth trend. The increase in business concerned all its Business Units, which progressed in all the geographical zones, particularly in key areas, the top area being North America.

Within a highly diversified product line-up, performances were particularly strong in several major strategic crops: tomato, the top world vegetable crop in value, carrot, summer squash, hot and sweet pepper, and onion.

Thanks to this very solid fiscal year, Vilmorin & Cie confirmed its world leadership on the market for vegetable seeds.

Overall, the Vegetable Seeds activity improved its operating margin, now standing at 17.1% and posted a net contribution to the consolidated income of 84.9 million euros compared with 71.6 million euros for 2015-2016.

Field Seeds

Sales for the year for the Field Seeds division on June 30, 2017 came to 626 million euros, up 7.6% compared with fiscal year 2015-2016. On a like-for-like basis there was an increase of 8.3%.

In Europe, sales (530.5 million euros, an increase of 3.1% on a like-for-like basis) posted marked growth, in spite of a market environment that remains difficult, characterized by the low level of prices for agricultural production, and strong pressure on pricing policies.

In this context, the situation was contrasted depending on the crops. In corn seeds, in a tense European market, sales fell. This drop mainly concerned countries in Western Europe, coinciding directly with the reduction in cultivated acreages, in spite of significant business growth

in Ukraine and Russia. Similarly, sales of straw cereals (wheat, barley) dropped, in the context of a reduction in the market for commercial seeds, particularly in France.

At the same time, the sunflower campaign achieved remarkable progress, particularly in Ukraine and Russia, confirming the quality of Vilmorin & Cie's product portfolio, leading to market share gains. With regard to rapeseed, the campaign posted an excellent level of growth both in volume and value, on a market marked by the continuing adoption of hybrid seeds. Vilmorin & Cie thus confirmed its market share gains.

In its other development areas (South America, Asia and Africa), Vilmorin & Cie made sales of 95.5 million euros in 2016-2017, an increase of more than 50% on a like-for-like basis compared to 2015-2016.

In this respect, in South America, in a highly buoyant market context, growth was very strong (+82.4% on a like-for-like basis), particularly thanks to the second part of the commercial campaign for corn in Brazil (*safrinha*). This excellent performance, both in volume and in value, also confirmed market share gains.

Globally, Vilmorin & Cie's new development territories posted excellent growth, embodying the reinforced international deployment of its corn and wheat seeds activities.

Consequently, the Field Seeds activity posted an operating margin of 2.7%, a significant increase, and a positive contribution to the consolidated income of 31.9 million euros, up considerably by 14.6 million euros compared to the previous fiscal year. This result includes exceptional charges related to the reorganization of the European Field Seeds facilities with regard to research centers.

Garden Products and Holdings

Sales for the Garden Products and Holdings activities came to 52.2 million euros on June 30, 2017. The operating contribution of these activities showed a total loss of 24.7 million euros, mainly due to costs in the holdings structures; they made a negative contribution to the consolidated net income of 26.7 million euros. This result includes 4.9 million euros of impairment charges on brands and business intangibles for the Garden Products activity.

Vilmorin & Cie's activity in fiscal year 2016-2017 once again covered different sectors of activity both on the professional and consumer markets, which means the nature of its business is highly seasonal, and that the high-tech products and processes used are extremely important. All the main risks involved in these activities, and the potential financial risks, are specifically analyzed in the Chairman's report with regard to the functioning of the Board and internal control, and in the notes appended to the consolidated financial statements.

Investments and real estate policy

Each fiscal year, as part of its budgetary procedures and mid-term plan, Vilmorin & Cie approves investments shared out between the Business Units.

These investments are mainly devoted to the modernization of its

research centers and the development of its global research network. Vilmorin & Cie also invests in its industrial facilities to guarantee the high quality of its products.

For fiscal year 2016-2017, tangible investments came to 34.7 million euros.

In line with the management guidelines for fiscal year 2016-2017, Vilmorin & Cie was vigilant with regard to its investment budget, giving priority to investments in research.

For the investments managed, and depending on each case and each Business Unit concerned, funding is set up through a bank loan or by internal resources. More generally, Vilmorin & Cie's investment policy gives priority to assets directly linked to the business; consequently the Company does not own much real estate which is not directly linked to operations. Finally it should be emphasized that Vilmorin & Cie has not adopted a pluriannual investment program of a significant sum in proportion to investments made in recent fiscal years.

Information on payment terms

In application of the provisions of articles L.441-6-1 and D.441-4 of the French Commercial Code, we indicate hereafter the number and amount, all taxes included, of invoices received and issued that had not been settled at the end of the fiscal year, and for which the due date had passed.

	Article D.441 I.-1 : Invoices received and not settled at the date of the end of the fiscal year, and for which the due date had passed						Article D.441 I.-2 : Invoices issued and not settled at the date of the end of the fiscal year, and for which the due date had passed					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Overdue payment brackets												
Number of invoices concerned	665					227	41					51
Total amount of invoices concerned, tax included (in euros)	12,789,989.54	2,824,493.14	80,637.08	13,019.91	75,388.69	2,993,538.82	1,428,144.00	208,331.83	0.00	0.00	189,135.11	397,466.94
Percentage of the total amount of purchases VAT included for the fiscal year	14.62%	3.23%	0.09%	0.01%	0.09%	3.42%						
Percentage of sales tax included for the fiscal year							1.27%	0.19%	0.00%	0.00%	0.17%	0.35%
(B) Invoices excluded from (A) concerning debts and receivables in litigation or not recorded in the accounts												
Number of invoices excluded	None						None					
Total amount of invoices excluded	None						None					
(C) Reference payment terms used (contractual or legal limit – article L.441-6 or article L.443-1 of the French Commercial Code)												
Payment terms used to calculate late payment	Contractual deadlines: up to 45 days end of the month; otherwise, legal deadlines: 30 days net						Contractual deadlines: 30 days net					

Social, environmental and societal information

Article 225 of the French Grenelle II law and its implementing decree of April 24, 2012 have generated obligations with regard to Vilmorin & Cie's disclosures and verification of social, environmental and societal information. This information is presented by your Board of Directors in a separate report, in compliance with the legal provisions in force.

Events occurring after the closing of the accounts

As of October 18, 2017, the date of approval by the Board of Directors for the disclosure of the consolidated financial statements, Vilmorin & Cie was not aware of any subsequent events that require a change in the value of assets and liabilities or additional information in the notes to the consolidated financial statements.

Outlook for the future

Fiscal year 2016-2017 was once again characterized by a globally slump market environment, mainly due to the persistent low level of prices for agricultural production. Nevertheless, in spite of this context, Vilmorin & Cie demonstrated its potential for development and confirmed its strategic orientations, particularly in terms of investment in research and innovation, and global development on the professional markets of agriculture and vegetable production.

Fiscal year 2017-2018 should confirm Vilmorin & Cie's potential for organic growth in market conditions that will probably remain tense, particularly for Field Seeds in Europe; moreover, Vilmorin & Cie will continue to increase its measured investment in research and development, in particular in upstream technologies.

Vilmorin & Cie's vocation is to build its development based on a certain number of fundamental strategic principles defined several years ago:

- ❖ strong investment in research both in upstream technologies and conventional plant breeding,
- ❖ permanent international development of activities in the context of market globalization and consolidation,
- ❖ strengthening positions, or taking up new competitive positions, through perfectly targeted external growth operations,
- ❖ accepting or seeking partnerships in sectors where technical expertise or a critical size can boost development for the group's companies,
- ❖ maintaining an original organization and management model that encourages delegated management in each Business Unit and the fulfillment of synergy between them.

By adhering to this policy, Vilmorin & Cie will be able to reinforce its position as the fourth largest seed player in the world, and offer sustainable perspectives for regular growth.

Subsidiaries, shareholdings and branches

We remind you that the table of subsidiaries and shareholdings is appended to this report in accordance with article L. 233-15 of the French Commercial Code⁽¹⁾.

Vilmorin & Cie did not directly carry out any significant acquisition or disposal during fiscal year 2016-2017.

However, it continued to carry out a number of internal investment reclassification operations as part of the optimization of its legal and financial organization.

⁽¹⁾ Cf. consolidation scope page 201.

Pursuant to article L.233-6 and L.247-1 of the French Commercial Code, we inform you that our Company acquired a minority stake in Exotic Systems, a French company, during the past fiscal year. It did not dispose of any.

In accordance with article L.232-1, II of the French Commercial Code, we hereby inform you that our Company has no branches.

Shareholders

Further to the capital stock increase through the incorporation of reserves for the purpose of allocating free shares in January 2015, Vilmorin & Cie's capital stock now stands at 317,717,005.50 euros and comprises 20,833,902 shares, each with a nominal unit value of 15.25 euros.

On June 30, 2017, the majority of the capital stock, 62.57%, was held by Groupe Limagrain Holding, 6.01% by the company Coopérative Agricole Limagrain and 5.19% by Sélia, all three of these companies belonging to Limagrain.

Vilmorin & Cie's by-laws grant double voting rights to any shares held nominatively for a period of more than four years. On June 30, 2017, 15,155,120 shares benefitted from this right. Groupe Limagrain Holding, Coopérative Agricole Limagrain and Sélia were the main shareholders concerned, giving Limagrain voting rights control of 84.66%.

On June 30, 2017, Vilmorin & Cie held 8,153 treasury shares corresponding to less than 0.1% of its capital stock.

In compliance with the provisions of article L.225-102 of the French Commercial Code, we inform you that on June 30, 2017 no employee held a stake in the capital stock.

Appropriation of the profits and distribution of amounts deducted from share premiums

We propose to apply the profits of Vilmorin & Cie and to deduct the sum of 239,167.66 euros from the line «Issue premiums» in the following manner:

❖ Net profits on June 30, 2017	26,253,165.80 euros
❖ Application to legal reserve	1,312,658.29 euros
❖ Profits available on June 30, 2017	24,940,507.51 euros
❖ Brought forward June 30, 2017	8,154,568.03 euros
❖ Deduction from issue premiums	239,167.66 euros
❖ Dividends to distribute	33,334,243.20 euros

After this appropriation, the total in «Issue premiums» will come down from 150,182,659.58 euros to 149,943,491.92 euros and the final amount to carry forward will be zero.

The net dividend is set at 1.60 euros per share. As a proportion to the net profits for the group, the sums distributed amount to 38.4%.

The total amount of dividends do not take into account any possible treasury shares held for control on the date the dividends are paid. Any dividends corresponding to these shares will be carried forward.

Moreover we wish to inform you that for the last three fiscal years, dividends were distributed as follows:

	2013-2014	2014-2015	2015-2016
Number of shares	18,939,911	20,833,902	20,833,902
Nominal	€15.25	€15.25	€15.25
Net dividend per share	€1.65	€1.57	€1.10

Expenses that are not tax deductible

In compliance with the provisions of article 223 quater of the French Tax Code, we ask you to approve the expenses and charges concerned by article 39-4 of the same code, which came to a total of 137,262 euros.

In compliance with the provisions of article 223 quinquies of the French Tax Code, we present the global figures concerning the expenses concerned by article 39-5 of the same code.

Table of results of the Company over the past five years

In compliance with the provisions of article R.225-102 of the French Commercial Code, the following table shows the results of our Company over the past five years.

In thousands of euros	12-13	13-14	14-15	15-16	16-17
Stock at the end of the fiscal year					
Capital stock	288,833	288,833	317,717	317,717	317,717
Number of ordinary shares	18,939,911	18,939,911	20,833,902	20,833,902	20,833,902
Operations and results					
Total sales before tax	50,308	56,476	62,250	80,819	78,277
> of which France	35,118	38,932	44,473	55,235	51,959
> of which Export	15,190	17,544	17,777	25,584	26,317
> of which Services	49,393	55,439	51,046	70,075	67,360
Profit before tax, profit sharing, amortization, depreciation and provisions	29,594	29,205	10,059	36,306	22,986
Profit after tax, profit-sharing, amortization, depreciation and provisions	22,300	39,372	14,580	32,700	26,253
Profits distributed	31,246	31,251	32,709	22,917	33,334
Profit per share (in euros)					
Profit after tax and profit-sharing, but before amortization, depreciation and provisions	2.23	2.28	1.31	2.68	2.09
Profit after tax, profit-sharing, amortization, depreciation and provisions	1.17	2.07	0.70	1.57	1.26
Dividend per share	1.65	1.65	1.57	1.10	1.60
Headcount					
Average staff ⁽¹⁾	183	209	236	257	264
Total payroll	10,725	12,701	13,906	16,735	18,266

⁽¹⁾ Number of people

Inter-company loans

We inform you that our Company has not granted any loans pursuant to articles L.511-6, 3 bis and R.511-2-1-1 of the French Monetary and Financial Code.

Information to the Works Council

We inform you that, in compliance with the provisions of article L.2323-8 of the French Labor Code, the results of your Company have been sent to, and presented to, the Works Council before the Annual General Meeting.

Regulatory agreements

We inform you that a new agreement subject to the procedure for regulatory agreements governed by article L.225-38 of the French Commercial Code was presented to the Board of Directors during the course of the fiscal year from July 1, 2016 to June 30, 2017.

The agreements entered into and approved over previous fiscal years, and which continued to apply for the past fiscal year, were re-examined by our Company's Board of Directors.

These agreements have been brought to the attention of the Statutory Auditors for their report on regulated agreements and commitments.

Agreements entered into between a corporate officer or a shareholder holding more than 10% of the Company's voting rights and one of the Company's subsidiaries

In accordance with article L.225-102-1 of the French Commercial Code, we hereby inform you that no agreement has been entered into between any of our Company's subsidiaries and a corporate officer or shareholder holding more than 10% of the Company's voting rights.

Corporate management system

On June 30, 2017, administration of your Company was entrusted to a Board of Directors comprising seven members.

On June 30, 2017, the Board of Directors was composed of the following members:

- ✚ Chairman and CEO: Philippe AYMARD
- ✚ Members of the Board:
 - Joël ARNAUD
 - Mary DUPONT-MADINIER, Independent Director
 - Jean-Yves FOUCAULT
 - Miriam MAES, Independent Director
 - Sébastien VIDAL
 - Pascal VIGUIER

Since their terms of office will be expiring, your Board of Directors proposes that you renew, for a further duration of three years, the terms of office of Ms. Mary DUPONT-MADINIER, Mr. Philippe AYMARD and Mr. Sébastien VIDAL.

In accordance with the recommendations of the Middlednext Code of Corporate Governance, the Board of Directors proposes to broaden the gender mix of the Board of Directors by appointing Ms. Annick BRUNIER as Director for a period of three years, expiring at the close of the General Meeting of Shareholders called to deliberate on the financial statements for the fiscal year closing on June 30, 2020, to replace Joël ARNAUD, whose term of office expires.

During fiscal year 2016-2017, Philippe AYMARD was assisted in his mission by a Delegate CEO, Emmanuel ROUGIER. During the course of fiscal year 2017-2018, Emmanuel ROUGIER will reach the age limit fixed in the by-laws.

During fiscal year 2016-2017, your Board of Directors met seven times.

Vilmorin & Cie's Board members remain committed to their responsibilities in the Boards or other equivalent bodies of governance in the main subsidiaries.

With reference to the recommendations of the AFEP-MEDEF report of October 2003, and the recommendation of the European Commission of February 15, 2005, the Board of Directors was enlarged in December 2007 to integrate an Independent Director.

As of fiscal year 2016-2017, the Board of Directors has decided to adopt the Middlednext Code of Corporate Governance, updated in September 2016, as its reference Code, instead of the AFEP-MEDEF Code, considering that the points of vigilance and recommendations of this Code are better suited to Vilmorin & Cie in particular for the structure of its capital stock and shareholding.

In 2010, the Board of Directors formally set up an Audit and Risk Management Committee currently chaired by Miriam MAES, an Independent Director. This specialized committee is, in particular, responsible for ensuring the process of elaborating financial information, the efficiency of all the risk management systems, and the legal control of the financial statements by the Statutory Auditors and other external auditors.

With regard to the other provisions of the Middlednext Code, the Board of Directors is implementing the recommendations formulated to date by this code, while respecting the specific nature of Vilmorin & Cie.

Compensation and benefits of any nature paid to corporate officers

With the exception of the two independent Directors, the Chairman and CEO, and all the other Directors, exercise their mandate without any compensation.

It is therefore proposed to the Annual General Meeting deliberating on the annual financial statements closed on June 30, 2017 to fix the directors' fees for fiscal year 2016-2017 at 45,000 euros.

No other operation or regulatory agreement has been reached by your Company with its corporate officers.

Emmanuel ROUGIER, Delegate CEO, receives compensation for this function involving a lump-sum fixed part and also a variable part defined, for each fiscal year, solely in relation to the group's financial performance, expressed "per thousand" of Vilmorin & Cie's net consolidated income. This income quota calculation is reformulated at the beginning of each fiscal year and is then applied at the end of the fiscal year after final approval of the consolidated financial statements. The sum is not capped. For fiscal year 2016-2017, this compensation came to a total of 312,400 euros, including a variable sum of 60,800 euros. Total commitments concerning end of career benefits for Emmanuel ROUGIER on June 30, 2017 came to 446,400 euros.

In accordance with article L.225-37-2 of the French Commercial Code, the Board of Directors submits to the approval of the General Meeting the principles and criteria applicable to the determination, split and allocation of fixed, variable and exceptional items making up the total compensation and benefits of any kind attributable to the Delegate CEO for the fiscal year closing on June 30, 2018 and constituting the compensation policy applicable to him.

These principles and criteria are outlined below:

- ❖ lump-sum fixed compensation,
- ❖ variable part defined, fiscal year by year, with reference only to the group's financial performance, expressed in «per thousand» of the consolidated net income of Vilmorin & Cie,
- ❖ benefit in kind consisting of the provision of a company car,
- ❖ end of career benefits.

In accordance with article L.225-100 of the French Commercial Code, the amounts resulting from the implementation of these principles and criteria will be submitted to the Shareholders for approval at the Annual General Meeting called to approve the financial statements for the period ending June 30, 2018.

We propose that you approve the principles and criteria as presented in this report.

Control bodies

Vilmorin & Cie's Statutory Auditors are KPMG Audit, Département de KPMG SA, and Visas 4 Commissariat.

As the term of office as Statutory Auditor granted to VISAS 4 has expired, your Board of Directors proposes that it be renewed for a period of six fiscal years, i.e. until the date of the Annual General Meeting called to approve the financial statements for the fiscal year closing on June 30, 2023.

Furthermore, services provided other than the certification of the financial statements provided by the Statutory Auditors during the fiscal year to our Company and the controlled entities were as follows:

- ❖ certificate missions carried out by KPMG S.A.,
- ❖ legal and tax services provided by members of the KPMG network.

Transactions with related parties

All transactions with related parties, mainly with the Group Limagrain, are described in note 32 in the notes to the consolidated financial statements on June 30, 2017, and they were pursued during this fiscal year on the same basis as in fiscal year 2015-2016.

Program to buy back shares in accordance with article L.225-209 of the French Commercial Code

In compliance with the provisions of article L.225-211 of the French Commercial Code, we inform you that in order to stabilize our share value, and as part of the buy-back program approved by the Joint Annual General Ordinary and Extraordinary Meeting of December 9, 2016, we carried out the following operations over the fiscal year:

Number of shares purchased	129,561
Average purchasing price	63.26 euros
Number of shares sold	130,722
Average selling price	62.27 euros

On June 30, 2017, our Company held 8,153 shares, corresponding to less than 0.1% of the capital stock, at a purchasing value of 597,400 euros, an average unit price of 73.27 euros.

On September 30, 2017, our Company held 3,398 treasury shares, corresponding to less than 0.1% of the capital stock.

In order to encourage the liquidity of transactions and a regular quotation for our shares, your Board of Directors proposes that once again you grant authorization, for a maximum duration of 18 months, to buy or sell the Company's own shares in compliance with the provisions of article L.225-209 et seq. of the French Commercial Code, in order to:

- ❖ ensure liquidity and manage the market for shares through a fully independent investment service provider, within the framework of a liquidity contract that complies with regulations as recognized by the Autorité des marchés financiers (authority governing French markets),
- ❖ hand over shares when an investor exercises his or her rights with regard to securities that provide access by whatever means, immediately or when due, to Company shares,
- ❖ apply any other measures that might be authorized or recognized by law or by the Autorité des marchés financiers, or set any other objective that complies with regulations in force.

These operations will be conducted in accordance with regulations in force and the following conditions:

- ❖ the maximum purchasing price is fixed at 100 euros per share,
- ❖ the maximum quantity of shares liable to be purchased is fixed at 1 million shares, representing a maximum potential commitment of 100 million euros.

Authorization to make a public issue

During the Joint Annual General Ordinary and Extraordinary Meeting of December 9, 2016, a number of resolutions were passed authorizing the Board, if appropriate, to issue bonds or other assimilated debt securities, and also to increase the capital stock by issuing shares, various securities and/or stock purchase warrants with or without pre-emptive rights.

In application of article L.225-100 of the French Commercial Code, we append to this report a summary table of delegations of authority and powers granted by the Annual General Meeting to the Board of Directors.

In order to remain attentive and reactive to the market and any opportunities that may come up with regard to Vilmorin & Cie's development projects, we propose to renew all these authorizations in accordance with the provisions set out below.

Issue of bonds or other assimilated debt securities

We request that you grant full powers to your Board of Directors to take decisions to proceed in one or several operations, whether in France or another country and/or on international markets, in euros or any other currency or unit of account fixed in reference to several currencies, with the issue of bonds or other assimilated debt securities, with or without a public issue, up to the nominal value of 600 million euros or the equivalent of this sum if issued in a foreign currency, or in a unit of account fixed in reference to several currencies.

The Board of Directors may decide that the bonds, or other debt securities, will be of the perpetual floating or limited floating rate type, either for the capital stock and/or the interest accrued for these securities.

The Board of Directors may proceed with these issues in the limits fixed above, in compliance with legal provisions and with the by-laws, and may also:

- ❖ determine the period or periods of issue,
- ❖ determine the issue currency and the nominal value of the loan,
- ❖ fix the terms and conditions of the bonds and/or debt securities to issue, and in particular their nominal value, their issue price, their fixed and/or variable rates of interest, and the payment dates, their fixed or variable redemption price, with or without premium, and according to market conditions, fix the duration and conditions of amortization for the loan,
- ❖ more generally sign any contract documents or agreements with any banks or institutes, make any provisions and fulfill any formalities concerning the issue, the quotation and the financial management of the aforementioned bonds and/or aforementioned debt securities, and constitute the body of bondholders in compliance with legal provisions, and in a general manner, do all that is required.

The Board of Directors will also have full powers to decide, where necessary, to attach a guarantee to the securities issued and, if this is the case, to define and grant this guarantee, and take any measures for this purpose.

Capital stock increase through the issue of shares, various securities and/or stock purchase warrants with or without pre-emptive rights

We request that you grant all powers to your Board of Directors to deliberate and then to proceed, in one or several operations, with the issue of shares, various securities and/or stock purchase warrants with or without pre-emptive rights, with any such issue being subject, in particular, to the following conditions and provisions:

- ❖ each share issue for the Company will bear a maximum nominal value of 300 million euros, to which will be added, as relevant, the nominal amount of the shares for issue, in order to preserve the rights of the bearers of securities that open up rights to shares, in compliance with the law,
- ❖ each issue of securities, other than shares, that provides access to the capital stock, cannot be greater than 300 million euros, or than the counter value of this sum in the case of an issue in a foreign currency, or in a monetary value fixed in reference to several currencies,
- ❖ in the event of the cancellation of the stock purchase rights, the Board of Directors may grant shareholders, for the duration and according to the conditions that it will fix, a priority duration to subscribe for securities without creating negotiable and transferable rights,
- ❖ the issue price for warrants issued alone must, for each share to be created, be such that the sum of this price and the exercise price of each warrant is at least equal to the weighted average of the rate of former shares recorded over the previous three Paris stock market trading sessions before the price is fixed, in certain cases reduced by a maximum discount of 5%.

Moreover, in cases where one of the companies in which your Company holds, whether directly or indirectly, more than half the capital stock, issues securities providing access to your Company's capital stock, the Board of Directors may exercise the authorizations granted to proceed with the issue of these securities.

Issue of shares and other securities providing access immediately and/or when due to the capital stock by private placement under article L.411-2, II of the French Monetary and Financial Code

We also request that full powers be granted to your Board of Directors to proceed, at its discretion, in one or several operations, with the issue of ordinary shares or securities providing access immediately and/or when due to the Company's capital stock as governed by articles L.228-91 et seq. of the French Commercial Code, without

preemptive subscription rights, by private placement under article L.411-2, II of the French Monetary and Financial Code. Such issues are subject, in particular, to the following modalities and conditions:

- ❖ The maximum nominal amount for the capital stock increases that may be effected immediately, or when due, is 20% of the capital stock on the day of the decision by the Board of Directors. The amount will be deducted from the total ceiling submitted to your Annual General Meeting in its nineteenth resolution or, where relevant, from the total amount of ceilings provided for in resolutions of the same nature which might possibly follow these resolutions during the validity of the present delegation. The nominal amount of shares that are liable to be issued in the case of new financial operations will be added to these ceilings, to preserve the rights of bearers of securities that provide access to the capital stock. In all cases, issues of securities by virtue of the present delegation are legally limited to 20% of the capital stock every year.
- ❖ the price for the subscription of shares and/or securities issued will be determined in compliance with the provisions of articles L.225-136 and R.225-119 of the French Commercial Code.

Moreover, in cases where one of the companies in which your Company holds, whether directly or indirectly, more than half the capital stock, issues securities providing access to your Company's capital stock, the Board of Directors may exercise the authorizations granted to proceed with the issue of these securities.

All the procedures for these delegations are set out in the ordinary and extraordinary draft resolutions (twelfth resolution and sixteenth thru twentieth resolutions) submitted for your approval, and also in the Statutory Auditors' special report.

Capital stock increase reserved for employees

We wish to inform you, in compliance with article L.225-129-6 of the French Commercial Code, that when any decision is made to increase the capital stock, we are obliged to present you with a draft resolution to proceed with a capital stock increase reserved for employees as part of a company or Group savings scheme.

This is the subject of the twentieth resolution as submitted for your vote.

Since the provisions laid down by this legislation do not, in our opinion, appear to be suited to the specific situation of our Company and our Group, on this particular occasion your Board of Directors will not be making any voting recommendations, and each shareholder will freely assess its relevance.

General provisions

The rules adopted to establish financial documents respect legislation in force, and take into account the provisions resulting from the IFRS accounting and evaluation principles for consolidated financial statements as they were applied by the European Union on June 30, 2017.

In their reports your Statutory Auditors confirm that they have accomplished their mission.

With the exception of the twentieth resolution, your Board of Directors invites you to adopt the ordinary and extraordinary resolutions which it is submitting for your approval.

Summary table of the delegations of authority and powers granted by the Annual General Meeting of December 11, 2015 and December 9, 2016 to the Board of Directors with regard to capital stock increases

Object of the delegation	Period of validity	Maximum nominal amount	Date and application by the Board of Directors
Delegation of authority with a view to increasing the capital stock immediately or at due date through the issue of ordinary shares and/or securities providing access to the stock or debt securities, with preemptive rights maintained	24 months	300 million euros	Not applied
Delegation of authority with a view to increasing the capital stock immediately or at due date through the issue of ordinary shares and/or securities providing access to the stock or debt securities, with preemptive rights cancelled	24 months	200 million euros	Not applied
Delegation of authority with a view to increasing the capital stock immediately or at due date through the issue of ordinary shares, and/or securities providing access to the capital stock by private placement as regulated by article L.411-2,II of the French Monetary and Financial Code	26 months		20% of the capital stock on the date of the decision by the Board of Directors
Global ceiling for all the authorizations above	-	500 million euros	Not applied

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SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

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4.1. The approach

4.1.1. CSR strategy

Based on the cooperative foundations of its reference shareholder, Limagrain, Vilmorin & Cie's Corporate Social Responsibility (CSR) strategy is built on a systemic and partnership-based vision to enable sustainable commitments.

It stems from the work of the Business Units. Since 2012, the latter have formalized their own CSR policy based on the ISO 26000 framework, in particular its specific version for the agri-food sector, and on the 10 principles of the Global Compact.

4.1.1.1. The methodology and the prioritization of the stakes

Diagnoses and materiality analyses, including feedback from close to 250 internal and external stakeholders, were carried out in various Group entities, chosen for the representativeness of their activities and their responsibilities with regard to markets and society. This enables the Group to identify and transform environmental, economic and societal issues into development opportunities that benefit as many people as possible and limit the use of resources.

In addition, each Business Unit involved has organized an internal working group to define medium-term objectives and formalize its own action plan. This method, based on co-construction, has made it possible to define a strategy that meets the most important CSR challenges for each activity, while adapting action plans to the specificities of the business lines and geographical areas. It also ensures consistency with the Group's formalized CSR priorities.

As a corollary, several types of programs are run in the Business Units to raise employee awareness, enabling them to take ownership of CSR-related issues, and inform them of commitments and progress in this area. The aim is to ensure their involvement, a key element in the success of a CSR approach. This can take the form of information articles in in-house magazines, e-learning modules on topics such as ethics or anti-discrimination, and voluntary and active contributions with NGOs.

In order to steer the CSR policy and its continuous improvement, structured and standardized extra-financial reporting with a glossary of CSR indicators, shared by the whole group, has been set up. The results must provide proof not only of the Group's commitment, but also of the relevance and efficiency of the actions undertaken.

4.1.1.2. Operational organization

CSR is managed through a continuous progress approach deployed at the level of Limagrain, Vilmorin & Cie's reference shareholder. Dedicated organization has been established for this purpose; since

March 2016 CSR assignments have been coordinated by the CSR department of the Group's Progress Department.

This department reports to the General Management and comprises the following departments: insurance and risk management, GMO* quality, legal affairs and CSR. The CSR department comprises a permanent staff of two people who have been supported, for the past four years, by the expertise of a CSR team made up of CSR correspondents from different subsidiaries and business lines.

4.1.2. Key challenges and materiality analysis

In 2016, the Group carried out its materiality analysis in collaboration with an external third party. The objective was to refine the identification of CSR issues and to prioritize them in a continuous improvement logic following the ISO 26000 diagnoses initiated in 2012. This exercise provides a tool for dialogue with external stakeholders and feeds into strategic reflection on the CSR approach review.

With regard to the evaluation of materiality criteria, the internal assessment of the importance of the listed issues stems from the consolidation of the assessments made via ISO 26000 diagnoses, supplemented by additional internal and external interviews to give a fairer representation of the Group's activities. A weighting of the results according to the turnover of each Business Unit was taken into account.

The importance to the external community was defined by evaluating three criteria that reflect the expectations of the major stakeholder typologies of Vilmorin & Cie, namely:

- ❖ investors, mainly by assessing the level of expectations of extra-financial rating agencies,
- ❖ the market, through an assessment of the extent to which competitors take into account the various issues at stake, the expectations of customers and suppliers expressed in interviews conducted, and the analysis of questionnaires sent out by customers,
- ❖ consumers and civil society, through the evaluation of the media coverage of the various issues in the mainstream and economic press, French and international.

The results provide reading keys and help to distinguish the key elements for the Company's current and future CSR success, and the less important elements. They are regularly reassessed, in a continuous improvement approach, in order to take into account the changing context and stakeholder expectations. In 2017, the materiality analysis was reviewed following the analysis of CSR topics in 5 Japanese press titles and feedback from internal and external interviews conducted in the scope of VILMORIN-MIKADO.

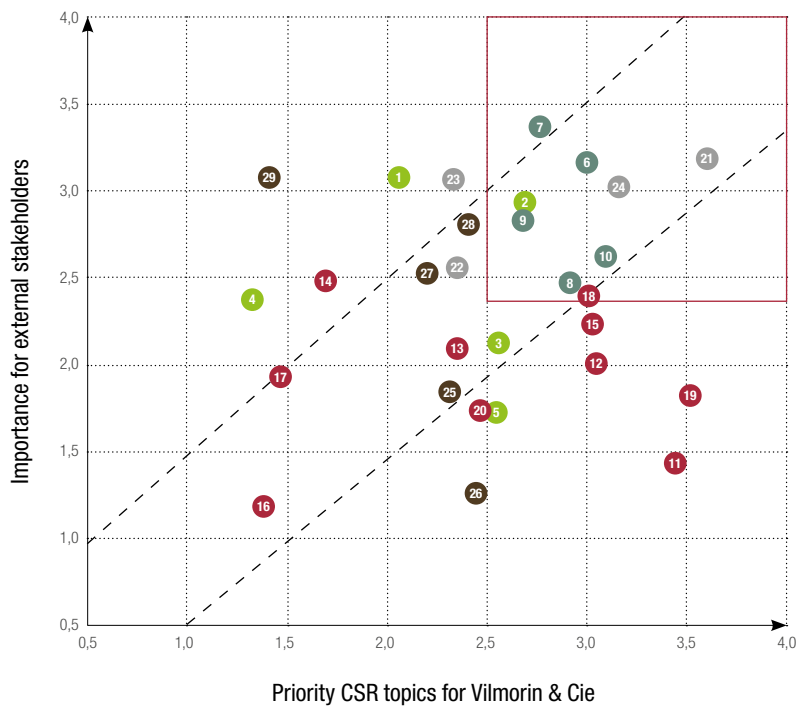
Vilmorin & Cie's materiality matrix presents 29 stakes positioned according to their level of impact on the group's business, the



expectations of stakeholders, their media impact and their mastery by the company. Seven issues are given priority: two human resources issues - attractiveness and talent management throughout the world; employee health, safety and well-being; and five governance issues - business ethics and transparency; governance mode; responsible purchasing policy; relations with stakeholders and participation in

public debate; and respect for human rights. They are at the heart of Vilmorin & Cie's CSR commitments. The actions taken to respond to these issues are presented in detail in the chapters "Conducting activities in an ethical, sustainable and effective manner" and "Building new patterns of relationship and creating value".

Vilmorin & Cie's materiality matrix



Environment

- 1 Emission of greenhouse gases and air pollution
- 2 Management and quality of water and effluents
- 3 Management and waste recycling
- 4 Preservation of biodiversity
- 5 Quality of soils

Governance

- 6 Business ethics and transparency
- 7 Governance mode
- 8 Responsible purchasing policy
- 9 Relations with stakeholders and participation in public debate
- 10 Respect for human rights

Products and Services

- 11 Access to progress (intellectual property)
- 12 Adaptation to climate conditions and local product conditions
- 13 Efficiency of farms (consumption of resources)
- 14 Marketing and responsible communication (including information to customers)
- 15 Partnerships and innovation with customers
- 16 Acknowledgement of the diversity of tastes and cultures
- 17 Nutritional quality of products
- 18 Sanitary quality of products
- 19 Tracking of and response to market evolutions (needs, acceptability of technologies, digital transformation, etc.)
- 20 Traceability

Human Resources

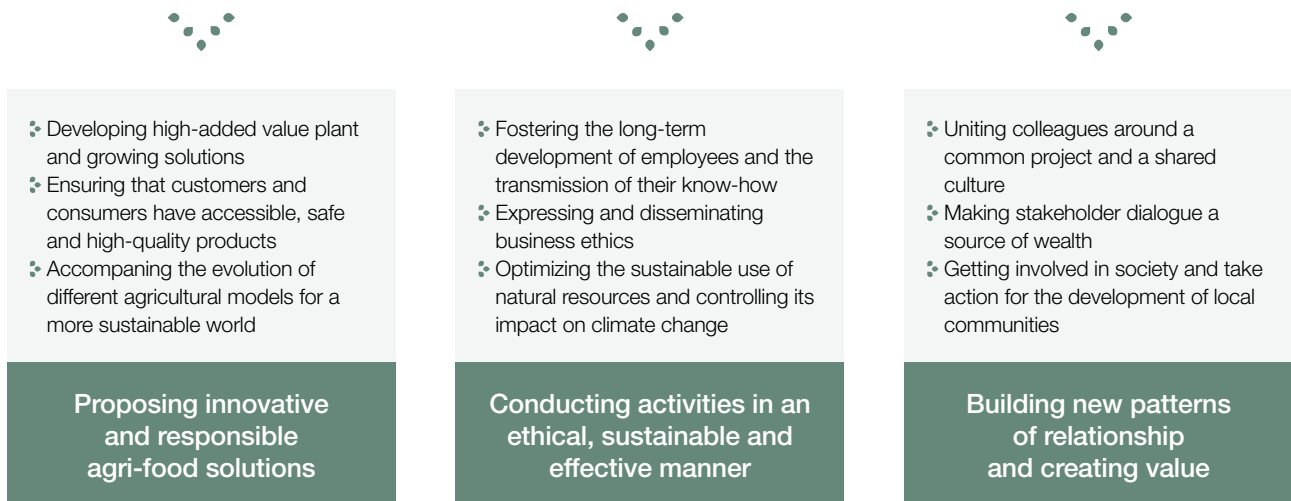
- 21 Attractiveness and talent management throughout the world
- 22 Social dialogue and participative management
- 23 Diversity and equal opportunities
- 24 Employee health, safety and well-being

Societal

- 25 Regional development programs
- 26 Acknowledgement of different types of agriculture
- 27 Food security
- 28 Economic performance of farms and development of integrated chains
- 29 Support to communities and corporate patronage

4.1.3. The three CSR priorities

Formalized at Group level from 2012 onwards, Vilmorin & Cie's CSR strategy was revised in 2016-2017 to incorporate the results of several materiality analyses established at Group and Business Unit level. Today, it focuses on three priorities.



1. Proposing innovative and responsible agri-food solutions

This priority focuses on taking into account the impacts of products and services from the innovation process onwards. It should make it possible to identify the needs of the different links in the vegetal sectors addressed by Vilmorin & Cie in terms of sustainability, to ensure the safety, quality and adaptation of Vilmorin & Cie's products while limiting their negative effects, in line with the requirements of economic, social, societal and environmental performance.

2. Conducting activities in an ethical, sustainable and effective manner

This concerns the corporate posture. The objective is to make the group more agile, ethical and responsible in order to position itself more effectively in new markets in a sustainable manner. This line of progress should also make it possible to limit the use of resources; to contribute to the creation and preservation of value in the short, medium and long term, by participating in the development of the group's activities and optimizing the management of environmental, social and societal risks in a variety of changing business contexts.

Vilmorin & Cie has participated in the Gaïa-Index⁽¹⁾ since 2014. In the fall of 2016, the group integrated the Gaïa⁽²⁾ Index, which brings together each year, the 70 best players in the Gaïa-Index panel and informs investors about the transparency and CSR performance of Small and Mid Caps (SMID). The group obtained the following rating: equal 56th/230 overall and 37th/85 in the ranking for the category "Sales > 500 million euros" with a global rating of 80/100. This is a strong signal demonstrating Vilmorin & Cie's progress in terms of extra-financial performance.

3. Building new patterns of relationship and creating value

The third priority concerns the sharing of Vilmorin & Cie's CSR principles with its stakeholders in the broadest sense, i.e. building new partnerships, new ways of relating and creating shared value through the establishment of permanent dialogue, active listening and responsible relationships. It also includes participating in the development of the territories where Vilmorin & Cie is established, ensuring the positive impact of its activities and its contribution to making sure that everyone has access to quality, healthy and balanced food.

⁽¹⁾ Gaïa-Index is a subsidiary of Ethifinance, specialized in the CSR analysis and rating of European small and mid-tier firms.

⁽²⁾ The Gaïa-Index comprises 230 Small and Midcaps listed on the Paris stock market, that respect two of the three following criteria, sales < 5 billion euros, capitalization < 5 billion euros, headcount < 5,000, and whose securities are sufficiently liquid.

4.2. Proposing innovative and responsible agri-food solutions

795 million⁽¹⁾ people today suffer from hunger in the world, and more than two billion⁽¹⁾ from malnutrition. At the same time nearly two billion⁽¹⁾ adults (over 18 years of age) suffer from overweight, in particular because of an unbalanced and excessively abundant diet. 600 million⁽¹⁾ of them are classified as obese (BMI > 30).

It will also be necessary to feed an ever-growing world population: nearly 10 billion people in 2050 (8.3 billion by 2030⁽¹⁾) and support the nutritional transition while respecting culinary traditions and food balances.

To meet this challenge, agricultural production must increase 70% by 2050⁽²⁾, not only in quantity - but also in quality and diversity, which means increasing yields, optimizing land use and enhancing agricultural value chains.

Innovation is a priority to help feed nearly 10 billion people and reduce the environmental impact of the Group's activities. Innovation must also make it possible to promote the coexistence of all forms of agriculture in a balanced and diversified combination. For Vilmorin & Cie, whose primary vocation is to contribute to meeting these global food challenges, innovation is the foundation of performance and competitiveness. Thus, Vilmorin & Cie develops vegetable seeds and field seeds with high added value and devoted 15.2%⁽³⁾ of its professional sales to research in 2016-2017. Research mobilizes 29% of the group's workforce.

Key figures

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varieties of vegetable and field seeds were launched on the market in 2016-2017.

Vilmorin & Cie devotes more than 20 million euros every year to the preservation of the genetic diversity of the species it works on. For corn in Europe, this represents 30,000 varieties (lines and populations) kept in the Group's collections.

For Vilmorin & Cie, innovation is primarily concerned with varietal innovation. Scientific progress, particularly in genetics, has enabled rapid and useful advances to be made in plant breeding*. The results of plant breeding* today make it possible to offer seed varieties that are more productive, better adapted to the climates and specificities of different regions, more resistant to diseases and insects while guaranteeing optimal nutritional qualities. The research teams work on more than 60 species, contributing to enrich the plant world.

Along the value chain, innovation is also important in agronomy. Farming practices are also being improved through the integration of genetics and digital technologies. Vilmorin & Cie's efforts focus in particular on precision farming, which makes it possible to supplement the farmer's perspective and experience in order to model them in the form of data. This makes it possible, for example, to learn more about and protect the soil, or to adopt a biological control approach in greenhouses.

By inventing agriculture that is more respectful of the environment, more productive and in tune with the expectations of society and farmers, Vilmorin & Cie will be able to develop a sustainable and competitive model capable of responding to food challenges.

The specific features of Vilmorin & Cie's development model and a detailed presentation of research are described in part 1 of the Annual Report (starting on pages 30 and 34).

4.2.1. Developing high value-added plant and crop solutions

In the coming years, agriculture will have to face up to the combination of major global challenges: a rising population, increased competition for access to diminishing water and energy resources, and climate change. Vilmorin & Cie's major contribution as a seed company is to improve its responsiveness and capacity to develop adaptable crops. Thus, within the group, the breeders' work allows cultivated varieties to adjust to agricultural ecosystems and their constraints (climate, soil quality, surfaces). They create tomorrow's varieties, varieties that meet the performance needs of farmers, develop biodiversity within each of the species being worked on and preserve the environments in which they will be grown.

In 2016-2017, Vilmorin & Cie launched 324 varieties, including 214 varieties of vegetable seeds and 110 varieties of field seeds. In total, more than 3,600 varieties, covering nearly 60 plant species, are marketed by Vilmorin & Cie worldwide.

⁽¹⁾ Source: FAO.

⁽²⁾ Source: FAO and IFPRI Impacts.

⁽³⁾ Data calculated from the sale of seeds for activities intended for professional markets and integrating 50% of AgReliant's activities (North America. Field Seeds).

4.2.1.1. HM.CLAUSE at the service of the sector

The teams of the HM.CLAUSE Business Unit are at the service of all players in the vegetable sector, specialist or generalist growers, market gardeners and short circuits, and offer a wide range of original and high-performance products. In 2017, the HM.CLAUSE SA line-up was enriched with 27 new varieties, including: Leroboam cauliflower⁽¹⁾, which has good frost resistance, an upright foliage and easy harvesting; Mini Sweet pepper⁽²⁾, which stands out because of its mini horn-shaped fruit, its attractive color and its mild flavor, ideal for salads, or the Cupidissimo⁽²⁾ tomato, with its exceptional taste and good adaptability under cold shelter.

4.2.1.2. HYDRANEO from Limagrain Europe, an unprecedented tool to manage drought stress

Adapting seeds to local soil and climate conditions and increasing resistance to disease and drought stress are one of Vilmorin & Cie's priority areas of research. For example, the LG HYDRANEO[®] concept has been developed for this purpose. Launched in 2015, it is the result of several years of collaborative work between the Business Unit Limagrain Europe's research and marketing teams. HYDRANEO[®] aims to support farmers in the management of drought stress in a global way, by associating a risk diagnosis for the plot, tolerant corn varieties and adapted agronomic practices. Already available in Ukraine and Russia, two countries at high risk of drought, the deployment of HYDRANEO[®] will continue during the next campaign in Europe.

4.2.1.3. Vilmorin Jardin innovates to adapt to the expectations of new home gardeners

During the year, Vilmorin Jardin developed a range of seeds for urban dwellers who want to discover the art and benefits of a vegetable garden. It is a ready-to-use, simple and effective solution for harvests with guaranteed flavor. Basil, tomato, sweet pepper or hot pepper can be grown on a balcony, terrace or even in a simple pot. Several types of products are available: plant capsules, which absorb moisture from the soil and provide the right amount of water for germination during watering; or mats and tapes containing vegetable seeds and aromatic plant seeds in a biodegradable film that disappears during the growth period and ensures the proper development of vegetables and herbs by avoiding the appearance of weeds.

To meet the expectations of consumers, Vilmorin Jardin has also developed a "snacking" range that allows you to grow several varieties of vegetables at home. Four new varieties are available: melon-sized Mini Love watermelon, small Balconi pepper with sweet and mild flavor, Buffalo Steak tomato with juicy flesh and Goldnugget carrot to accompany all types of dishes.

4.2.1.4. VILMORIN-MIKADO, a major world player in kabocha squash

Kabocha squash is one of the favorite vegetables of the Japanese, who eat it all year round. However, production is difficult in winter in Japan. VILMORIN-MIKADO has therefore built a global logistics chain to guarantee the supply of this vegetable from abroad. This organization involves distributors, producers and exporters of Mexican and New Zealand fruit on the one hand, and Japanese importers on the other. Thanks to this new logistics and partnership approach and demanding breeding, VILMORIN-MIKADO is now the second largest market player in Japan for this vegetable. After very successful implementation on the Korean market (where the Business Unit holds 80% of the market share), the next challenge will be for the teams to implement this product in New Zealand and the United States before setting out to conquer European consumers.

4.2.1.5. Limagrain Europe and Biogemma, partners of the french-australian joint venture Arista, for the creation of a fiber-rich wheat variety

The diets of modern societies are too high in fat and protein but too low in fiber, such as resistant starch, and this causes the development of many societal diseases such as type II diabetes or colon cancer.

These diseases are linked to an imbalance of the intestinal flora or microbiota, made up of all bacteria present in the colon. Fibers, including resistant starch, are beneficial for the proper development of the microbiota and therefore for intestinal health.

To make up for this shortfall and improve the nutritional value of common foods such as bread, Limagrain Europe and Biogemma, along with Limagrain Céréales Ingrédients (Business Unit of Limagrain specializing in cereal ingredients) have made use of unique know-how within the French-Australian joint venture Arista⁽³⁾, in order to work on the creation of a wheat variety that is innovative because of its high fiber and resistant starch content.

4.2.2. Ensuring that customers and consumers have accessible, safe and high-quality products

Through its core business in seed, Vilmorin & Cie strives day after day to take into account the diverse dietary needs of consumers all over the world.

Genetic resources* are the raw material needed by local communities and researchers at Vilmorin & Cie to help improve food production, both in quality and quantity. Biodiversity is one of the world's most important resources for meeting the needs of agriculture and food. It expresses the variability necessary, in all its forms, for the adaptation and survival of living organisms as their environment evolves: ecosystem diversity, species diversity and, less visibly, the diversity of genes and their assemblies. The Group's work on genetic resources

⁽¹⁾ Variety in the process of registration.

⁽²⁾ Variety in the process of registration – Variety name in the process of validation.

⁽³⁾ Arista is a joint venture created in 2006 between an Australian research institute, the CSIRO (39.5%), an international research organization for cereals, the GRDC (21.1 % - Australia) and Limagrain Céréales Ingrédients (39.5% - France).

and biodiversity thus contributes to food security and nutritional diversification - i.e. the availability of a range of varied and adapted foods essential for the health and development of the human body.

At the same time, offering safe and quality products is one of the group's priority objectives. To ensure a reliable level of traceability, from research to processing, then marketing, Vilmorin & Cie implements quality management systems in compliance with the highest European and international standards. These tools are part of a continuous improvement process, the implementation and scope of which is progressing each year to achieve operational excellence.

4.2.2.1. Protecting and enriching biodiversity

Protecting, maintaining and developing genetic heritage is one of the cornerstones of the seed business, and of Vilmorin & Cie's long-term success.

By launching several hundreds of new varieties every year, Vilmorin & Cie participates actively in the preservation and development of biodiversity of a great number of plant species. In France, just like its competitors, in order to register a new variety, Limagrain Europe must prove that it provides new performances compared with varieties that already exist on the market. Official studies must demonstrate satisfactory results in DHS tests (Distinct, Homogeneous, Stable), and in terms of VATE (Agronomic, Technological and Environmental Value).

At the same time, through its tree seed activity, Vilmorin SA contributes to enriching biodiversity both through the species it creates and the habitats it helps to develop, enriching biodiversity. In France, one in two trees planted comes from a Vilmorin tree seed.

Most of the agronomic work carried out by Vilmorin SA also contributes to the protection and development of biodiversity. For example, several hedges were planted this past fiscal year on the sites of La Ménitré and La Costière (France) for their intrinsic diversity and the major role they play in how ecosystems can function correctly. On the site of La Costière, a Natura 2000 zone, no building or construction is undertaken during the nesting period of little bustards; special equipment has also been purchased in order to capture protected reptiles on the sites without killing them.

Meanwhile, the Business Unit HM.CLAUSE has made a commitment to preserving wildlife, particularly through its measures to protect the natural habitat of bank swallows in Davis (United States) and the woodlands of Wisconsin.

In order to set priorities for useful measures required for the preservation of biodiversity and ecosystems in regions where the group has its locations, thirteen sites (including ten with a research or production activity) near protected zones were identified⁽¹⁾ through the software Contrat Tech'. Particular attention will be paid to them in future action plans.

As an illustration, the teams at one of the sites, located in Kenya, are

actively involved in the protection of biodiversity as they work with local NGOs which strive to preserve forests, the biodiversity and ecosystems of Mount Kenya and to preserve black rhinoceroses hunted for their high-value horn.

4.2.2.2. Accessing seeds and funding research to address agriculture, food and environmental issues in agriculture

Plant breeding* is at the heart of improving the competitiveness of agriculture. It requires time and increasingly sophisticated and expensive technologies. It takes an average of 7-10 years to develop a new seed.

Vilmorin & Cie pays particular attention to the protection of the rights of the creators of new varieties, an essential source of funding for research. It is an essential vector of innovation for the continuation of genetic progress and plant breeding*. In addition, diversity and access to the broadest possible genetic variability is a necessary condition for the overall advancement of varietal progress.

To protect their plant innovations and ensure a fair return on investment, seed companies use the following systems of plant variety creation protection:

The Proprietary Variety Protection Certificate (PVPC)

The most advanced right in this domain is the PVPC, a title of intellectual property created at the convention of the International Union for the Protection of New Varieties of Plants (UPOV). Created specifically for plant breeding*, its objective is to encourage breeders to create new varieties while leaving access to genetic variability open. In particular it protects the ownership, production and sale of the commercial variety for 25 years. However it integrates two fundamental elements:

- ❖ The breeder's exemption: a commercial variety protected by a PVPC can be used without financial compensation by another seed company in order to create a new variety with characteristics that are original and distinct from the first variety used.
- ❖ The farmer's exemption: in certain conditions (payment of royalties* to compensate the breeder's research investment, etc.) and for certain crops (wheat, barley, oats, rye, rapeseed, etc.), the PVPC authorizes the farmer to use a part of his harvest to re-sow in his own plots the following year.

⁽¹⁾ Source : protectedplanet.net

Patents

Unlike the PVPC, which is dedicated to the protection of plant varieties, the scope of patents is much broader, covering numerous fields of activity, and often for industrial purposes. They grant its holder authorization for exclusive use of the invention for a limited number of years and on a defined geographical territory. In return, all information concerning this invention is made available to the general public.

Depending on different countries and their respective legislation, patents can cover different aspects of plant breeding*: breeding* processes, varieties themselves (in a very limited number of countries), elements (genes, etc.) of the plant, or even the plant itself. Consequently, all seed companies that wish to use a variety that comes under a patent are required to ask for authorization and pay rights.

Today, the United States, Japan and Australia allow for the dual protection of plant varieties, by patent and PVPC. In Europe, only the PVPC is authorized to protect a plant variety. At the same time, patents are used to protect other inventions in the area of plant innovation, excluding essentially biological processes.

Vilmorin & Cie prefers the Proprietary Variety Protection Certificate (PVPC) for the protection of its plant varieties and uses the patent only for the protection of its biotechnological innovations.

Vilmorin & Cie believes that these two systems must co-exist, provided that intellectual property systems allow the widest possible access to existing genetic resources*. In this context, the principle of breeding* exemption must be a fundamental part of any intellectual property system applied to plant innovation.

4.2.2.3. Quality management in the service of the environment, health and safety

Vilmorin & Cie ensures it complies with local, EEC and international regulations in relation to the environment on all of its industrial sites, in France and all other countries.

Internal management systems and external certifications guarantee the quality of the seeds sold by Vilmorin & Cie.

During the course of the fiscal year, 37 companies, representing 81.3% of Vilmorin & Cie's sales, had set up a Quality Management System, a rise of 7%, which demonstrates the group's firm intention to move forward in terms of operational excellence. 18 companies representing almost 50% of Vilmorin & Cie's sales have a Quality certification of the type ISO 9001, ETS, GSPP, NAL, etc. Eight companies, representing almost 30% of Vilmorin & Cie's sales, have set up an Environmental Management System.

At the same time, five companies representing 24% of Vilmorin & Cie's sales, have obtained environmental certification in ISO 14001, organic farming, or various other certificates on the quality of the air or water. For example, the HM.CLAUSE site in Chile has obtained certification for a system that optimizes the sampling and analysis of wastewater processes. Moreover, Limagrain Europe and Vilmorin Jardin, in France, and Hazera, in Germany, offer their clients seeds that are certified BIO in order to propose diverse forms of agriculture and meet the needs of home gardeners.

Food safety and security are fundamental points in the activities of Vilmorin & Cie, and the products of its activities are a source of health and nutrition benefits.

4.2.3. Accompanying the evolution of different agricultural models for a more sustainable world

Agricultural innovation aims to improve agricultural practices through the development of efficient and pragmatic solutions that are easy for farmers to use. It is by putting innovation at the service of farmers that agriculture will be both more environmentally friendly, more productive and in tune with societal expectations, particularly those of farmers. This innovation must bring about technical and human progress, at the service of sustainable and competitive agriculture.

4.2.3.1. Vilmorin & Cie promotes precision farming

Attentive to the needs of producers, farmers and growers, Vilmorin & Cie brings them, beyond the product, agronomic expertise and a tailor-made accompaniment to develop all the genetic potential of the seed. For example, the Limagrain Europe Business Unit offers them a dashboard adapted to each farm under its LG brand name. It brings together all the LG brand's Decision Support Tools (DSTs) for producers. These tools are free of charge and accessible via the Internet. The LG Dashboard was the winner of the "2016 Sommets d'Or", an innovation competition open to all exhibitors at the "Sommet de l'Élevage", a European event for professionals in the sector. Among these DSTs is one dedicated to irrigation management, LG Vision Irrigation, created in 2013. It allows the farmer to control water supplies according to rainfall and the needs of the crop. This tool has a real environmental interest: bringing the right quantity at the right time. It is also of economic interest, as drought stress in sensitive corn periods can lead to considerable yield losses.



4.2.3.2. Friseline from VILMORIN-MIKADO, a crosscutting innovation for the French witloof chicory chain

VILMORIN-MIKADO accompanies witloof chicory producers in northern France, in a difficult market context, by allowing them to develop in a new market for salads, in addition to their core business. The fruit of more than 20 years of R&D, Friseline chicory is the result of a collaborative approach with producers and the company's various teams. In addition to providing this innovative solution, VILMORIN-

MIKADO offers technical support, a brand and attractive packaging that is 100% *Made in France* and joint promotional tools. In return, the producers undertake to comply with strict specifications and to activate the promotion of the product in stores, in order to ensure homogeneous quality production and support the development of this breakthrough innovation, alongside VILMORIN-MIKADO. The ambition of VILMORIN-MIKADO is to develop this innovation internationally. This new salad is marketed in the United States, under the name Coraline, in order to adapt to the specificities of this market.

4.3. Conducting activities in an ethical, sustainable and effective manner

Key figures

2.91

million euros invested in 129,257 hours of training (+19,392 hours compared with the previous fiscal year)

80

new recruits less than 26 years of age taken on with permanent contracts out of 691 throughout the world

236

new recruits graduated from higher education

380

interns throughout the world

Data for 2016-2017

In order to develop in France and internationally, Vilmorin & Cie carries out its activities with responsibility, respecting all the players in its environment, whether it be employees working in its organization, its customers, its suppliers, without forgetting the associative and political authorities, as well as the final consumers and civil society.

The Group acts according to a balanced vision of sharing in a long-term perspective. The values of progress, perseverance and cooperation guide the behavior of employees and preside over decisions. The Group is supported by the know-how, innovative spirit, international development, multiculturalism, emblematic brands and the commitment of all involved.

At the same time, Vilmorin & Cie strives to develop the talents of all those who want to share this

adventure, to anticipate and ensure human resource needs, in line with the Group's values and strategic orientations.

The Group is aware of the environmental challenges in a context of limited agricultural land and natural resources. To help meet these challenges, the teams work every day to strive for operational excellence to become an exemplary partner and to achieve a positive footprint in the regions where Vilmorin & Cie operates, through targeted actions.

Furthermore, the fundamental themes of UN Global Compact - Human Rights, labor right, the environment and the fight against corruption - are integrated into the development strategy. These principles are at the heart of the human resources policy, corporate ethics and environmental protection commitments.

4.3.1. Fostering the long-term development of employees and the transmission of their knowledge

Developing human capital is key to motivating the employees who make up the company, it is also essential to ensure the survival of its activities in the future and crucial for the enrichment of skills more broadly in society. It is this human capital that Vilmorin & Cie intends to develop to enable all of its employees to contribute to the Company's development and to blossom in their jobs.

The Group implements programs that reinforce the employability of its employees and guarantee high standards of occupational health and safety. Particular attention is paid to the equity of social policy throughout the world, and to the allocation of fair remuneration. All of the company's employees also benefit from the group's results and those of their respective Business Units, as part of a global incentive plan. This profit-sharing program is available in all the countries in which it operates.

Finally, Vilmorin & Cie makes every effort to make its employees feel proud of their company. During the 2016-2017 fiscal year, Human Resources (HR) teams continued to deploy the group's employer brand and optimize the visibility of job offers to potential candidates, including students and recent graduates as well as employees.

The objective is to make the Group's employer offer attractive to the various audiences while reinforcing a feeling of belonging with all Vilmorin & Cie employees. The efforts of the HR teams have also focused on deploying common international HR information systems for the management of recruitment, follow-up of annual appraisals and career monitoring, enabling automatic consolidation of information and thus optimizing HR processes.

The internationalization of health and welfare programs and the deployment of Limagrain Academy's knowledge-sharing center beyond European borders also marked this fiscal year.

4.3.1.1. Vilmorin & Cie's employees

Headcount

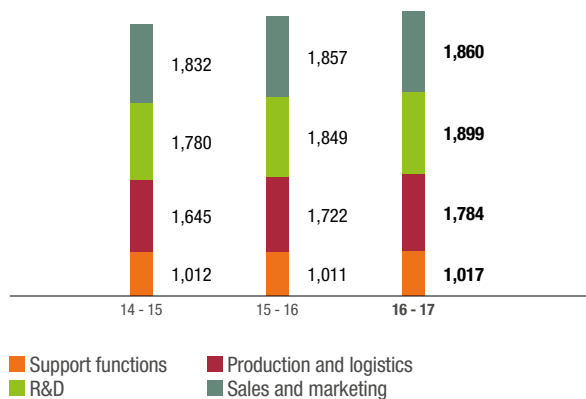
With a permanent headcount of 6,560, up 1.88% compared with the previous fiscal year, Vilmorin & Cie enjoys a wealth of 68 different nationalities.

Number of employees	2014-2015	2015-2016	2016-2017
DIVISION			
> Vegetable Seeds	3,403	3,561	3,653
> Field Seeds	2,317	2,328	2,363
> Garden Products	305	292	281
> Holding	244	258	263
GEOGRAPHICAL AREA			
> France	2,040	2,062	2,076
> Non-France	4,229	4,377	4,484
GENDER			
> Men	3,972	4,014	4,087
> Women	2,297	2,425	2,473
CATEGORY			
> Managers ⁽¹⁾	1,819	1,938	1,938
> Non-managers	4,450	4,501	4,622
Total	6,269	6,439	6,560

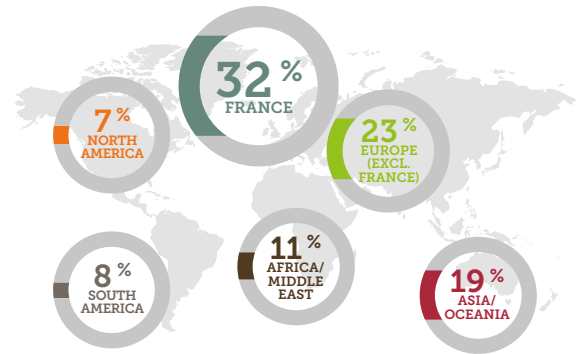
⁽¹⁾ According to the definition adopted by Vilmorin & Cie, a manager is a supervisor or expert with further education of five years or the equivalent acquired by experience.

Evolution of the permanent headcount per professional profile

The increase of the permanent headcount per professional profile in relation to 2015-2016 was relatively moderate: +4.18% for logistics and production, +2.16% for research, and +1.68% for support functions. Sales and marketing functions saw a slight drop of 0.43% in their headcount.



Distribution of the permanent headcount per continent



Interns

The number of interns increased considerably (+17.65% compared with 2015-2016) rising to 380 interns, compared with 323 in 2015-2016.

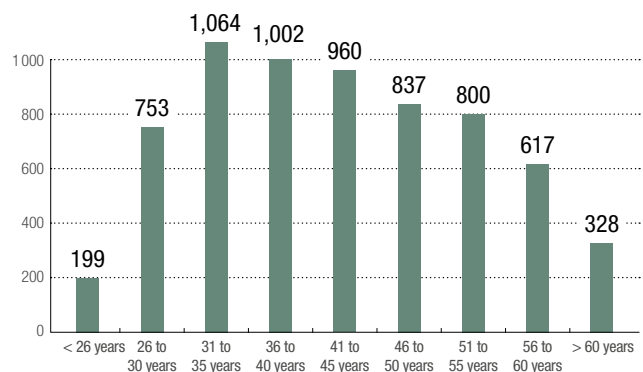
Almost half the interns (44.74%) were with R&D, 23.16% support functions, 18.16% sales and marketing and 13.95% production and logistics.

Most of the interns were working in Europe (66.58%), then South America (16.05%) and North America (7.63%). Over the past three years, at the same time as business has developed, this increase has been most marked in South America (+9 percentage points compared with 2014-2015).

Age pyramid

In 2016-2017, the average age of employees at Vilmorin & Cie was 42.4. The age pyramid is overall balanced and shows that all age groups are represented, illustrating the stability of the organization model.

(In number of persons)



Staff movements: key figures

691 employees, including 180 managers (26.05% of those hired) were hired by Vilmorin & Cie during the course of fiscal year 2016-2017, which represents 10.5% of the global permanent headcount, a slight drop (-0.1 percentage points) compared with fiscal year 2015-2016. Among these recruitments, 11.58% concerned young employees less than 26 years old, and 3.62% concerned applicants without any prior professional experience.

At the same time, 594 employees left Vilmorin & Cie during fiscal year 2016-2017, representing a departure rate of 9.05%, higher by 0.2 percentage points than in 2015-2016:

Number of employees	2014-2015	2015-2016	2016-2017
Retired	58	73	73
Resigned	269	313	325
Discharged (individual and collective)	162	108	110
Others	56	75	86
Total	545	569	594

A comparison of the arrivals and departures results in a turnover rate of 9.79% and a net permanent job creation of 97.

4.3.1.2. Attracting and retaining talents

Development of the Group's employer brand

The Human Resources teams working in the Business Units and at Corporate level have defined and elaborated the Group's employer brand, with the objectives of attracting and retaining talents. This brand communication has led to the formulation of "7 good reasons" for working for the Group.

7 REASONS

- ❖ Reason No. 1 - "Working in a committed and responsible company"
- ❖ Reason No. 2 - "Experiencing a human adventure that is enriching and unique"
- ❖ Reason No. 3 - "Combining international ambitions with local development"
- ❖ Reason No. 4 - "Evolving in diverse professions and cultures"
- ❖ Reason No. 5 - "Associating progress and performance in a cooperative approach"
- ❖ Reason No. 6 - "Innovating for modern, visionary and responsible agriculture"
- ❖ Reason No. 7 - "Taking action to meet food challenges"

This employer brand is intended for potential applicants, but also for the Group's employees. During the course of 2016-2017, new initiatives were undertaken to reinforce this approach, such as:

- The creation and distribution of the HR brochure, which provides a concise presentation of the group's activities, the international dimension, the various job families, HR commitments, as well as a focus on the Students/Young Graduates policy and innovation. This brochure is available in French, English, Spanish and Portuguese.
- The creation and distribution in the Business Units of a "Brandbook"

presenting the employer brand approach and all the tools and objects available to promote it (posters, maps, HR leaflet, career section of the website, goodies to distribute to employees and candidates in fairs and forums).

- The organization by HR Corporate teams of employer brand workshops with HR representatives of the Business Units to collect specific needs, present the approach and the different tools.
- The deployment of employer brand communication on the main social networks where the Group has an account: LinkedIn, Viadeo and Facebook.
- The deployment of the "Campus Management" approach to reinforce the Group's action with schools and universities.
- The participation in the "Happy at Work" survey, which gathers employees' opinions on their company.

Actions in favor of recruitment

In order to accompany its development, Vilmorin & Cie needs young talents. To strengthen its action with schools and universities, the Company relies on its Campus Management program: the launch day in October 2016 brought together 50 Campus Ambassadors. Through its network of 80 Campus Ambassadors and privileged partnerships with targeted higher education institutions, Vilmorin & Cie is increasing its visibility. Campus Ambassadors are a privileged contact in schools and universities to showcase career opportunities and promote the wide diversity of Vilmorin & Cie's business lines. They are an essential part of the recruitment process and play a key role in the early stages of the process, supporting the recruitment team and thus helping to identify the talent the Group needs. In 2016-2017, Vilmorin & Cie ran nearly 40 actions: participation in business forums, round tables, organization of visits to Group companies, composition of juries, etc.

For example, in France, Vilmorin & Cie has continued to help fund education fees for the International Master's program in Plant Breeding at UniLaSalle (formerly La Salle Beauvais) in Beauvais.

Improvement of the applicant and employee experience

People requesting information about Vilmorin & Cie, active or passive candidates, former and current employees alike, all have "interactions" with the Group. In today's world of work, the experience that results from these interactions has become essential to engage, develop and maintain a long-lasting, constructive and positive relationship between individuals and companies. A good experience as a candidate/employee facilitates the recruitment of individuals, their retention, their commitment, and develops a positive image of the employer brand. Projects have been initiated for several years to improve the experience of candidates and employees by simplifying processes and streamlining HR practices.

The implementation in 2010 of the "B-SMART" Human Resources Career and Recruitment Information System has enabled the Group to develop a tool to provide an employee/manager HR portal, and dematerialize the management of the annual appraisal process, recruitment and internal mobility.

This tool initially simplified the preparation and completion of annual performance and development reviews, allowing employees and



managers to spend more time on content than on form. Through access to a portal, they have been able to retrieve their past appraisals easily, their objectives, their internal CV and other HR information. B-SMART has also made it possible to give greater visibility to internal recruitment offers in order to develop intra-Group mobility opportunities.

The Group sees multiple opportunities with B-SMART:

- Support the employer brand with a unique RH portal in the Group's colors,
- Help managers to oversee the development of their team by providing them with efficient HR features,
- Reinforce the employee as "actor of his or her career" by simplifying the implementation of HR processes for career/recruitment and the provision of HR reference systems,
- Improve the measurement and analysis of the Group's HR career/recruitment processes and better monitor employee development using data from B-SMART,
- Reduce certain repetitive and non-value-added tasks by automating HR actions related to career and recruitment processes.

The deployment of B-SMART continued over fiscal year 2016-2017 covering both new entities and new functional areas:

- ❖ Colleagues in several entities (Corporate services, HM.CLAUSE SA, Vilmorin internationally) can now consult the training catalogue of Limagrain Academy and for their entity from their annual appraisal and the portal.
- ❖ The recruitment authorization process has been dematerialized in B-SMART for several entities (HM.CLAUSE SA, Corporate services, Vilmorin internationally, etc.).
- ❖ Certain entities performed their career reviews from B-SMART.
- ❖ Mikado Kyowa Seed has joined B-SMART so that it can soon perform its annual appraisals.
- ❖ Hazera, after conducting its first annual interviews campaign for the 2015-2016 fiscal year, has started implementing the training module to dematerialize its training management process in Israel and the Netherlands.

The objective for 2017-2018 is to continue the international deployment of the functional cover.

The dematerialization of HR processes does not depend solely on B-SMART. Thus, during fiscal year 2016-2017, the Economic and Social Database (BDES) was set up for the entities based in France. This BDES enables staff representatives to consult all the documents required for the performance of their duties.

Organization and quality of life at work

The performance and motivation of an employee depends in particular on a satisfactory organization and quality of life at work. Management of this quality of life at work is built up on several pillars: a safe working environment to operate and facilitate activities, an organization that allows for the reconciliation of work and private life, and finally, the practice of constructive social dialogue between employees and employers, or employers and staff representatives.

Working environment

Vilmorin & Cie has made significant investments over the past five years in the premises where employees work. Several major research sites (particularly in France, the United States, Israel and Chile) have been built. Employees at several head offices (Vilmorin & Cie and Limagrain Europe in France, Mikado Kyowa Seed in Japan, Limagrain South America in Brazil, HM.CLAUSE in the United States and in India) have also benefitted from new premises. In all, more than 1,100 employees are working in new or recent premises with facilities that encourage exchanges and a happy atmosphere.

Reconciling professional and private life: organization of working times

In 2012 in France, the Group signed a Professional Equality agreement including a specific section on creating a good balance between professional life and private life. In order to accompany the employee better when family-related leave is taken, pre- and post-leave interviews have been set up. Different measures have also been adopted to reorganize working times, with a particular effort made to take into account employees who are going through a difficult family situation. This agreement was renewed in February 2017 with the upholding of existing measures and the addition of new rights (e.g., 100% salary maintained for employees on paternity leave). A specific agreement on the "Donation of rest days" has been added, offering each employee the possibility of supporting another employee - who needs time to look after a relative for example - by giving him/her days.

On account of the different geographical locations of Vilmorin & Cie, the effective working times in its subsidiaries can vary, depending on the country, making it difficult to calculate overall working times. On June 30, 2017, out of a total headcount of 6,560, 350 employees were working part time, a total of 5.34% of all the personnel. Flexible organization of working times and in certain Business Units, services on offer (day-nursery, canteen, sports activities) make it easier to reconcile professional life and personal life, thus meeting the growing expectations of employees in terms of physical well-being, balanced times and management of their family responsibilities.

In France, teleworking is continuing to develop. Today 27 agreements have been set up to deal with the organization of working times involving several of Vilmorin & Cie's companies. They allow employees to do their jobs - if compatible with their function - outside the premises of their employer, and using information and communication technologies. Teleworking can contribute to creating a good balance between private life and professional life. It is now an integral part of the provisions implemented through the Group's Professional Equality agreement.

Working better together

In an increasingly international environment, it is essential for Vilmorin & Cie to address the issue of "working together better" in order to achieve its objectives. Working together better means knowing each other better, understanding each other and coming together. To achieve this, regular or ad hoc actions allow for smooth working relationships on a daily basis:

- The HM.CLAUSE Business Unit has set up team coaching to facilitate interactions within the same team and promote collaborative work.
- Most companies implement internal communication actions aimed at their employees, in particular through internal newsletters, which enable them to better understand the different activities of their colleagues, whether in the company itself and/or in other Group companies.
- Meetings with international teams are facilitated and made more fluid by using the ever-increasing deployment of video conferencing with Skype.
- Over fiscal year 2016-2017, new knowledge bases have been set up, which allow access to useful knowledge for a greater number of people and thus facilitate daily work and a broader understanding of the working environment.
- During fiscal year 2016-2017, a study on the feasibility and benefits of a corporate social network was launched in order to facilitate local/international collaborative work and encourage exchanges between teams.

Compensation policy

Vilmorin & Cie is concerned to develop a fair and motivating compensation system for all its employees, which is seen as attractive and competitive.

Compensation

In 2016-2017, the total amount of gross compensation paid by Vilmorin & Cie stood at 290 million euros, an increase of 6.13% compared with the previous fiscal year, mainly due to changes in headcount. This compensation is supplemented by benefits packages, including profit-sharing, and an attractive system for employee savings.

Benefits

As in previous years, during fiscal year 2016-2017, several informative meetings were set up for employees mainly devoted to promoting the tools the Group makes available: profit-sharing, Group Savings Plan (GSP), Collective Pensions Savings Plan (PERCO), Health and Providence Schemes.

Profit-sharing

Profit-sharing, originating in France, has now been extended to companies in other countries and at all levels of competence. The Group's profit-sharing agreement involves all of Vilmorin & Cie's subsidiaries, including those that have recently joined the scope, and for which Vilmorin & Cie holds more than 50% of their capital stock. It is composed of a company proportion calculated on the basis of the subsidiary's performance and a Group proportion. The calculation is mainly based on a redistribution of the economic income.

In 2016-2017, a new Group profit-sharing scheme was introduced with the objective of better redistribution of profits to all employees.

It is characterized by a significant increase in the Group's contribution and greater consistency in the amounts distributed between each company.

This new system was designed to make it possible to pay a higher amount than in previous years, with a better match between the amounts distributed and the Group's results.

Evolution of collective profit-sharing (in thousands of euros)

	Profit-sharing
2014-2015	8,051
2015-2016	8,670
2016-2017	12,319

Employee savings

A Group Savings Plan (GSP), the operating costs of which are fully borne by Vilmorin & Cie, is available to French employees. It is made up of three funds – two of which are exclusively reserved for them – that involve investment profiles that combine security and performance, with the common goal of offering a return higher than that of the market. Among these funds is a solidarity fund, labeled socially responsible by specialized reference organizations (Finansol and CIES). This fund is partly invested in solidarity-based companies that act in the areas of social and vocational integration (ADIE, Initiative France, Groupe La Varappe), mobility (Wimooov) and access to accommodation (SNL-Prologues, Foncière Habitat & Humanisme). A Collective Pensions Savings Plan (PERCO), involving an employer's contribution to accompany employees in their efforts to save for retirement, was implemented in 2011-2012. In France, the entry rights and management fees for this plan, which is interesting from a tax standpoint, are also covered by Vilmorin & Cie.

Internationalization of the Group Health and Providence plan

Social protection of its employees is a major objective for Vilmorin & Cie. It plays a high-profile role in attracting and retaining employees, and must also facilitate mobility between the Business Units.

Vilmorin & Cie aims to cover all its employees in Health and Providence. The objective is to benefit from homogeneous cover in each country and for all employees, whatever Business Unit they belong to.

In 2014-2015, an audit was carried out in all non-French companies in order to assess the level of cover in each company.

Results of the audit show that 67% of non-French employees have Health cover and 72% Providence Scheme cover. The study also set a target for standards in each country.



The objective is that each employee at Vilmorin & Cie will benefit from:

- a Health program at the level of market standards,
- a Providence program proposing at least one year's compensation in the event of death.

Since this study was carried out, cover has already been extended to 18 companies for the benefit of 1,000 employees. Discussions are in progress for other regions.

Results

Social climate

Surveys on the quality of life at work are conducted within the scope of Vilmorin & Cie. During this past fiscal year, one eighth of the total permanent staff were asked to participate in these surveys.

The external employer image

Vilmorin & Cie has been awarded the "Happy@work" label in the "Happystarters" category (i.e. companies where it is good to start your career). This survey, organized by "meilleures-entreprises.com", made it possible to interview more than 500 young people under 30 recruited in France with more than 50% of respondents. The top-rated areas were the stimulating environment, fun, pride, work atmosphere and the Group's values.

The Group was also ranked 18th in the February 2017 "Capital" ranking of the best employers (agri-food category).

The fact that these 2 labels were obtained was widely disseminated internally and externally.

Evolution of the departure rate

The departure rate, after having slightly increased in 2015-2016, was almost stable in 2016-2017 at 9.05%.

Evolution of applications

676 vacant positions were published in 2016-2017 on the Group's Intranet site, 630 internally and 623 externally. In 2016-2017, nearly 20,500 applications were received on the website (compared to 8,000 in 2015-2016). On average, 24 applications were submitted per published offer.

Presence on social networks

Since September 2016, the Group has communicated its employer brand on the social networks LinkedIn, Facebook and Viadeo. Every week, several articles are published on presentations of the Business Units, life in the company, portraits of employees presenting their activity, agricultural innovation, vacant positions, etc.

Audience on these social networks has increased sharply, particularly on LinkedIn, with +26% of subscribers since September 2016. Measurement of the engagement rate⁽¹⁾ also yielded very good results: 1.56% for LinkedIn and 3.86% for Facebook.

What is most remarkable is the immediate impact this presence had on the number of applications received on the Group's website, which was multiplied by three from September 2016 (compared to the same period in 2015).

A Social Networking Guide was published by Vilmorin & Cie for HR representatives and campus ambassadors to optimize the Group's promotion on social networks.

Finally, a charter of social networks is being written and will soon be made available to employees of Vilmorin & Cie.

4.3.1.3. The professional development of employees

Employee development is a strong component of the Group's human resources policy. Given the Group's specific organization in Business Units, Corporate Human Resources has a mission to promote the sharing of knowledge through a cross-cutting approach to development, and to identify talents in order to prepare for the future.

An annual talents review is organized at Group level under the responsibility of Corporate Human Resources. This review mobilizes all Vilmorin & Cie's Business Units with the aim of detecting internal talents, encouraging internal mobility and promotion, and identifying pools of potential managers for key positions. Each Business Unit runs its own careers committee. As a result, more than 80 people are mobilized on these subjects. Information from the careers committees in the Business Units are then consolidated and shared during a careers committee meeting of all the Group's Human Resources Managers and Corporate Human Resources (GHRC). An annual review of Human Resources talents by this body is also organized. Finally, the Group careers committee focuses on top executives, executive managers and high potential managers.

In 2016-2017, several indicators were deployed at Vilmorin & Cie level concerning succession plans and mobility assumptions for the executive manager population. Thus 77% of executive managers have at least one possibility identified for their next position and 85% have at least one identified successor. An analysis of these successors shows that more than 50% of them come from the non-executive management population, which makes it possible to build solid pools for key positions, limit the risk of skills shortages and guarantee motivating career prospects within Vilmorin & Cie.

Moreover, employability at Vilmorin & Cie's is based on several levers:

- ❖ Appraisals throughout employee careers.
- ❖ Internal dissemination of job offers, which has been extended. In 2016-2017, 346 job offers for permanent positions were published and 216 employees submitted their application.

⁽¹⁾ The engagement rate is the ratio between the number of people who have seen the publication and those who interact (Like, Share).

- ❖ An extended catalog of training programs at Limagrain Academy.
- ❖ Career paths.

Appraisal throughout one's career

The annual appraisal (the campaign runs every year from June to September; the interview is conducted by the manager). The interview consists in assessing the activities achieved and skills mobilized over the past year. It is also an opportunity to assess the employee's training needs and wishes, and to review his or her professional evolution.

Training in the form of e-learning, webinars and information organized on the Group Intranet have been deployed to allow those involved to prepare their appraisals in the best possible conditions. The information provided allows Human Resources to build up the training plan, to implement development plans and to prepare career committees to review promising employees and decide on promotions, mobility opportunities and accompaniments.

During fiscal year 2016-2017, 79.40% of employees benefitted from a development appraisal, and 86.90% of executive managers.

Bi-annual professional interviews: these interviews are initiated by Human Resources every two years. They are conducted by the manager, and are an opportunity to analyze perspectives for professional evolution in terms of qualification and employment.

Career interviews: initiated in 2015, these interviews are organized every six years before the age of 45, then every five years after the age of 45. They are set up and run by Human Resources, and prepared with the manager. Their objective is to prepare a summary of the employee's professional career.

Interviews to prepare the end of a career (as of the age of 57): these interviews are part of the Group's Generation Contract and are organized and run by Human Resources; they are set up to prepare the final career period, to initiate the procedures necessary to prepare pension files and to organize succession plans. In 2016-2017, 176 interviews to prepare the end of career were organized.

Departure and return-to-work interviews after a long absence (maternity or adoption leave, childcare leave, etc.): these interviews are initiated by Human Resources. They are set up for successful transitions before and after these absences, to prepare the return to work, to keep in contact, and to avoid any breakdown in the relationship.

Career paths

The development of a benchmark job index for the group's managers and executive managers was finalized in 2016-2017. A first application was carried out as part of the annual interviews and executive management appraisal campaign. Indeed, the desire for mobility is now being expressed on the benchmark jobs resulting from this common reference framework, thus enabling a more precise analysis of the career paths possible for this population.

In addition, the implementation of a benchmark job reference system is continuing in the Business Units: two Business Units are using their business reference system for mobility and career paths for their employees and five additional Business Units have committed themselves to building their own. The project will continue in 2017-2018.

4.3.1.4. Actions to promote mobility and skills development

Mobility

Vilmorin & Cie has made internal mobility, whether in terms of geography or function, one of the structuring orientations of its human resources policy. Vilmorin & Cie offers a particularly favorable framework for career development: the diversity of business sectors and professions, along with geographical presence in 47 countries, means that staff can follow individual professional pathways and Business Units can benefit from a wealth of new skills, experience and know-how.

There is a platform for the consultation of internal job offers on the Intranet available to all the Group's employees, so that they can play an active role in their own mobility/evolution. 346 offers with a permanent contract were published this past fiscal year. This platform is also accessible to all trainees, apprentices and employees on short-term contracts, giving them the possibility to take up opportunities for permanent contracts, but also for internships, sandwich courses or fixed term contracts to supplement their training and their experience. 130 offers of internships and sandwich courses were disseminated, along with 140 offers of fixed term contracts for young graduates.

In terms of results, 194 employees experienced internal mobility within Vilmorin & Cie in 2016-2017. Vilmorin & Cie also fosters internal promotion by encouraging employees to acquire new skills through training leading to new qualifications or diplomas.

Moreover, as a result of Vilmorin & Cie's increasing international dimension, international mobility has become of major importance. To encourage mobility, conditions for expatriation take into account the specific needs of expatriates and include, in particular, measures to encourage integration and the return of colleagues to their home country.

The different measures of accompaniment include intercultural and language training for the employee and his or her family, payment of removal expenses, schooling for the children, return trips and rent, tax assistance, a commitment to reintegrate the employee in the sending country at the end of the expatriation period, and a mobility bonus.

A new mobility policy has been deployed, in order to better take new mobility practices into account. For example, in order to facilitate the clarity of mobility abroad in the long term or for short-term assignments, documents have been created and disseminated so that employees can better prepare for this experience. On June 30, 2017, the Company had a total of 79 expatriate employees, a number that has evolved throughout the year with the beginning and end of expatriation. In addition, to

supplement international mobility opportunities and allow a larger number of employees to experience this opportunity, short-term missions abroad (less than 6 months) are also offered.

Training, a tool to develop skills and preserve know-how

Vilmorin & Cie is actively committed to training in order to preserve the know-how related to the technical and scientific heritage developed by generations of agronomists and other experts. This is why Limagrain Academy, over and beyond programs run to disseminate the Group's culture, has set up a "production academy" and a "breeding academy" to retain know-how in the Group. In addition, Vilmorin & Cie invests in external training so that its employees benefit from the most up-to-date knowledge for their development. Finally, Vilmorin & Cie is convinced that its future depends on the wealth of young talent that must be encouraged today. With the same objective, Vilmorin & Cie encourages apprenticeship and sandwich courses, so that young people can obtain diplomas more easily and test their interest of the different functions involved in plant breeding*.

	2015-2016	2016-2017
% Payroll	1.27	1.01
Average training cost for each employee trained (in euros)	828	606
% of employees trained	65.01	73.28
Total number of hours training	109,865	129,257
Average number of training days per colleague trained ⁽²⁾	3.75	3.84

Training mainly involves the development of professional skills, adaptation to the workstation, and for managers, dealing with change and management.

Over the year 2016-2017, Health and Safety training, most of which was conducted in-house, increased sharply in order to continue efforts to reduce the risk of accidents at work through prevention.

4.3.1.5. Limagrain Academy: training and skills development

Limagrain Academy was founded in 2013, with the aim of contributing to the development of key skills for the Group, proposing training to acquire the skills, aptitudes and capacities necessary for working successfully, in coherence with the Group's fundamentals.

Limagrain Academy is not a substitute for the training activities and specific development in each Business Unit. The complementarity of the training programs in the Business Units, and those organized by the Group, will help to prepare the Company and its employees for tomorrow's challenges.

With this in mind, Limagrain Academy's aim is to create learning opportunities for the employees from the different Business Units, countries and cultures, while encouraging the feeling of belonging to the Group, especially through the use of collective learning methods.

In 2016-2017, the tighter management of all the Group's operating expenses also concerned the number of training modules organized by Limagrain Academy. However, training remained significant as it exceeded that of fiscal years 2013-2014 and 2014-2015.

Limagrain Academy also maintained its strong international presence, with 33% of participants outside France. During fiscal year 2016-2017, special efforts were made in Asia to provide training, as well as online modules in English (82% compared to 56% the year before) to encourage the participation of non-French employees.

In order to propose high-level management training, in collaboration with INSEAD, Limagrain Academy has developed the program "Advanced Leadership" enabling 25 managers and executive managers from several different countries to develop their leadership in particular through coaching, virtual sessions and face-to-face sessions.

Evolution of the total number of training hours

	Training hours
2014-2015	82,434
2015-2016	109,865
2016-2017	129,257⁽¹⁾

In 2016-2017, 129,257 hours of training were run in the Group, for 4,807 employees, representing 73.28% of Vilmorin & Cie's permanent headcount.

Breakdown of staff trained by gender and status

As a %	2014-2015	2015-2016	2016-2017 ⁽¹⁾
Gender			
> Men	60.0	59.7	62.0
> Women	40.0	40.3	38.0
Category			
> Managers	35.1	37.2	34.8
> Non-managers	64.9	62.8	65.2

During the course of the fiscal year, Vilmorin & Cie devoted 2.91 million euros on training for its employees, including the budget for Limagrain Academy.

⁽¹⁾ Excluding the company Vilmorin Garden, which is part of Vilmorin Jardin.

⁽²⁾ On the basis of seven hours per training day.

4.3.2. Expressing and disseminating business ethics

Business ethics often boils down to a list of good practices scattered throughout the company's operations. For Vilmorin & Cie, the essential thing is to rethink the subject of ethics globally, in all its activities, in order to create spaces for dialogue and points to ponder that will ask the right questions and highlight the dilemmas between what we perceive in the short term and what would be conceivable and desirable in the longer term. Defined as such, the Group's ethical approach opens up avenues for progress while enabling it to assume its individual and collective responsibilities.

Situations involving an ethical appreciation rarely recur in the same way and vary widely according to the cultures, countries, professions or stakeholders involved. To respond to this question, the Group has set up an approach and tools to encourage employees to think about such issues. The objective is to encourage the spirit of responsibility with each individual, and to rely on collective intelligence to learn to manage ambiguities, complexity and interpret rules with discernment in any situation.

The aim is to arbitrate between complying with these rules, which must be adhered to uncompromisingly and taking into account the often contradictory requirements of all stakeholders; to initiate a critical, constructive and positive, individual and collective capacity, since it is unthinkable to isolate this type of decision from the social bond that binds the Group to its communities.

It is with this in mind that the Code of Conduct was designed: to structure the fundamental principles and commitments that the Group wishes to ensure that all its employees, regardless of their businesses and countries, comply within all its entities.

4.3.2.1. The principle of questioning at the heart of the Code of Conduct

The Code of Conduct specifies the various rules and regulations in force that Vilmorin & Cie's employees must comply with, while inviting them to adopt an individual approach to questioning.

It is composed of five principles intended to guide employees by providing them with ethical references useful in the exercise of their profession and the control of risks related to:

- ❖ the image and reputation of the company,
- ❖ the assets of the company,
- ❖ conflicts of interest,
- ❖ non-public financial information,
- ❖ intellectual property rights.

It includes seven commitments to internal and external stakeholders:

- ❖ respect for shareholders,
- ❖ respect for employees,
- ❖ preservation of the environment,
- ❖ loyal behavior towards competitors,
- ❖ customer and consumer satisfaction,
- ❖ long-term and balanced relationships with suppliers and partners,
- ❖ responsible conduct with respect to the territories in which it operates.

It is currently translated into eleven languages: French, English, Spanish, Portuguese, Chinese, Dutch, Italian, Ukrainian, Japanese, Hebrew and Turkish. In order to facilitate its appropriation and use, it is accompanied by a complete communication kit including in particular a dedicated e-learning module, the pedagogy of which is based on the principle of a role-playing game. Each player is put in a situation based on four operational scenarios (gifts, safety, data confidentiality and antitrust) and must solve these ethical cases by using a questioning reflex to act with common sense and discernment.

Limagrain Brasil has set up the "ethic channel", a space for dialogue that allows all the company's employees to report any ethical dilemmas encountered in the course of their activities.

As explained in last year's report, on June 30, 2015, 100% of top executives had already been trained in the Code of Conduct, using operational scenarios. On June 30, 2017, 2,289 permanent employees from Vilmorin & Cie had fully completed the e-learning module and the knowledge verification quiz, i.e. 35% of the employees. The defined objective of 80% of employees being made aware of ethics and the Code of Conduct by the end of 2017 has not been achieved. The process continues and is adapted to the various obstacles encountered in deployment - Internet access, translations, digitization, illiteracy, different cultural perceptions, etc. - in order to reach the objective.

4.3.2.2. Compliance with the Sapin II law in France

In the context of the French Sapin II law - relating to transparency, the fight against corruption and the modernization of economic life - adopted at the end of 2016 and which came into force on July 1, 2017, several operational projects have been set up.

The Code of Conduct Operating Committee has been dissolved. It has now been replaced by an Alert Management Committee (AMC) comprising the Legal, HR and CSR managers. This committee coordinates and monitors alerts and decides on any issues raised by employees. Where warranted, the AMC may be called upon to deal with alerts itself in ad hoc committees. The CGA may receive, by any means, any questions submitted on the application and monitoring of the provisions of the Code of Conduct. As such, it contributes to the definition and implementation of the Group's ethics and corporate responsibility policy. It also oversees the deployment and evolution of the Group Code of Conduct.

Risk mapping is evolving in order to better assess risks related to ethics and the environment in particular, and to provide effective responses for all employees. A cross-functional Risk Management/CSR project has been initiated to ensure that this tool is regularly updated and to detail the risks of external solicitations according to activities and geographical areas. The implementation of a procedure for assessing the situation of customers, leading suppliers and intermediaries is also being carried out by the Finance and Progress Department teams.



At the same time, a working group made up of functional and operational employees was set up in the spring of 2017 to build a management system for alerts that is well-accepted and understood by all employees, which informs this working group of relevant alerts - and only those alerts - and which does not pose any additional risk. The system adopted will be centralized internally, flexible and local systems can be designed to be aligned as closely as possible to the specific characteristics of the various markets and geographical areas. It will enable alerts to be sent out on all subjects covered by the Group Code of Conduct.

Extensive training for the most exposed employees will be developed during fiscal year 2017-2018, in addition to the initial awareness-raising module, on the basis of operational scenarios.

Discerning ethical acts and avoiding mistakes are concerns that go in the direction of excellence. For Vilmorin & Cie, present in many countries with very different cultures and legislations, marking its identity with clear benchmarks is a sine qua non condition to ensure its reputation and legitimacy.

4.3.2.3. Respect for Human Rights, a principle that is accountable in all Business Units

The Code of Conduct is based on respect for Human Rights as defined by international organizations and the Global Compact. It is therefore a binding document for all Group entities worldwide.

Some Business Units have supplemented the Code of Conduct with rules specific to their local context. In India, Bisco Bio Sciences provides public holidays, a non-systematic practice in the country, and supplies production staff with purified water. HM.CLAUSE India has just hired two people to conduct internal audits of the network of farmers and seed multiplication companies on child labor and minimum wage issues. At the same time, and with the Group's support, HM.CLAUSE India was actively involved in drafting the APSA (Asia & Pacific Seed Association) position on the subject.

In Japan, Mikado Kyowa Seed has included "Anti-Social Forces" exclusion clauses in its contracts with certain clients to protect itself from individuals seeking economic benefits through the use of violence, force and fraudulent means.

4.3.2.4. Loyal practices and other commitments in favor of Human Rights

The Code of Conduct is part of the scope of several international texts of which the Group shares the principles:

- ❖ the Universal Declaration of Human Rights,
- ❖ the core conventions of the International Labor Organization, in particular conventions 29, 105, 138 and 182 (combating child labor and forced labor), 155 (health and safety of workers), 111 (combating discrimination), 100 (remuneration), 87 and 98 (freedom of association, the right to organize and the right to collective bargaining),

- ❖ United Nations Convention on the Rights of the Child,
- ❖ the OECD Guidelines for the intention of multinational companies.

Moreover, Vilmorin & Cie signed the United Nations Global Compact in December 2013, and has committed to promoting and respecting its principles governing Human Rights in its teams and sphere of influence, and not to be part in any way of their violation.

Fair trade practices

Vilmorin & Cie focuses on the use of responsible products and services, and respect in its purchases and partnerships. Particular attention is paid to respecting the principles of fair trade and to the promotion of corporate responsibility in the value chain.

For example, the Group supports the practice (only possible for autogamous species) of farmers using the seed from their harvest as seed for the following sowing campaigns – seed known as "farm seed" – on condition they pay royalties to the breeders* for their research work from which they benefit.

Furthermore, Vilmorin SA has defined strict procedures on the commercial management of free seeds and customer credit. Internal audits run with the finance department by a team of 25 trained in continuous improvement have also been organized particularly regarding respect for the pricing policy. In Italy, Vilmorin is a member of the Italian associations "Assosementi" and "Road to Quality" whose objective is to fight against the illegal multiplication of seeds, and which certify their members on fair trade practices.

HM.CLAUSE manages best commercial practices through a contractual and balanced approach with its partners and customers. This approach is established with the assistance of specialized external attorneys to make sure the contracts always comply with different legislations.

Fighting corruption

The Group strives to enforce the statutory and legal provisions in fighting corruption and money laundering (notably the OECD convention of 1997), and, in the conduct of its commercial and financial relations, to take account of the significant recommendations of national and international organizations such as OFAC concerning economic sanctions. In this framework, the Group acts to prevent any form of corruption or money laundering. This rule is especially important in the framework of negotiations with representatives of government bodies and public institutions.

To prevent any employees conducting themselves in a complacent manner with regards to active corruption (offering bribes) or passive corruption (accepting bribes), a dedicated e-learning module was made available online in March 2015 with the Code of Conduct, on the Group's Intranet, integrating a specific awareness scenario on this subject.

In the spring of 2016, all the Group's top executives followed face-to-face training on the prevention of corruption in the Company.

Moreover, the Group authorizes only gifts, services and entertainment that are suitable and legal, offered within the framework of its commercial relations. Any offering from an employee on behalf of the Group, of gifts, entertainment or free services, can be made only if it is within reason, and does not infringe any legislation in force or general practices.

Complying with the rules of competition law (or anti-trust)

The Code of Conduct reasserts the Group's commitment to comply with the legal and regulatory, national and international provisions related to the rules of competition law. These rules fight against the prevention, restriction or distortion of competition in the marketplace.

Over fiscal year 2016-2017 compliance actions in competition law and mergers, initiated in previous financial years, were pursued.

Legal Network lawyers are mobilized within the framework of their action plans to provide information, prevention and training on competition and merger law issues.

Respect for the rights of the child

The Group is fully aware of the reality of child labor. Several measures have been taken by the Business Units to deal with this issue. There is a clear reminder in the Code of Conduct that child labor is prohibited: *"The Group ensures that it works with suppliers who do not make use of illegal child labor or forced labor. The Group is careful to ensure its suppliers and its customers respect the core conventions of the International Labor Organization on fundamental social rights."*

On this subject, at Bisco Bio Sciences in India, regular audits are conducted by the Human Resources department to ensure that the prohibition of child labor is respected. Accommodation with access to drinking water has been built nearby, outside the perimeter of the company, to provide employees and their children with decent living conditions. Furthermore, strict social clauses are included in all the contracts with suppliers that particularly concern child labor.

HM.CLAUSE's seed production operations in India are recent and date back to the acquisition of Century Seeds in October 2012. Since then, in order to deal effectively with the sensitive issue of child labor in this country, HM.CLAUSE India has multiplied its actions in a continuous progress approach. There was a drop from 16.2%⁽¹⁾ to 9.6%⁽²⁾ in the incidence of child labor in the fields where HM.CLAUSE India's seeds are produced by subcontractors, either directly or indirectly, between 2014-2015 and 2016-2017. This significant progress (40% reduction in only 2 years) shows the relevance of the action plan deployed. In 2016-2017, HM.CLAUSE India deployed a comprehensive procedure to abolish child labor in India, called the "Child Labor Awareness Program System Document", established disciplinary sanctions for producers who failed to meet HM.CLAUSE's commitments, with the possible suspension of the outsourcing contract, and implemented a training program for the network of production technicians and open awareness sessions for outsourced farmers. In addition, a CSR committee was created in June 2016 under the Company Act⁽³⁾. In this context, during the fiscal year, two people, one based in Karnataka (the main production region of the company) and the other in Koppal (the region with the weakest education system), were hired to carry out internal audits of the network of farmers and multiplying companies on the subjects of child labor and minimum remuneration, particularly during pollination periods. On May 1, 2017, Labor Day at HM.CLAUSE, an awareness campaign on labor legislation in the Rannebur region was organized with the local authorities concerned. Finally, because child labor is directly linked to the education system in the country, HM.CLAUSE India has provided sanitation facilities in Koppal schools, particularly to increase access to education for girls, who are often hampered by the lack of cleanliness of facilities, and has provided equipment and school supplies to 961 pupils in three Koppal schools, and one in Rannebur. Each child received a satchel and 12 notebooks in June 2017, to begin the school year 2017-2018.

Similarly, HM.CLAUSE's "employment policy" in the United States follows the guidelines of existing national policies against discrimination and child labor, and meets all recruitment and employment requirements.

At Mikado Kyowa Seed in Japan, article 16 of the "working rules" manual stipulates restrictions for the employment of workers under the age of 18, in compliance with national and international laws.

⁽¹⁾ Figure published in 2015 in a study by the Indian Committee of the Netherlands (ICN).

⁽²⁾ Figure published in 2017 in a study commissioned by The Council on Ethics.

⁽³⁾ Since 2013, the Company Act (articles 134, paragraph 3 and 135) has enshrined the obligation of corporate social responsibility in Indian law, requiring companies to participate at their own level in the development and modernization of the country through an obligation of governance, reporting and CSR action plan.



Vilmorin SA includes a specific “Code of Conduct clause” in its outsourced production contracts outside France forbidding child labor under the age of 16.

Finally, each contract with a supplier for Hazera in Israel is assessed internally and includes clauses to ensure compliance with laws and regulations on Human Rights.

4.3.3. Optimizing the sustainable use of natural resources and controlling its impact on climate change

Key figures

452

hours of training on environmental protection

68,146

teq CO₂ emitted (+ 277 teq CO₂)

0.7

million euros invested in the improvement of environmental impacts

257,900

MWh of energy consumed (- 859 MWh)

2,461,839

m³ of water consumed (-411,207 m³)

Data for 2016-2017 (and evolution compared to 2015-2016).

Vilmorin & Cie is at the heart of environmental issues by the very nature of its business. The impact of its activities on the environment is a concern managed as closely as possible to the field, at the level of the Business Units, in a voluntary and responsible approach.

In addition, Vilmorin & Cie also integrates environmental risk prevention into its risk management policy, with the implementation of standards applicable to all its sites worldwide. This commitment also includes the control (measurement, optimization and innovation) of the use of natural resources, as well as attention to improving the quantification and recovery of waste.

4.3.3.1. Overall environmental policy

Most of the products created and developed by Vilmorin & Cie originate in the natural world. As a priority, they are ultimately intended to be used for nutritional purposes or for amateur gardening activities. This means that they cannot, and must not, cause serious and repeated damage to the environment. Thus, Vilmorin & Cie has adopted a determined, responsible policy, particularly in relation to the following:

- ❖ strict compliance with regulations relating to biotechnologies* and genetically modified organisms*,
- ❖ the implementation of dedicated resources for environmental risk monitoring and prevention (technical and regulatory checks, alert and crisis management procedures, certifications, internal communications based on an inter-company network, etc.),
- ❖ control and treatment of effluents and restrictions on industrial pollutants.

Steps to train and inform employees about environmental protection

Every year, Vilmorin & Cie sends its Business Units an analytical and comparative report of their extra-financial data, particularly environmental. This document includes a list of all the best practices identified in the Group and a panel of the companies benchmarked. It supports local information and employee awareness campaigns on environmental issues.

Moreover, this year, 452 training hours were devoted to the protection of the environment.

Finally, several companies in the Group regularly organize information campaigns to develop employee awareness of environmental aspects.

- ❖ In France, Limagrain Europe organized information and awareness meetings on waste sorting and recycling for all seasonal workers during the fiscal year. These sessions were supplemented, for the temporary staff concerned, by a specific session on the use of plant protection products, accompanied by the setting up of a handling register to monitor good practices.
- ❖ In Turkey, Limagrain Europe has been publishing an internal and weekly letter to all its employees since last year. Its objective is to raise awareness of the importance of environmental, social and societal issues in daily activities.
- ❖ HM.CLAUSE has appointed a “Health, Safety and Environment” staff representative at the headquarters and for its Turkish research station in order to monitor the progress made.
- ❖ Bisco Bio Sciences, India, publishes a monthly letter to members of the Executive Committee to analyze, share and monitor progress on CSR issues. In addition, 590 trees were planted by Yadaram’s R&D team to help protect the environment at their site.

More globally, all of Vilmorin & Cie's companies, wherever they are in the world, pay great attention to any harmful consequences of pesticides, whether through the manipulation by employees or their use in the environment. In order to prevent this professional risk, specific training is regularly delivered to employees in order to work particularly on risk awareness and the implementation of strict, appropriate rules for hygiene. The use of pesticides is limited to the strict minimum, and best practices are shared between companies. Adequate individual protection equipment (protective suit, gloves, boots, mask) is provided to all employees concerned to avoid any contact with, or inhalation of, harmful substances.

Provisions and guarantees for environmental risks

Vilmorin & Cie did not register any provisions or guarantees for environmental risks for fiscal year 2016-2017.

4.3.3.2. Circular economy, pollution, prevention and waste management

Most production sites are owned by Vilmorin & Cie and are subject to constant monitoring and upkeep.

Measures to prevent, reduce or remedy any discharges into the air, water or soil that have an impact on the environment

Vilmorin & Cie develops numerous protected seeds. Seed protection is vital in the fight against diseases and the protection of crops, particularly in their early stages. It means input* can be used more sparingly, and by targeting needs, more efficiently.

This technique minimizes environmental impacts. Protected seeds have very limited contact with the soil. The risk of dispersion in the environment is therefore reduced – particularly the risk with regard to non-targeted insects, including pollinators such as bees. And any reduction in the number of tractor passes in the field means a better carbon footprint.

❖ **Air:** Dust generated during seed processing is the main source of any possible pollution. To limit such releases into the air, some of Vilmorin & Cie's companies have deployed means to prevent this environmental risk, and have installed systems to filter and capture this dust of plant origin.

As an illustration, Bisco Bio Sciences in India now has a global quality system for the extraction of dust, air quality, light quality and noise pollution. In Australia, HM.CLAUSE detects wind direction to prevent the odors of chemical products heading towards neighboring communities.

❖ **Water:** Research activities are organized to limit as much as possible any discharge into water. The Group's Risk Management Guidelines stipulate that rainwater and wastewater (used for manufacturing, sanitation or to extinguish fires) must be collected and transported separately. They also state that before any discharges are made, water that could be polluted must be analyzed and treated

as necessary. The most recent research centers recycle their wastewater using recovery stations.

❖ **Soil:** The spreading of fertilizers on commercial seed crops, and the agrochemical treatments used, can be a source of soil pollution. Different preventive and corrective actions are taken, including the strict respect of certified products and recommended dosages.

First of all, Vilmorin & Cie recommends the adoption of biocontrol* methods in greenhouses in order to reduce the level of treatments required.

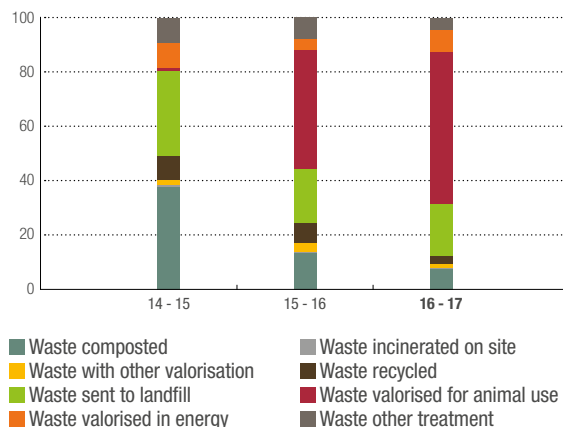
Secondly, Vilmorin & Cie develops seed varieties that are resistant to insects and viruses, require fewer chemical products and have fewer fertilizer needs for growing. Finally, by pelleting commercial seeds, agrochemical treatments can be minimized throughout the life of each plant.

Measures to prevent, recycle and eliminate waste

The quantity of waste generated by Vilmorin & Cie is estimated to be more than 41,049 tonnes (including co-products) in 2016-2017 including 1,189 tonnes of dangerous waste, 20,777 tonnes of ordinary waste, and 17,886 tonnes of organic waste.

76% of this waste is valorized through different channels: animal litter and feed (56%), compost (8%), recycling (3%) and energy (8%). However, it should be noted that the performance of the different companies in the group remains variable on this topic.

Evolution and breakdown of waste by treatment method
(as a %)



Organic waste is used mainly for animal feed (41.0%) or compost (17.6%).

The majority of hazardous waste is recovered or recycled (56.9%) or sent to landfill (39.2%).

Other forms of waste (packing materials, paper, cardboard, plastics) are selectively sorted in most cases.

As an illustration, in France, Vilmorin SA is tracking new opportunities for recycling as possible sources for the creation of value, and Biogemma SA conducted an environmental risk study of diluted liquid waste.

In many sites, Vilmorin & Cie accompanies this sorting with specific communication (sorting instructions, displays, etc.). At certain sites such as Limagrain Europe and Vilmorin SA in France, monthly monitoring is used to track the evolution of the tonnage of ultimate waste and the quantity of re-usable waste.

Finally, a number of investments have been made to reduce the production of waste and to make sure it is recycled and eliminated. More than 127,000 euros have been invested over the past 3 years in 99 projects such as the creation of storage areas, a shredder for organic waste, the purchase of selective sorting bins and the establishment of a partnership with a foundation to recycle batteries.

Food wastage

Vilmorin & Cie is a seed company and does not as such market food products. Therefore the Company is not directly concerned by the stakes involved in food wastage and has therefore not implemented any specific action plans on this subject.

Accounting for noise pollution and any other forms of business-specific pollution

Most of Vilmorin & Cie's sites do not present particularly high noise levels, and in any case are not located in urban areas. Nonetheless, noise levels are regularly monitored at the sites. Vilmorin & Cie recommends to all of its subsidiaries that, where noise levels exceed 85 decibels, they should adjust their machinery to ensure a reduction and make it mandatory for individuals to wear individual protective equipment, even if it is not mandatory under national legislation.

Vilmorin & Cie is also concerned not to disturb its neighbors because of its industrial activities. For example in fiscal year 2016-2017, in France, HM.CLAUSE installed baffle silencers to reduce the noise of hot air extractors in greenhouses. Many sites ensure that noise pollution from the installations is kept to a minimum, and that effective solutions - such as the elimination of generators, noise analysis, etc. - are found for any inconveniences caused to nearby inhabitants.

4.3.3.3. Sustainable use of resources

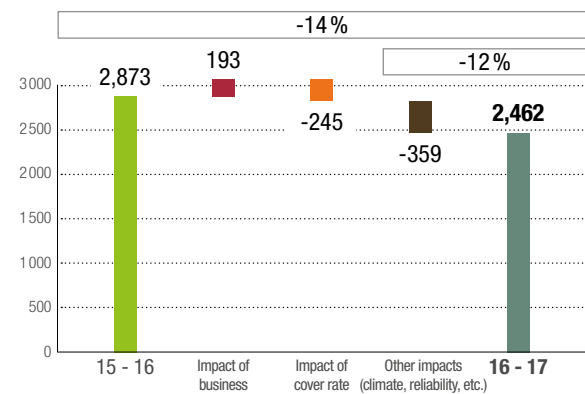
Water consumption

Vilmorin & Cie addresses the issue of water in two aspects: the quality of discharges into water and consumption.

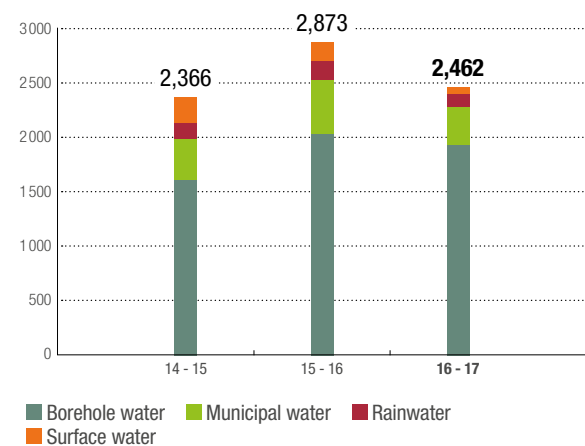
The Group's Risk Management Guidelines provide for the analysis of all Vilmorin & Cie's water discharges and their treatment if necessary. The sites are equipped with appropriate equipment to minimize the risk of pollution, in particular by means of water treatment ponds.

In 2016-2017, Vilmorin & Cie's consumption of water is estimated at 2,461,839 m³, a decrease of 14.3%. Water consumption, in spite of an increase of 192,980 m³ related to the growth in business, showed a decrease, mainly because of a lower cover rate (- 245,000 m³). The remaining decrease can be explained by variations in weather and investments made in recent years.

Evolution in water consumption
 (in thousands of m³)



Evolution and breakdown of water consumption by type
 (in thousands of m³)



Water is primarily used to irrigate greenhouses and for domestic purposes (sanitation). Given the specific nature of their activities, the group's companies use water from the urban distribution network, but also borehole water and rainwater, in order to reduce consumption levels.

Drip irrigation systems are widely deployed in the group. They are used to transport the water directly to the plant's root system and are the most economical technique used for water today. Drip irrigation also facilitates fertilizer input directly to the plant. This technique also limits the consumption of input* to a strict minimum.

Furthermore, most companies have set up specific, more economical irrigation systems in order to control and limit quantities of water used:

- soilless crops,
- open field mulching,
- a layer of sand for greenhouse crops to avoid evaporation.

For example, in Chile, HM CLAUSE optimizes water use by using meteorological tools to measure the right amount of water needed by crops. Regular leak detection work is also done to eliminate waste.

Vilmorin & Cie is committed to developing varieties that help reduce the impact of agricultural production on the environment and facilitate a reduction in water consumption levels, as in the case of corn for which varieties are developed with improved tolerance of drought.

In addition, the support and training of producers is a key factor in reducing water consumption. In France, Limagrain Europe offers the "LG Vision Irrigation" decision support tool dedicated to irrigation management. This tool is described in detail in section 4.2.3.1 on page 104.

Finally in 2015-2016, all the group's sites located in risk zones with regard to water (drought, flooding, impact of climate change, etc.) were listed. 15 have been identified so far, including 6 research sites and a production site.

Consumption of raw materials

Dependence on raw materials is limited by the very nature of the business. Vilmorin & Cie, as a seed producer, is primarily involved in creating renewable raw materials.

In 2015-2016, Vilmorin & Cie initiated global tracking of packaging used for seeds and plant healthcare. In 2016-2017, the data do not allow us to publish a coherent tonnage of these raw materials.

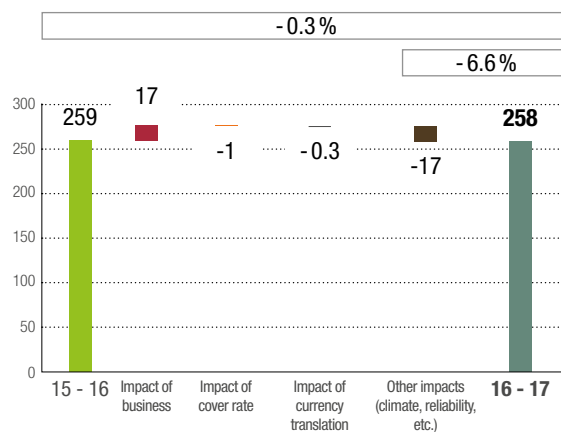
Where technological conditions make it possible (oxygen and water barrier properties primarily used to guarantee seed quality), the group's companies strive to optimize their packaging, in particular by reducing the thickness of protective films and by using recycled, biodegradable or renewable materials.

For example, Limagrain Europe is a partner of ADIVALOR (Farmers, Distributors, Industrial companies for the recycling of agricultural waste). This partnership is working to set up a network for collecting and recycling seed bags sold on the market, primarily paper bags.

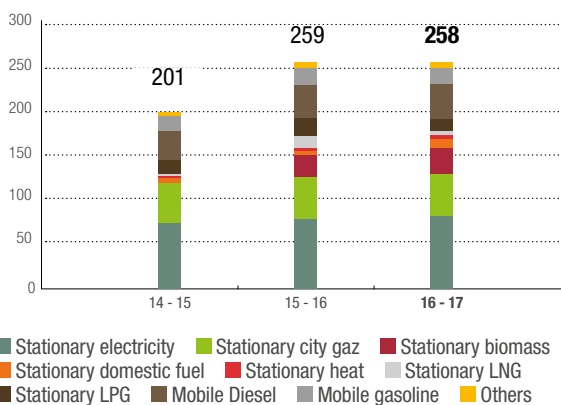
Energy consumption

Vilmorin & Cie's global energy consumption in fiscal year 2016-2017 was 257,900,397 kWh (i.e. 0.67 GJ per 1,000 euros of sales), including 198,811,007 kWh of fixed energy sources (including biomass, electricity, mains gas, etc.).

Evolution of energy consumption
 (in millions of kWh)



Evolution and breakdown of energy consumption by type
 (in millions of kWh)



Vilmorin & Cie's companies regularly invest in measures to optimize their energy efficiency. In particular, several of them consider energy performance and energy savings criteria when replacing or purchasing equipment for use in greenhouses (lighting, heating, etc.). In total, almost 1.5 million euros have been invested over the past three years on 76 measures to reduce energy consumption at Vilmorin & Cie.

As an illustration, the new field seeds production factory built for Limagrain South America in Goianésia (Brazil) was fully designed to optimize energy consumption throughout the full process.

For constructions already built, a number of solutions have been adopted:

- ❖ 4 companies use shelled corncobs from the seed production process to produce more than 10% of the Group's energy consumption.
- ❖ The Group's companies benefitted from the recommendations of the energy audits conducted in 2015, particularly by developing the exchange of best internal practices.
- ❖ At several of its sites, Limagrain Europe has begun work to optimize its energy consumption: insulation of the buildings, installation of heat pumps, installation of LED lamps in the growth chambers and corridors, accompanied by the installation of movement detectors

and a smart meter to optimize the consumption of electricity, replacement of the cooling units in the air-conditioned chambers.

- ❖ Bisco Bio Sciences in India continued to set up its global energy optimization program: maintenance work on the driers to reduce time cycles, installation of a more efficient, less energy-consuming generator in the cold room.
- ❖ In addition, the lighting in the group's buildings is gradually being changed to LED lighting.

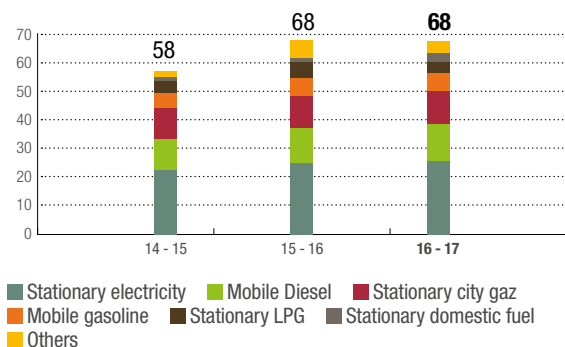
Greenhouse gas emissions

Vilmorin & Cie believes that the mechanism of photosynthesis should be recognized as an essential parameter when calculating greenhouse gas emissions.

Emission category	No.	Origin of the emissions	Source	Emissions (kgCO ₂ e)	%
Direct emissions of greenhouse gases (Scope 1)	1	Direct emissions from fixed combustion sources	Mains gas	11,642,604	17.1 %
			Coal	727,566	1.1 %
			Diesel	998,874	1.5 %
			Domestic heating oil	3,426,155	5.0 %
			Petrol	119,717	0.2 %
			Liquid natural gas	963,651	1.4 %
			Heavy fuel oil	34,319	0.1 %
			Liquefied petroleum gas	3,667,222	5.4 %
	2	Direct emissions from mobile engine sources	Diesel	12,936,301	19.0 %
			Petrol	6,195,052	9.1 %
Liquefied petroleum gas			24,177	0.0 %	
3	Direct emissions from non energy processes		Not concerned	0.0 %	
4	Direct fugitive emissions		779,634	1.1 %	
5	Emissions from the biomass		0	0.0 %	
Total Scope 1				41,515,272	60.9 %
Indirect emissions of greenhouse gases (Scope 2)	6	Indirect emissions from electricity consumption	Electricity	25,907,996	38.0 %
	7	Indirect emissions from steam, heat or cold consumption	Heat, cold, steam	723,146	1.1 %
Total Scope 2				26,631,142	39.1 %
Total (Scope 1 + Scope 2)				68,146,414	

Evolution and breakdown of greenhouse gases

(in thousands of tonnes of CO₂e)



This means that by creating innovative seeds that are both more economical and more productive, Vilmorin & Cie helps reduce the greenhouse gas emissions produced by its activities.

As part of its drive for continuous progress, since fiscal year 2013-2014 Vilmorin & Cie has been calculating greenhouse gas emissions linked to the activity of its sites.

For the first time this year, emissions of gases with an effect from the use of refrigerants have been estimated and are included in direct fugitive emissions.

In addition, Vilmorin & Cie has estimated, for the first time this year, the emissions of gases with an effect related to the production and use of its seeds. Thus, nearly 12 million tonnes of CO₂ (representing the emissions of nearly 775,000 French households or 13% of France's agricultural and forestry emissions) are captured each year by the production and use of Vilmorin & Cie's seeds throughout the world.

At the same time, following energy audits carried out in 2015, nearly 1.5 million euros have been invested over the past three years in 76 actions to improve the energy efficiency of the Group's installations. In France, the approach is led by an Energy Committee which brings together the industrial entities concerned.

The Company has also estimated its greenhouse gas emissions using the ADEME (Agency for the Environment and Energy Control) reference document. Its direct emissions (Scope 1) are mainly linked to:

- ❖ electricity consumption,
- ❖ the combustion of fossil fuels on its sites,
- ❖ the use of fuel for its vehicle fleet and own agricultural machinery.

Now, when replacing or purchasing new equipment, several of Vilmorin & Cie's companies incorporate the criterion of energy performance or energy saving.

Soil usage

Soil represents Vilmorin & Cie's primary production resource and efforts to respect and preserve the soil are central to all of the Company's actions.

As part of their agronomic strategy, Vilmorin SA (France) and HM.CLAUSE SA (France), are conducting extensive research into the improvement of agronomic soil management. Projects involve preserving soil quality and ensuring healthy crops by optimizing the use of inputs*, particularly through the improved management of organic matter. In order to preserve macrofauna and micro-organisms in the soil, they systematically rotate crops with the introduction of a cereal cycle every two or three years in order to break up disease cycles, and they sow a vegetation cover during the winter period. This avoids leaving the soil bare, which encourages its leaching. This rotation practice is a long-term process to guarantee optimal agronomic efficiency.

Moreover, Vilmorin SA has adopted novel techniques to work the soil: no more ploughing, investment in superficial soil working tools which break up the surface without upsetting the different layers, and so maintain the balance of ecosystems, the removal of tools that restructure the soil, thermic weeding, etc. At the site of La Costière (France), Vilmorin SA analyzes the soil before using amendments and fertilizers so the right amounts are applied.

Finally, Vilmorin SA strives to work closely with its seed multiplication farmers* to experiment on any new technique for sustainable production. For example, for several years in Anjou (France), a great deal of work has been carried out to assess the agronomic, economic, environmental and societal benefits when growing lettuce, endive, bean, etc. of integrated biological protection, particularly against aphids, thrips or bugs. The use of green fertilizers such as forage sorghum is also used. This demanding work requires technical and empirical know-how, and is carried out in conjunction with companies specialized in biological control* and local agronomy schools. Best practices are exchanged during the regularly organized meetings with producers in the region.

4.3.3.4. Adapting to the consequences of climate change

The international location of production areas and research centers makes it possible to spread and limit the risks associated with climate change and weather uncertainty. Around 20 production basins located all over the world, in both the northern and southern hemispheres, ensure seed production; research work is carried out at more than 100 sites in close proximity to markets.



At the same time, the Group has made the commitment, for its long-term rental vehicles, not to select vehicles that emit more than 130 gCO₂/km, and with the average not exceeding 120 gCO₂/km. The Company also encourages sound stewardship of traveling through the promotion of video-conferencing when this is possible.

In addition, following an initiative by the Limagrain Europe Business Unit, the Group has deployed a user-friendly tool for all Business Units located in France, available on the Intranet, to facilitate internal carpooling during business trips. Now available to all Group employees based in France, users from several Business Units, 167 journeys

were proposed in 2016-2017, resulting in savings of 25,000 km representing 6.2 tonnes of CO₂. To complete this system, the Group has created a community on the IDVROOM website to provide employees with an efficient solution for their daily commuting, to offer them the opportunity to save money and meet new colleagues.

In the Business Units, several other concrete, well-adapted measures have been initiated to fight against the consequences of climate change. For example, the severe droughts of recent years in California have led the local teams at Vilmorin & Cie to increase drip irrigation significantly instead of sprinkler irrigation.

4.4. Building new patterns of relationship and creating value

Vilmorin & Cie favors dialogue with its stakeholders and the development of a partnership approach.

Detailed knowledge of the agricultural world on the one hand, and of suppliers and customers on the other hand, guarantee that the products and solutions proposed meet the needs of the markets. In order to prepare for the future in the best possible way, business development is based on the collaborative work of teams and the exchange of best practices between Business Units, as well as on numerous partnerships with private and public laboratories and research organizations in France and abroad, as well as with leading companies in their fields of activity.

It is thanks to these close and long-standing relationships with the players in its ecosystem that the group is able to continuously improve its performance.

Certain partnerships are also intended to enable Vilmorin & Cie to engage in a societal commitment that is as close as possible to the territories in which the Company operates. The group and its subsidiaries develop or participate in numerous social and educational initiatives. It is a way for the Business Units to participate in local life, to express their social utility while helping to make the agricultural world and food issues throughout the world better known and valued.

4.4.1. Uniting employees around a common project and shared culture

4.4.1.1. Uniting around the company project

The motivation of employees depends on the ability of the company and its managers to give meaning and visibility to the Company's ambitions, missions and vision. The mission of Vilmorin & Cie, which is to contribute to meeting the world's food challenges, gives meaning to employee engagement.

Meetings bringing together top executives and executive managers are organized and provide an opportunity to explain the Group's strategy and missions. The year's priorities will then be highlighted in order to move forward with a view to achieving the ambitions set.

At the level of each Business Unit, staff meetings and sales conventions are held in each country where the Group operates, enabling managers to present and comment on the Group project and explain how the Business Unit contributes to this project. Most Business Units distribute newsletters in print or electronic form, which are the ideal medium for communicating corporate strategy and promoting the actions that underpin this strategy.

4.4.1.2. Encouraging social dialogue and internal communication

Vilmorin & Cie has chosen constructive social dialogue with its social partners and favors collective bargaining for the process of implementing working life rules. Group agreements promote a common policy between the Business Units. During 2016-2017, two Group agreements were signed in France by all representative trade union organizations: they concern the renewal of the Group's profit-sharing agreement and the agreement on Professional Equality and Solidarity. The latter includes a specific chapter on the promotion and facilitation of the role and mandate of employee representatives with actions in favor of the working conditions of employee representatives (e.g.: awareness raising and communication with employees and managers; interviews at the beginning and end of the mandate, etc.).

Discussions were also initiated on the Generation Contract and on Health/Providence.

As a follow-up to the Group agreements, company agreements are also negotiated that take into account the specific characteristics and needs of each company, with partners directly involved in monitoring the policy defined in their own entity.

In Europe

• The European Works Council (EWC)

The European Works Council (EWC), representing the different companies in the Group, meets twice per year with the objective of providing information to the employees and establishing constructive dialogue with the employee representatives of the European companies. It deals with economic, financial and social questions which are of global interest, going beyond the context of a particular country.

It comprises 29 employee representatives from nine European countries.

In 2014-2015, negotiations resulted in an update of the Agreement of the European Works Council, providing extra prerogatives:

- a new definition of consultation with more involvement from employee representatives in the decision-making process on certain subjects, particularly employment,
- the creation of a Select Committee dedicated to the implementation of this consultation,
- the possibility of organizing exchange meetings between the representatives.

In order to assume their role more efficiently on this council, training in finance was proposed and delivered to the EWC members who were interested.

At national level

26 countries out of the 47 countries where the group is present, i.e. 55% have staff representation bodies of different types (works council, employee forums, staff representatives).

Collective agreements

32 collective agreements were negotiated and 29 signed in the different companies, over the course of 2016-2017. They mainly concerned salaries, employee profit-sharing and working conditions. They complete and strengthen the deployment of the social contract within the Group.

For example, the collective agreements mainly deal with:

- In France: salaries, working conditions and profit-sharing.
- In Israel: salaries.
- In the Netherlands: policy on whistleblowers, employees' digital files.
- In Spain: working times and profit-sharing.
- In Vietnam: working conditions.

4.4.1.3. Bridging cultures through Limagrain Academy

Limagrain Academy is a knowledge-sharing center dedicated to exchanging knowledge and creating new ideas throughout the Group. Limagrain Academy connects Group employees from different Business Units, activities and countries. Thanks to the common bases offered in the field of managerial and technical skills, participants acquire a common language that they can share with each other and with their colleagues in their Business Unit. In addition to this training, which fosters a sense of belonging, the programs offered by Limagrain Academy represent an excellent opportunity to develop networks throughout the Group and get to know colleagues better.

One of Limagrain Academy's other ambitions is to support the Business Units in their efforts to improve their knowledge and understanding of the Group.

Since 2016, the Business Units have had access to a new digital game, the "Limagrain Game", which enables employees to deepen their knowledge of the Group, particularly on its structure, history, governance and values. This game is used in Business Unit induction programs and at certain staff meetings.

Recognizing the quality and intercultural nature of its programs, Limagrain Academy received the award for Internationalization at the second edition of U-Spring, "Printemps des universités d'entreprise", which was held in Paris on March 28, 2017.

4.4.1.4. Induction programs

Key figures

467
employees followed an induction program in their Business Unit

90
employees followed a Group induction program

4
Group induction programs, 19 nationalities

Further induction programs were run over the course of the fiscal year, concerning a total of 467 employees.

In order to facilitate the integration of new managers from all over the world, Group induction programs have been run since fiscal year 2010-2011. Intended for managers who recently joined the Group, they are run for confirmed employees in their position and with up to five years of seniority in the Company, with higher education of five years, or with equivalent experience.

They involve a meeting with members from the Executive Committee and the Board of Directors, exchanges with employees who have benefitted from mobility opportunities, and visits to sites with meetings with farmer-members of the Limagrain Cooperative.

The objective is to facilitate the integration of new managers in the Group, in terms of how they understand its activities and its strategy, and familiarity with the resources available in each Business Unit (human resources development policy, communication tools, etc.). During the integration program, the Group's CSR commitments and its Code of Conduct are also explained.

Over the course of this fiscal year, 90 employees followed this program.

Participants came from all the Group's Business Units, and from countries in Europe, Asia, Africa, North and South America.

4.4.1.5. An ambitious safety policy

The safety at work policy

Vilmorin & Cie is convinced that there can be no sustainable successful performance without safety. On top of the prevention policy deployed for a number of years, Vilmorin & Cie therefore launched a safety at work policy during fiscal year 2014-2015. Based on strong involvement from the management, its objective is to act both on organizational and behavioral shortcomings, the main causes of accidents, in order to prevent them efficiently. Beyond the fact everyone is responsible for their own safety and that of their colleagues, strong involvement from the management chain is also expected.

All the Executive Committees of the Business Units have been trained in safety managerial visits and fiscal year 2016-2017 saw a wider deployment to all managers. These visits are aimed above all at preventing exposure to occupational risks; they also strengthen the managerial model promoted by Vilmorin & Cie, which is imbued with interest and consideration for all the people working for and with Vilmorin & Cie, whether they are employees, temporary workers, interns, subcontractors or visitors. A Safety Committee oversees the running of this policy, relayed by the action of a safety coordinator. Awareness-raising has also begun among non-managerial employees in several countries.

The Business Units are also responsible for running this policy internally, involving closely all heads of departments and safety experts, passing on information through internal communication, stimulating managerial involvement and motivating all levels of line management, training all the employees, assessing risks and defining the norms and standards that reduce them, following the indicators used to steer the safety policy, analyzing accidents whatever their severity, and to draw all conclusions from each failure in this matter.

In 2016-2017, the frequency rate for lost-time workplace accidents came to 7.1 (representing 104 lost-time workplace accidents), as opposed to 9.21 in 2015-2016, and the severity rate came to 0.09 (as opposed to 0.20 in 2015-2016).

The objectives of the safety policy are ambitious: to reduce by 50% lost-time accidents by June 30, 2019.

Occupational diseases

In order to fight against the risks of occupational diseases, in a certain number of countries Vilmorin & Cie requires that when its employees are recruited, they should have a medical examination. In France, employees who are exposed to particular risks such as noise, shift work, handling heavy loads, exposure to dangerous chemical products, etc. have a compulsory annual medical. Other employees also have a medical every two years. The aim of the medical examination is to insure that employees are apt for their job health-wise.

In fiscal year 2016-2017, 3 employees were recognized as suffering from an occupational disease in France. The Group is working to improve on this subject following the recent publication of regulations on tracking arduous working conditions in positions presenting risks.

Report on agreements signed with regard to workplace health and safety

During fiscal year 2016-2017, 20 company agreements out of 29, representing 69%, concerning health, safety and working conditions and based on the Group's policies in terms of social protection and the safety of its employees, were validated and are now in application. There was greater emphasis on training devoted to health and safety during the year since this represented 22.35% of total training hours organized at Vilmorin & Cie, as opposed to 20.55% the previous year.

Absenteeism

Absenteeism is defined as being all the working days where staff are absent for reasons other than paid holidays, time in lieu, training courses, and union representation. In 2016-2017, the global absenteeism rate was 5.52%. It was 4.52% for managers and 5.94% for non-managers.

4.4.1.6. Committing to diversity

The diversity of populations within Vilmorin & Cie is an integral part of the Company's ambition.

"The Group is committed to treating its employees fairly and with an open mind, respecting their dignity and their physical and moral integrity. The Group's employees are therefore recruited without discrimination in terms of gender, age, origin, religion, sexual orientation, physical appearance, health condition, handicap, trade union membership or political opinions."

This commitment on respecting persons and their private life is an extract from the Code of Conduct.

The Code of Conduct is part of the scope of several international texts of which the Group shares the principles, in particular the core conventions of the International Labor Organization concerning combating child labor and forced labor, health and safety of workers, combating discrimination, freedom of association, the right to organize and the right to collective bargaining. Similarly, collective agreements have been negotiated in favor of gender equality and intergenerational balance. Actions to reduce wage inequalities between women and men have also been deployed. Finally, strong measures have been taken towards employing and integrating the disabled in several of Vilmorin & Cie's Business Units.

Moreover, commitments have been made for the recruitment process to integrate non-discriminatory practices.

Measures taken to support gender equality

Women represent 37.70% of Vilmorin & Cie's headcount. This proportion varies depending on activity sectors and professions.

Professional equality represents a primary focus in human resources management in the Company. In this context, an agreement was signed in 2012-2013, which was also in response to a new legal obligation in France. Renewed in 2017, this agreement, which involves French companies, concerns objectives and measures in favor of equality between women and men throughout their professional careers. Recruitment, professional promotion, compensation, balance between professional and personal life: these four areas for action have been adopted, with concrete commitments and measures to promote diversity and professional equality. These objectives and measures are accompanied by indicators calculated in each subsidiary, and then consolidated and tracked at Group level.

Breakdown by gender of the group's executives

2016-2017	Total	Men (%)	Women (%)
Top executives	18	78.00	22.00
Executive managers	168	78.00	22.00
Group's global headcount	6,560	62.30	37.70

Measures taken to support intergenerational balance

In order to encourage the sharing of values, communication between organizations and generations, and also creativity, a mentoring program was set up in 2016-2017 to enable young employees in the Group to be accompanied by a mentor for six months by a different Business Unit and a different function from their own. This mentoring program highlights and takes advantage of the experience of "senior" employees.

19 mentors were accredited during 2-hour sessions organized by the Human Resources Department, which resulted in the launch of 13 mentor/mentee pairs. The program will be strengthened in 2017-2018 with a broader international rollout and new mentoring accreditation sessions.

39.4% of Vilmorin & Cie employees are over 45 years old. In order to guarantee better employability for employees in the second half of their career, and taking into account the fact that careers are getting longer, Vilmorin & Cie has for several years applied a specific agreement regarding employees working in the Group's French companies. The object is to accompany all employees more actively in the second half of their professional lives, and encourage the transmission of their know-how and experience to the following generation as they approach retirement.

The rate of keeping "seniors" (those 57 years old and above) in France in their jobs stands at more than 94.1%, higher than the objective fixed at 90%. Also, tutoring has become a general practice to ensure that skills are transmitted when "junior" employees are hired or move into a new position.

In addition, mid-career and end-of-career interviews are also proposed to employees in order to anticipate career changes and promote the transition from paid employment to retirement. Employees over 57 years of age can also benefit, under certain conditions, from a reduction in their working time with the maintenance of full pension contributions.

Applicable in France, the agreement was also disseminated to non-French subsidiaries at the initiative of Vilmorin & Cie, with the aim of encouraging them to adopt some of the provisions in place in France. Renegotiated in 2012-2013, the provisions of this agreement were included in 2014 in a Group agreement on a generation contract. The latter was renegotiated in 2017 for a period of 3 years.

Measures taken towards employing and integrating disabled persons

Different measures have been taken to encourage the employment and integration of disabled workers in order to advance our low rate of disabled workers (2.4% of employees) in France. To this end, during fiscal year 2012-2013, a partnership was formed in France with ESATs (centers providing care through employment), enabling disabled persons to work in a protected environment and with the AGEFIPH (an association that manages funds for the professional integration of the disabled) for the dissemination of job offers on a dedicated platform. Disabled persons receive regular temporary assignments to assist Vilmorin & Cie's support services in several operational and administrative functions.

Following the annual negotiation of 2015, a handicap policy was launched, with the first results being the implementation of a partnership with Handischool. Through this partnership, several awareness actions on handicaps have been conducted at a number of Vilmorin & Cie's sites. Outside France, at HM.CLAUSE Peru, new internal regulations have been adopted including non-discrimination measures and practices. Moreover, the Group's Code of Conduct has been widely deployed and applied internationally.

In February 2017, a Group agreement on Professional Equality and Solidarity was signed for French companies. It provides for actions in favor of:

- the recognition of disabled workers;
- the recruitment, integration and retention of disabled workers;
- the communication and awareness of disability.

4.4.1.7. Developing the knowledge and sharing of best CSR practices

In order to promote a better knowledge of CSR, Vilmorin & Cie is convinced of the need to develop education, training, interaction and cooperation at different levels of the company. Thus, CSR will be seen as a fully-fledged dimension of day-to-day business activities and not merely as a tool for regulatory compliance or communication and reporting.

Several types of actions are now in place to give employees the resources they need to properly take ownership of CSR-related issues and to ensure that Vilmorin & Cie's commitments are widely disseminated.

Vilmorin & Cie has thus chosen to encourage, as a priority, all its employees to adopt a responsible and supportive attitude. For example, an eco-friendly practices guide has been produced; it is available on the intranet and distributed sequentially, every two weeks, on internal screen networks. It brings together ideas, behaviors and attitudes that can help preserve the planet and improve the quality of life for all without compromising that of future generations. Being eco-socio-responsible is above all a state of mind that everyone is invited to adopt and share on a daily basis, both personally and professionally. This document is intended to become a vehicle for the exchange of best practices.

At the same time, in the fall of 2016, an environmental self-assessment was initiated with the CSR correspondents of the Business Units in order to assess the importance and performance of the actions undertaken. The idea is to prioritize environmental issues by distinguishing between those on which the group can make a commitment, and those that the Business Units will be in charge of adapting according to their activities, their geographical locations and the expectations of their markets. This involves drawing up roadmaps, defining objectives to be achieved and ultimately ensuring internal and external communication on the group's environmental strategy.

This work is based on three essential points: co-building with internal operational teams, respect for areas of expertise and quantified commitments as far as possible.

Moreover, as soon as they are integrated into the Group, new managers attend an awareness session on CSR. The Group's CSR department offers a dedicated training module and communication tools (eco-friendly gesture, a library of good practices, communication kits, etc.). It also provides the Executive Committees of the various Business Units with an analysis of their non-financial reporting and a dialogue on internal best practices and achievable progress.

The CSR department also multiplies its activities to raise awareness and share experience with external stakeholders (customers, investors, suppliers, public authorities, staff representatives and representatives of civil society, academia and the economic sphere).

4.4.2. Making stakeholder dialogue a source of wealth

4.4.2.1. Partnerships, participations and joint ventures

Over the years, Vilmorin & Cie has established numerous scientific collaborations with public and private research laboratories all over the world. These partnerships are set out in detail in Part 1, on pages 35-36.

In addition to these partnerships, equity investments are sometimes made or joint ventures formed. The Franco-German joint venture Genevive was created with the seed company KWS to develop traits* of GM corn. In vegetable seeds, Vilmorin & Cie holds a stake in Keygene (Netherlands) in the field of plant biotechnology. Vilmorin & Cie has also created joint ventures and acquired minority but significant interests throughout the world (AgReliant in North America, Seed Co in Africa, Hengji Limagrain Seeds in China, AGT in Australia, etc.) that open up new avenues for breeding*, production and marketing of field seeds.

4.4.2.2. Dialogue with stakeholders

Dialogue with stakeholders is a fundamental component of the Group's CSR approach. It moves the Company forward in its understanding of the stakes and motivations of others. The topics – sometimes difficult – can be approached directly with transparency. The objective is manifold: to encourage innovation and creativity, to mobilize the staff, to strengthen the positive image and reputation of the Company, and to prevent and manage risks.

In addition to the discussions conducted with stakeholders to develop materiality analyses, the Group is building a genuine dialogue with them, particularly with the two main environmental NGOs in its home territory, Auvergne.

For the past three years, the Group and the Ligue de Protection des Oiseaux (League for the Protection of Birds) Auvergne have been running a pilot program, with the voluntary help of farmers and employees, aimed at preserving the Montagu's harrier, a protected species considered vulnerable in Auvergne and France. An annual follow-up meeting to monitor the effectiveness of the actions carried out is systematically organized in the fall. Every year, it allows us to imagine new avenues for progress and mutual assistance.

At the same time, and for three years now, the Group has also been involved with the Conservatoire d'Espaces Naturels d'Auvergne (Auvergne Conservatory of Natural Spaces). The main purpose of this partnership is to protect the Cœur marshes, which are located close to several of the Group's facilities. This area, composed of continental, salty meadowlands, classified as a Natura 2000 zone, represents a very rare natural environment in France. It shelters, among others, a dragonfly of community interest, the Southern Damselfly, and 12 rare plants, some of which can only be seen here and on Mont Saint Michel. The clean-up of this marsh was made possible thanks to the support of the Group and Michelin.

Numerous exemplary initiatives were also undertaken by the Business Units during fiscal year 2016-2017. Most of the Business Units have developed a constructive dialogue with stakeholders in their region on water management, for example.

They also organize visits and meetings, particularly with the seed multiplication farmers*, to find mutual opportunities for improvement.

❖ As an illustration, in France, Limagrain Europe and its brand LG disseminated 220,000 copies of its twice-yearly magazine "Fil Rouge" to its dealer and farmer customers in 2016-2017.

❖ HM.CLAUSE is involved in several associations and has its own representatives: French seed association for seed companies (UFS), Good Seed and Plant Practices (GSP), Anti-Infringement Bureau (AIB), European Seed Association (ESA), etc.

❖ Finally, every year Vilmorin Jardin has been elected by distributors (a panel of customer-distributors in France) "the best supplier of amenity grass seeds" since 2005 as part of the JardinPlus awards. For consumers, Vilmorin Jardin now proposes its online fidelity club, with free participation in product tests and comments and opinions directly on the forum at www.club-vilmorinjardin.fr/forum/testez-nos-produits/.

4.4.2.3. A responsible purchasing policy to consolidate relations with suppliers

Convinced that supplier relations are an important lever for creating value, the Group's Purchasing department has been developing its processes since 2014 to integrate socio-environmental criteria based on its own sustainable purchasing standards.

In this context, in 2016, the Group's buyers signed the "Responsible Supplier Relations" charter and were trained in the practice of responsible purchasing by AFNOR.

The department has also set up a Request For Information (RFI) system for all its active suppliers in order to better understand them and identify any inherent risks. The RFI provides information on the organization, strategy, financial data, quality policy, risk management, CSR, progress plans, supply chain organization and motivation to develop partnerships with the Group.

Key figures

74.1 %

of Vilmorin & Cie's 158 active suppliers have committed to a CSR approach and 62.7% have obtained ISO certification

15

of Vilmorin & Cie's companies, representing 50% of sales, have included CSR criteria in their purchasing policy

Data for 2016-2017

The RFI also identifies innovations and evolutions in supplier production capacity that reduce costs. In a contract, the supplier commits to submitting a progress plan within 6 months of the contract's start. An annual review of progress plans is presented to the Steering Committee.

The 2016-2017 results show that out of 158 active suppliers, 74.1% are engaged in a CSR approach and 62.7% have ISO certification (14001, 9001, etc.). In 2016-2017, 4 supplier audits were carried out to monitor the best practices of the supply chain.

In order to evaluate the relevance of the offers in terms of sustainable development, a

first analysis of the CSR policy of the suppliers is used to classify them according to 5 levels of commitment (without quality approach/with quality approach/ISO Certification/CSR approach/Signatory of the Global Compact). Since January 2017, questions have been asked about CSR commitments with specific weighting in the event of an effective commitment.

In order to ensure that suppliers comply with labor legislation, requests for vigilance certificates are included in the purchasing process.

In addition, some companies have set up specific actions. In India, the purchasing contracts of Bisco Bio Sciences and HM.CLAUSE now include specific clauses on child labor and compliance with minimum wages for subcontractors. In Israel, Hazera periodically audits its suppliers, including respect for Human Rights as one of its criteria. Vilmorin Jardin uses a questionnaire to learn more about its suppliers' CSR practices and to map out its key suppliers.

At the same time, in November 2012, the Group signed the CMAP Mediation Charter (Centre de Médiation et d'Arbitrage de Paris) and has thus chosen to engage in the prevention of disputes and the amicable resolution of litigation by resorting to mediation whenever appropriate. Vilmorin & Cie wishes to encourage the amicable resolution of disputes whenever possible and in the long-term interest of the parties. 15 employees were trained in mediation this year.

4.4.3. Getting involved in society and taking action for the development of local territories

Vilmorin & Cie has chosen local management structures based on an organizational model so it can work in close proximity with its markets, very much involved in the regions in which it operates. A structure divided into 10 Business Units is a way of combining respect for the strategic choices made by Vilmorin & Cie and the ability to account for the culture and specific features of each local area.

This very specific structure, which underpins Vilmorin & Cie's performance, allows it to work very closely with the relevant people and markets, and to listen carefully to its clients regardless of their geographical location, thereby ensuring an excellent understanding and knowledge of these markets.

By building on its capacity for innovation and its ability to listen to its clients on an ongoing basis, Vilmorin & Cie is in a position to provide the farmers and growers all around the world that make up its client base with seeds that are adapted to the different regions, and to changes in soil and climate.

4.4.3.1. On employment and regional development

At the same time, throughout its development and external growth operations, Vilmorin & Cie has provided impetus to local employment in the regions where it has locations, and has deployed a progressive integration model that respects existing cultures, and understands the importance of preserving the identity of companies acquired, and building on the know-how of staff teams already in place.

Furthermore, the human and cultural references associated with the farming world, emanating from its reference shareholder, Limagrain, an international agricultural cooperative group, form part of Vilmorin & Cie's values and allow it to develop close ties within the various regions in which it operates.

For example, the Group works for equality between girls and boys through Capital Filles. This French program encourages high school girls to enter the business world. It is aimed at girls from modest backgrounds, enrolled in secondary schools in priority neighborhoods or rural areas, in tenth, eleventh and twelfth grades in vocational and general technological fields. The Group's support for this initiative is a means of expressing its social utility through initiatives in favor of education, through support for future career guidance, information on different professions, the promotion of equality between girls and boys, etc. This first year of involvement is a pilot year for which the Group has proposed 11 employees from the Holding Company to be sponsors in the Clermont-Ferrand educational authority. If the test proves successful, it is planned to propose an extension of this program to the Business Units in the French regions where Vilmorin & Cie is located.

In addition, Vilmorin & Cie's business is highly seasonal, requiring the use of temporary workers at peak periods, particularly at harvest time. Most of this seasonal workforce is recruited locally at Vilmorin & Cie's sites in France and other countries. Accordingly, almost 7,500 seasonal workers were employed by Vilmorin & Cie in 2016-2017.

Production contracts with local farmers are also an important component of the Company's territorial impact. Vilmorin & Cie strives to propose production contracts with high added value to farmers throughout the world.

On March 2 and 3, 2017, Vilmorin & Cie took part in the first "Juridikthon" organized by the National Association for the Improvement of Working Conditions (Anact), in partnership with DoTank - living lab of medium-sized companies - and the Master 2 "Labor and Employment Law" of the University of Toulouse. Two days of competitions culminated in an offer to partner companies of organizational innovations that are legally secured. This experimental event proved the effectiveness of collaboration between legal experts (lawyers, company attorneys) and specialists in organizations and labor relations (engineers, ergonomists, sociologists, etc.) around real company cases provided by corporate Human Resources teams.

The Do Tank living lab for medium-sized companies was created in January 2016. Its aim is to conduct and develop social, educational and scientific activities of general interest, and to provide training with a view to improving the understanding of companies, particularly medium-sized companies, in particular as regards corporate governance, management, funding and social performance.

For Vilmorin & Cie, joining forces with the Do Tank's work and initiatives makes it possible to anticipate changes in the legal framework and encourage the development of innovative social practices. In the near future, for illustration, within the Do Tank, the Group is invited to participate in an exploratory exchange on the future Economic and Social Database (BDES) and strategic consultation on the future Social and Economic Committee (SEC).

4.4.3.2. On neighboring or local communities

The Group participates in different campaigns in the areas where it has locations, and in very different domains. In 2016-2017, 36 companies representing 51% of Vilmorin & Cie's sales entertained relations with local associations on varied subjects such as education, employment, help to local communities, site visits, etc.

4.4.3.3. Relations with individuals or organizations with an interest in the Company's activities

Momagri, movement for a world organization of agriculture

As agricultural markets become more and more global, ever-greater economic and social pressure is being put on farmers. This pressure is being exacerbated today by the excessive volatility of the prices of agricultural raw materials which penalizes farmers and the future of their farms, destabilizes the agri-food chains and poses a serious threat to food security. In order to guarantee food security for a world population that will grow by around two billion inhabitants by the year 2050, more than ever, true regulation of this sector is indispensable.

Vilmorin & Cie, as a global seed company, supports the initiatives of Momagri, the movement for a world organization of agriculture of which it is one of the founder members. This think tank* was created in 2005 at the initiative of the French agricultural world and is recognized worldwide. It collaborates with international bodies to create new assessment tools and formulate proposals for a more sustainable international agricultural and food policy.

Involvement at an interprofessional level and with professional representative bodies

Vilmorin & Cie is involved interprofessionally and with professional representative bodies at national level – with the GNIS (national interprofessional group on seeds and seedlings) and the UFS (French seed association for seed companies and plant breeders) – and at European level – through the ESA (European Seed Association) – as well as internationally through the ISF (International Seed Federation).

In this capacity, it participates actively in agricultural debates, particularly in relation to seed production: protecting living organisms, access to genetic resources* and the use of plant biotechnologies* in the field of scientific research in particular.

Partnerships and corporate patronage

The Group has always developed numerous partnerships, with both public and private players, mainly in the fields of research, agriculture and innovation.

- ❖ As an illustration, at the beginning of July 2016 Limagrain Europe SA signed a research agreement on sunflower with the University Pierre et Marie Curie, in Paris, the largest scientific and medical complex in France, and ranked among the top ten universities in Europe. This 3-year commitment was signed as part of the CIFRE conventions (Industrial Training Conventions through Research), privileged partnerships between a company and a laboratory that enable young researchers to take their PhD alternating between the company and the laboratory. Limagrain Europe SA has promised almost 30,000 euros per calendar year for this partnership.
- ❖ In January 2015, Biogemma (a European specialist in biotechnology*, of which Vilmorin & Cie holds 55%) launched a 6-year partnership with the company BioSilicium to develop software to monitor the exposure of employees to chemical products, in order to anticipate and prevent risks.
- ❖ Hazera and HM.CLAUSE have set up numerous partnerships with public players working in their region, on topics such as phenotyping*, plant breeding*, precision farming and data management. For example, members of the HM.CLAUSE executive committee regularly give classes at the University of Davis in the United States.

Vilmorin & Cie aims to contribute to the development of its environment, and to this end, through its subsidiaries, is actively involved in various social and humanitarian projects. In June 2016, the Group adopted the framework for a societal commitment to encourage access for as many people as possible to high quality agriculture and food, through the development of sustainable, efficient chains that respect the environment and human rights. The rules associated to this commitment will make it possible, to objectively validate, or not, the different initiatives undertaken through the Group's societal commitment.

Vilmorin & Cie's commitment towards communities is based on an approach that favors awareness, dialog, cooperation and shared progress. The ambition is to build up new ways of working together and creating value with local stakeholders involved in the Group's activities. This framework for societal commitment is planned to

be coherent with the business lines and their stakes, as shared by all the Business Units, and a way of uniting employees around progress and innovation.

As in past years, several remarkable projects were run. In 2016-2017, the Group devoted 273 of its employees' hours (including 108 hours for philanthropic initiatives) to non-profit associations to help them with their charitable or solidarity

actions. The global sponsoring budget came to 285,635 euros – mainly for sport and partnerships with schools – and corporate patronage (without consideration) came to 127,722 euros; finally the value of in-kind donations came to 23,897 euros. In all, 112 different projects were supported during the past fiscal year.

- ❖ In France, Vilmorin SA has committed 15,000 euros to the Endowment Fund "Plantons pour l'avenir" (Planting for the future). The company is thus actively involved in the renewal of French forests, which is no longer guaranteed today. And consequently, it works for the energy transition, the development of a sustainable economic sector, and the preservation of the natural biodiversity of different regions.
- ❖ In Japan, for the past 3 years, between 5 and 10 employees from Mikado Kyowa Seed have been visiting a local primary school to develop the awareness of pupils to nutrition and to the origins of what we eat (sowing of Kabocha squash, visits to production sites).
- ❖ For several years, Hazera has been running a program focused on educating young people living near its three Israeli sites located in underprivileged territories. This program, which consists of various awareness-raising and educational initiatives, is based on the skills of employees in biology and agriculture. Agricultural discovery sessions are organized in daycare centers, and genetic workshops are proposed in Hazera's laboratories and greenhouses. A community, called Kedma Youth Community, has also been created and has a dedicated biological greenhouse. The aim is to encourage young people to practice manual activities and learn about plants, while training them in project management and leadership.
- ❖ In France, Vilmorin Jardin is supporting the first edition of the operation "One school, one garden", organized by the Sylvain Augier Fund. The objectives of the fund are to support and raise awareness of landscape conservation in all its forms, to promote the protection of biodiversity and environmental education. The operation brought together 25 nursery and primary schools from March to June 2017, selected for their commitment and pedagogy on gardening, sustainable development and biodiversity, through the creation of a garden at the heart of their establishment. Vilmorin Jardin provides financial and material support to the participating schools to create and maintain the pedagogical garden, with the aim of sensitizing children to the need to respect the nature that surrounds them, in particular through the learning of gardening and sowing techniques.

Key figures

In 2016-2017,

112

initiatives and 413,357 euros were devoted to societal actions, including almost 128,000 euros to 59 philanthropic initiatives

4.5. Methodology note

Vilmorin & Cie's social, societal and environmental reporting approach is based on:

- ❖ regulatory provisions resulting from article R.225-105-1 of the French Commercial Code,
- ❖ the principles and recommendations of the standard ISO 26000 which have enabled the Group to define its main issues with regard to corporate social responsibility in order to meet all its economic, environmental, social and societal objectives, and the expectations of its stakeholders,
- ❖ the G4 sustainability Reporting Guidelines of the Global Reporting Initiative,
- ❖ the ten principles of the United Nations Global Compact.

The reporting period coincides with the fiscal year (from July 1 to June 30).

4.5.1. Scope

The objective of the reporting scope is to be representative of Vilmorin & Cie's business activities. For fiscal year 2016-2017:

- ❖ the social, societal and environmental reporting covers all the consolidated sales in 2016-2017 for Vilmorin & Cie; however, the lack of follow-up in certain subsidiaries means Vilmorin & Cie has to calculate the environmental data from a reduced scope.
 - For energy, the cover rate is 98.65% of sales for 2016-2017. This represents 100% of sales for the companies with an industrial site⁽¹⁾.
 - For water, the cover rate is 97.4% of sales for 2016-2017. This represents 100% of sales for the companies with an industrial site⁽¹⁾.
 - For waste, the cover rate is 91.4% of sales for 2016-2017 of the companies questioned. This represents 100% of sales for the companies with an industrial site⁽¹⁾.
 - For greenhouse gas emissions related to the use of refrigerant fluids, the cover rate is 75%.

For each indicator disclosed for a restricted scope, this scope is given in accordance with the disclosed data. For the scopes concerned, extra financial consolidation rules are the same as financial consolidation rules.

Variations in scope

In order to calculate variations in data between each fiscal year, calculations have been made to measure the impact of scope.

4.5.2. Methodological procedures

Group procedures comprise:

- ❖ a written procedure including a reverse schedule, definition of the scope, help in the use of the Excel spreadsheets and procedures for control and validation. This procedure is available for consultation in the SharePoint for data collection and in the Group's document management tool,
- ❖ an Excel spreadsheet for societal and environmental reporting for each company including consistency tests on data entry,
- ❖ an Excel spreadsheet for social reporting for each company including consistency tests on data entry,
- ❖ tutorial videos explaining how the files work.

4.5.3. Pertinence and choice of indicators

The methodologies used for certain social and environmental indicators may be limited, because of:

- ❖ differences between definitions used in France and internationally,
- ❖ the specificities of social laws in certain countries,
- ❖ changes in definitions that might affect their comparability,
- ❖ variation in the scope of activity from one year to the next,
- ❖ the difficulty in obtaining information from subcontractors and/or from companies involved with external partners,
- ❖ the modalities of information collection and input.

Moreover certain indicators are subject to a specific calculation.

Thereby, staff turnover has been calculated using the formula:

$$\text{❖ } \frac{(\text{Number of entries} + \text{Number of departures})/2}{\text{Total headcount}}$$

The senior retention rate was calculated using the formula:

$$\text{❖ } \frac{\text{Number of employees over 57 years of age}}{\text{Number of employees over 57 years of age} + \text{Number of employees over 57 years of age (excluding retirements)}}$$

Absenteeism has been calculated using the formula:

$$\text{❖ } \frac{\text{Number of days of absenteeism}}{(220 * \text{Total headcount})}$$

⁽¹⁾ A list of companies concerned is available upon request from the Corporate CSR department.



4.5.4. Consolidation and internal verification

Each organization and each Business Unit is responsible for the data they provide, as is the Management responsible for consolidating the indicator disclosed.

Organization of the extra-financial reporting is based on:

- ❖ Corporate CSR which coordinates the Business Units, consolidates all the extra-financial data and makes sure the societal and environmental data are coherent,
- ❖ Corporate Human Resources which ensures the social data are coherent,
- ❖ Corporate Finance for the consolidation of data on headcounts,
- ❖ a network of “ Business Units coordinators” who coordinate and remind subsidiaries and validate their data,
- ❖ “company contact points”, designated by the Business Units coordinators, who key in the data for their company and provide the supporting documents.

The verification and consolidation of this data is carried out in two stages:

- ❖ First stage: each entity (Vilmorin & Cie and its subsidiaries) consolidates the data within its scope. During consolidation, data consistency verifications are carried out. Consolidated and verified data at the entity level are then made available to Corporate CSR which sends the social data to Corporate Human Resources.

- ❖ Second stage: the Corporate Human Resources and Corporate CSR Departments consolidate the data for the entire scope and verify their consistency, especially through cross-checks with the financial consolidation reporting system.

External verification

For fiscal year 2016-2017, reporting procedures for extra-financial indicators were audited externally by SGS. At the same time, site audits were carried out, based on a selection of social, environmental and societal indicators, at seven companies from four Business Units that are representative of the Group’s activities, in order to validate the quality and global credibility of the reporting system:

- ❖ Hazera Seeds BV (Netherlands, Vegetable Seeds division)
- ❖ HM.CLAUSE SA (France, Vegetable Seeds division)
- ❖ HM.CLAUSE Chile (Chile, Vegetable Seeds division)
- ❖ HM.CLAUSE Tohumculuk (Turkey, Vegetable Seeds division)
- ❖ Limagrain Europe SA (France, Field Seeds division)
- ❖ Limagrain Iberica SA (Spain, Field Seeds division)
- ❖ Vilmorin SA (France, Vegetable Seeds division)

The nature of the work accomplished and the related conclusions are presented in a specific declaration. The glossary of indicators is available upon request.

4.6. Concordance table for social, environmental and societal information

Items from articles R.225-104 and R.225-105 of the French Commercial Code	Corresponding chapters of the CSR report	Page	Global Compact principles	ISO 26000 fields of action
Social information/Employment				
Total Headcount	4.3.1.1. Vilmorin & Cie's employees	107		6.4.3. Employment and employment relations
Analysis by gender	4.3.1.1. Vilmorin & Cie's employees	107		
Analysis by age	4.3.1.1. Vilmorin & Cie's employees	107		
Analysis by geographical area	4.3.1.1. Vilmorin & Cie's employees	107		
Recruitments	4.3.1.1. Vilmorin & Cie's employees	107		
Discharges	4.3.1.1. Vilmorin & Cie's employees	107		
Compensation	4.3.1.2. Attracting and retaining talents	108		
Evolution of compensation	4.3.1.2. Attracting and retaining talents	108		
Social information/Work organization				
Organization of working times	4.3.1.2. Attracting and retaining talents	108	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	6.4.4 Conditions of work and social protection
<i>Absenteeism</i>	4.4.1.5. An ambitious safety policy	125		
Social information/Social relations				
Organization of social dialogue	4.4.1.2. Encouraging social dialogue and internal communication	124	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	6.4.5 Social dialogue
Report on collective agreements	4.4.1.2. Encouraging social dialogue and internal communication	124		
Social information/Health and safety				
Workplace health and safety conditions	4.4.1.5. An ambitious safety policy	125		6.4.6 Health and safety at work
Report on workplace health and safety agreements	4.4.1.5. An ambitious safety policy	125		
<i>Workplace accidents</i>	4.4.1.5. An ambitious safety policy	125		
<i>Frequency rate</i>	4.4.1.5. An ambitious safety policy	125		
<i>Severity rate</i>	4.4.1.5. An ambitious safety policy	125		
<i>Occupational diseases</i>	4.4.1.5. An ambitious safety policy	125		



Items from articles R.225-104 and R.225-105 of the French Commercial Code	Corresponding chapters of the CSR report	Page	Global Compact principles	ISO 26000 fields of action
Social information/Training				
Training policy	4.3.1.4. Actions to promote mobility and skills development	112		6.4.7 Human development in the workplace
Total number of hours of training	4.3.1.4. Actions to promote mobility and skills development	112		6.8.5 Employment creation and skills development
Social information/Equal treatment				
Measures taken to support gender equality	4.4.1.6. Committing to diversity	126		
Measures taken towards employing and integrating disabled persons	4.4.1.6. Committing to diversity	126		
Policy to fight discrimination	4.4.1.6. Committing to diversity	126		
Social information/Respect of ILO core conventions				
<i>Freedom of association</i>	4.4.1.2. Encouraging social dialogue and internal communication	124		6.2.3 Decision-making processes and structures
	4.4.1.6. Committing to diversity	126		6.3.7 Discrimination and vulnerable groups
<i>The right to collective bargaining</i>	4.4.1.2. Encouraging social dialogue and internal communication	124	6. Elimination of discrimination in employment and occupation	6.3.10 Fundamental principles and rights at work
	4.4.1.6. Committing to diversity	126		6.4.3 Employment and employment relationships
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Items from articles R.225-104 and R.225-105 of the French Commercial Code	Corresponding chapters of the CSR report	Page	Global Compact principles	ISO 26000 fields of action
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5

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5.1. Consolidated Financial Statements

5.1.1. Consolidated income statement

In millions of euros	Note	16-17	15-16
Revenue from ordinary activities	5	1,414.0	1,325.1
Cost of goods sold		-727.0	-692.9
Marketing and sales costs		-194.3	-186.1
Research and development costs	8	-192.4	-177.5
Administrative and general costs		-173.1	-169.4
Other operating income and charges	9	- 8.9	1.1
Operating income		118.3	100.3
Profit from associated companies	18	33.9	30.8
Interest costs	10	-22.1	-23.8
Other financial income and charges	11	-2.4	-12.7
Income taxes	12	-37.6	-33.8
Profit from continuing operations		90.1	60.8
Profit from discontinued operations		-	-
Net income for the period		90.1	60.8
> Attributable to controlling company		86.9	59.3
> Attributable to non-controlling minority		3.2	1.5
Earnings from continuing operations per share - attributable to controlling company	13	4.17	2.85
Earnings from discontinued operations per share - attributable to controlling company	13	-	-
Earnings for the period per share - attributable to controlling company	13	4.17	2.85
Diluted earnings from continuing operations per share - attributable to controlling company	13	4.11	2.86
Diluted earnings from discontinued operations per share - attributable to controlling company	13	-	-
Diluted earnings for the period per share - attributable to controlling company	13	4.11	2.86

Details of the gains and losses

In millions of euros	16-17	15-16
Income for the period	90.1	60.8
Variation in currency translations	-27.8	-16.7
Variation in the fair value of assets available for sale	-	-
Variation in the fair value of financial instruments	0.2	0.2
Change in method	-	-
Impact of taxes	-0.1	-0.1
Items that might be reclassified to profit or loss	-27.7	-16.6
Actuarial losses and gains	11.9	-22.5
Impact of taxes	-2.9	5.9
Items not to be reclassified to profit or loss	9.0	-16.6
Other items in the total gains and losses for the period net of taxes	-18.7	-33.2
Total gains and losses for the period	71.4	27.6
> Of which attributable to controlling company	71.2	27.6
> Of which attributable to non-controlling minority	0.2	-

5.1.2. Financial progress report

Assets

In millions of euros	Note	06.30.17	06.30.16
Goodwill	14	377.9	385.5
Other intangible fixed assets	15	688.3	682.4
Tangible fixed assets	16	292.4	295.4
Financial fixed assets	17	15.5	22.6
Equity shares	18	312.9	305.4
Deferred taxes	25	54.1	56.6
Total non-current assets		1,741.1	1,747.9
Inventories	19	447.9	444.4
Trade receivables and other receivables	20	501.7	492.7
Cash and cash equivalents	21	256.3	206.5
Total current assets		1,205.9	1,143.6
Total assets		2,947.0	2,891.5

Passif

In millions of euros	Note	06.30.17	06.30.16
Share capital	22	317.7	317.7
Reserves and income	22	879.0	833.9
Equity – controlling company	22	1,196.7	1,151.6
Equity – non-controlling minority	23	111.8	112.4
Consolidated equity		1,308.5	1,264.0
Provisions for employee benefits	24	64.2	77.0
Non-current financial debts	27	749.2	778.5
Deferred income taxes	25	130.4	120.1
Total non-current liabilities		943.8	975.6
Other current provisions	26	16.1	12.4
Accounts payable	28	424.6	437.8
Deferred income	29	33.0	31.4
Current financial debts	27	221.0	170.3
Total current liabilities		694.7	651.9
Total liabilities		2,947.0	2,891.5

5.1.3. Consolidated cash flow statement

In millions of euros	06.30.17	06.30.16
1 - Trading operations		
Income for the year	90.1	60.8
Results of companies consolidated under equity method after dividends	-13.2	-6.1
Depreciation, amortization and impairment	198.2	177.8
Net provisions	-6.9	-7.0
Variation in deferred taxes	12.6	6.8
Income from capital operations	13.1	15.5
Surplus of the share in interest of the acquirer in the fair value of the assets and liabilities acquired on the cost, directly recorded in the income (negative goodwill)	-	-
Non-cash financial charges	-	1.0
Fair value losses and gains for financial fixed assets available for sale	-0.6	-
Cash flow	293.3	248.8
Dividends received on equity securities	-0.1	-0.1
Variation in working capital needs with comparable scope		
> Inventories	-11.6	23.9
> Trade debts	-20.0	-11.7
> Current debts	-0.6	15.7
Cash from operating activities	261.0	276.6
2 - Investment operations		
Disposal of fixed assets	6.8	3.6
Acquisition of fixed assets		
> Intangible fixed assets	-172.6	-196.9
> Tangible fixed assets	-34.7	-33.5
Variation in other financial fixed assets	-0.7	-6.5
Cash flow acquired through scope entries	-0.1	-78.0
Cash flow conceded through cash exits	-	-0.2
Net impact of the disposal of assets and liabilities	-	-
Net increase/decrease in cash and cash equivalents	-3.8	4.9
Cash flows from investing activities	-205.1	-306.6
3 - Cash flows from financing activities		
Variation in equity	-	-
Transactions with non-controlling interests ⁽¹⁾	-5.8	-0.2
Variation in financial debts ⁽²⁾	31.8	-99.2
Dividends received on unconsolidated participations	0.1	0.1
Dividends paid out	-24.9	-35.3
Cash flows from financing operations	1.2	-134.6
4 - Net effect of currency translation	-7.3	-2.3
5 - Variation in cash and cash equivalents	49.8	-166.9
6 - Cash and cash equivalents at beginning of period	206.5	373.4
7 - Cash and cash equivalents at end of period	256.3	206.5

⁽¹⁾ Application of the amended standard IAS 27: restatement of "Transactions with non-controlling interests." This line includes acquisition of the following securities:

	06.30.17	06.30.16
Gemstar	-	-0.2
Limagrain Cereal Seeds	-3.5	-
Link Seed	-2.3	-
Transactions with non-controlling participations	-5.8	-0.2

⁽²⁾ Variation in financial debts:

	06.30.17	06.30.16
Increase in non-current financial debts	148.7	102.2
Repayment of non-current financial debts	-126.5	-15.5
Payment on derivatives	-	-
Net increase/decrease in current financial debts	9.6	-185.9
Variation in financial liabilities	31.8	-99.2

5.1.4. Variation in consolidated equity

In millions of euros	Attributable to controlling company					Attributable to non-controlling minorities	Total
	Capital	Premiums	Income and other reserves	Currency translation reserves	Total		
07.01.15	317.7	350.5	452.1	38.1	1,158.4	113.6	1,272.0
Other items of the global income net of taxes	-	-	-16.0	-15.7	-31.7	-1.5	-33.2
Net income	-	-	59.3	-	59.3	1.5	60.8
Global income for the fiscal year	-	-	43.3	-15.7	27.6	-	27.6
Variation in treasury shares	-	-	-	-	-	-	-
Dividends paid out	-	-17.9	-14.8	-	-32.7	-2.6	-35.3
Variations in scope	-	-	1.3	-	1.3	1.4	2.7
Effect of share purchase commitments	-	-	-	-	-	-	-
Variation in the capital stock of the parent company	-	-	-	-	-	-	-
Variation in the capital stock of the subsidiaries	-	-	-	-	-	-	-
Bonds redeemable as shares ⁽¹⁾	-	-	-	-	-	-	-
Restatement	-	-	3.4	-3.4	-	-	-
Others	-	-	-3.0	-	-3.0	-	-3.0
06.30.16	317.7	332.6	482.3	19.0	1,151.6	112.4	1,264.0
Other items of the global income net of taxes	-	-	8.8	-24.5	-15.7	-3.0	-18.7
Net income	-	-	86.9	-	86.9	3.2	90.1
Global income for the fiscal year	-	-	95.7	-24.5	71.2	0.2	71.4
Variation in treasury shares	-	-	-	-	-	-	-
Dividends paid out	-	-	-22.9	-	-22.9	-2.0	-24.9
Variations in scope	-	-	-3.6	-	-3.6	2.4	-1.2
Effect of share purchase commitments	-	-	1.1	-	1.1	-1.2	-0.1
Variation in the share capital of the parent company	-	-	-	-	-	-	-
Variation in the share capital of the subsidiaries	-	-	-0.6	-	-0.6	-	-0.6
Bonds redeemable as shares ⁽¹⁾	-	-	-	-	-	-	-
Restatement	-	-	0.2	-0.2	-	-	-
Others	-	-	-0.1	-	-0.1	-	-0.1
06.30.17	317.7	332.6	552.1	-5.7	1,196.7	111.8	1,308.5

⁽¹⁾ Cf. Note 23.

5.1.5. Notes to the consolidated financial statements

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Note 1 : Accounting methods and principles in IFRS standards

1 - General context and declaration of compliance

These financial statements present the consolidated financial statements in accordance with the international accounting standards (IFRS standards) published by the International Accounting Standards Board (IASB) and with the interpretations of the IFRS published by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as applied by the European Union on June 30, 2017 (website: <http://ec.europa.eu>).

The consolidated financial statements were approved by the Board of Directors on October 18, 2017 and will be submitted for approval to the Annual General Meeting of December 8, 2017.

2 - Basis of evaluation used to establish the consolidated financial statements

The consolidated financial statements have been established using the historical cost convention, with the exception of certain categories of assets and liabilities, in compliance with IFRS rules. The categories concerned are mentioned in the following Notes.

3 - The use of estimates

In order to establish its financial statements, the Executive Committee of Vilmorin & Cie must carry out a number of estimates and hypotheses that affect the book value of the assets and liabilities, the income and the charges, and also the information provided in the Notes.

The Executive Committee of Vilmorin & Cie carries out these estimates and assessments on an ongoing basis, taking into account its experience and various other factors deemed to be reasonable that form the basis of these assessments.

The figures appearing in future financial statements are liable to differ from these estimates, depending on the evolution of these hypotheses or different conditions.

The main significant estimates made by the Executive Committee of Vilmorin & Cie in particular concern the evolution of commitments to employees, goodwill, other intangible fixed assets and provisions.

4 - Accounting treatment adopted in the absence of an IFRS standard or IFRIC interpretation with regard to certain operations

In the absence of an IFRS standard or IFRIC interpretation, Vilmorin & Cie has chosen to adopt the following accounting treatment, pending any possible standards or interpretations to come.

4.1 - Accounting of put options granted to certain minority shareholders

Vilmorin & Cie may grant, to minority shareholders of certain of its subsidiaries consolidated by global integration, commitments to buy back their minority stakes. These commitments may take the form of a put option or a firm commitment to buy the stakes at a pre-fixed date.

In IFRS standards, until there is a specific IFRIC interpretation or IFRS standard, Vilmorin & Cie has decided to apply provisionally the following accounting treatment, referred to as "accelerated vesting":

- ❖ At initial recording in the accounts, the commitment to buy back a minority stake is recorded as a financial debt at the discounted value of the price of the option or firm commitment to buy back the stake, offsetting the derecognition of minority interests, and for the balance, for the goodwill.
- ❖ Any ultimate variation in the value of the commitment is recorded in the income statement for any transactions occurring after the application of the revised standard IFRS 3.
- ❖ Where necessary, when the commitment and its subsequent variations are first recorded in the accounts, the anticipated loss on the acquisition cost is recorded in "Variation in commitments to buy back minority stakes."
- ❖ When the commitment reaches maturity, if there is no acquisition, previous recordings are cancelled. If the acquisition materializes, the amount recorded as a financial debt is cancelled out by the disbursement for the acquisition of the minority stake.

4.2 - Application and interpretation of standards and regulations

No new standard, interpretation or amendment to existing standards adopted by the European Union became mandatory for application for this fiscal year.

No new standard, interpretation or amendment to existing standards adopted by the European Union became mandatory for application as of July 1, 2017.

The new standards, interpretations and amendments to existing standards, adopted by the European Union and applicable to fiscal periods as of July 1, 2018 or later have not been adopted in advance by Vilmorin & Cie:

- ❖ IFRS 15 "Revenues from Contracts with Customers",
- ❖ IFRS 9 "Financial Instruments".

The group is currently studying any possible impact created by these new standards, interpretations and amendments to existing standards.

5 - Consolidation methods (IFRS 10, IFRS 11, IAS 27, IAS 28)

The financial statements of subsidiaries:

- ❖ are included in the consolidated financial statements as of the date on which control is obtained right up until the date when control ceases,
- ❖ are prepared in accordance with the revised standard IAS 27 "Separate financial statements."

The following rules have been applied:

- ❖ Subsidiaries in an entity controlled directly or indirectly by the group are consolidated by global integration.

In accordance with standard IFRS 10 "Consolidated financial statements", control is defined using the single model based on three cumulative conditions. An investor holds power over an investee when it controls this investee, when it has exposure, or rights, to variable returns from involvement with the investee, and when it has the ability to use its power over the investee to affect the amount of the investor's returns.

- ❖ Standard IFRS 11 eliminated the method of proportional integration and henceforth two types of joint arrangement are distinguished:
 - Joint arrangements qualified as "joint operations" whereby the parties have rights to the assets and obligations for the liabilities, relating to the arrangement. They are recorded in the accounts according to the proportion of assets, liabilities, income and charges controlled by the group. A joint operation may be structured through a distinct vehicle or not.
 - Joint arrangements qualified as "joint ventures" whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. They are consolidated by the group using the equity method.
- ❖ All internal transactions are eliminated in consolidation, particularly:
 - reciprocal transactions and accounts,
 - dividends paid out between consolidated companies,
 - provisions and write-back of amortization on consolidated securities,
 - internal margins on inventory,
 - capital gains or losses on internal disposals.

6 - Business combinations (revised IFRS 3)

Business combinations are recorded by applying the acquisition method on the acquisition date, which is the date on which control is transferred to Vilmorin & Cie.

The revised standard IFRS 3 is applicable to all take-overs as of July 1, 2009.

Vilmorin & Cie values goodwill:

- ❖ at the fair value of the consideration transferred,
- ❖ plus the recognized amount of any non-controlling interest rate in the acquiree,
- ❖ plus, if the business combination is carried out in stages, the fair value of any participation previously held in the acquiree,

- ❖ minus the net recognized amount (usually the fair value) of the identifiable assets acquired and liabilities assumed on the acquisition date.

If the difference above is negative, bargain purchase gains are recorded immediately in the income statement.

The consideration transferred includes the fair values of the transferred assets, Vilmorin & Cie's liabilities to the previous owners of the acquiree, and equity shares issued by Vilmorin & Cie. The consideration transferred also includes the fair value of any consideration and payment rights based on the shares of the acquired company which must be replaced in the business combination (see below). If pre-existing relationships between Vilmorin & Cie and the acquiree are terminated as a result of the business combination, the lower of the two values, between the termination value (cited in the contract) and the value of the non-marketable portion, is deducted from the consideration transferred and is recognized as other costs.

When rights to share-based payments that are replaced by rights (replacement rights) owned by employees at the acquiree (the acquiree's rights) relate to past services, part of the market-based assessment of the replacement right is included in the consideration transferred. Insofar as services are also necessary in the future, the difference between the amount included in the consideration transferred and the market-based assessment of the value of the replacement rights is treated as a replacement cost after the business combination.

A contingent liability of the acquiree is only taken into consideration in the business combination when the liability represents a current commitment and derives from past events, and if its fair value can be reliably measured.

Vilmorin & Cie has chosen to assess, transaction by transaction, each participation attributable to non-controlling minorities, either at their fair value or according to their interests in the acquiree's identifiable assets.

Transaction costs incurred by Vilmorin & Cie arising in connection with a business combination (brokerage costs, judicial costs, due diligence costs, costs of consultants and experts) are recognized immediately as they occur.

Acquisitions of participations which do not transfer control are recorded as transactions with the owners and consequently no goodwill results from such transactions. Adjustments of the non-controlling interests for transactions which do not lead to losses of control are determined on the basis of the share of the subsidiary's net assets.

7 - Operating segments

IFRS standard 8 "Operating segments" defines an operating segment as the component of an entity:

- ❖ that engages in business activities from which it may earn revenues and incur expenses,
- ❖ whose operating results are reviewed regularly by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance and,
- ❖ for which discrete financial information is available.

8 - Converting statements expressed in foreign currencies (IAS 21)

Vilmorin & Cie's financial statements are presented in euros.

Balance sheets of companies whose functional currency is not the euro are converted into euros at the exchange rate in force at close, and their income statements and cash flows by applying the exchange rate in force at the date of the transactions.

Resulting translation differences are recorded in the equity on the line "Currency translations" for the share of the controlling company, and on the line "Minority interests" for the minorities' share.

Goodwill and adjustments in fair value originating in the acquisition of a foreign entity are considered as the assets and liabilities of the foreign entity. They are therefore expressed in the functional currency of the entity and translated at the closing rate for the year.

At the end of the fiscal year, monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate in force at the closing rate for the year. The resulting exchange differences are recorded in the income statement (in "Other financial profits and costs").

Translation differences for financial instruments expressed in foreign currencies and corresponding to net forward investment in a foreign subsidiary are recorded in equity in the line "Currency translation." They are recorded in the income statement when the activity is taken out of the foreign country.

9 - Intangible fixed assets (IAS 38)

Other intangible fixed assets are recorded at acquisition cost, and other intangible fixed assets created internally are recorded at cost value.

When their duration of use is defined, intangible assets are amortized over their expected duration of use by Vilmorin & Cie. This duration is determined for each individual case depending on the nature of the items included in this line.

When their duration of use is undefined, intangible fixed assets are not amortized, but they are submitted to systematic annual value loss tests.

Consequently, intangible fixed assets with a defined duration of use are valued at cost price less amortization and any value loss, whereas intangible fixed assets with an undefined duration of use are valued at cost price less the aggregate of value losses.

The main categories of other intangible fixed assets at Vilmorin & Cie are as follows:

9.1 - Development costs

Development costs, net of any associated tax relief on research, are recorded as intangible fixed assets when the activation conditions meet all five of the following conditions:

- ❖ The projects are clearly identified and the costs concerned are treated individually and are evaluated in a reliable manner.
- ❖ Technical feasibility of the projects is shown.
- ❖ There is both an intention and capacity to see the projects through to the end, and use or sell any products that result from these projects.
- ❖ There is a potential market for the production generated by these projects, or their internal utility has been demonstrated.
- ❖ The resources necessary to run the projects right up to their conclusion are available.

Vilmorin & Cie considers that it is capable of satisfying these conditions as described above. As a consequence, its development projects are recorded as fixed assets in the following conditions:

Projects recorded as fixed assets correspond to work leading to the development of new products, or to industrial processes relative to Vilmorin & Cie's business.

The business field concerned is that of Vilmorin & Cie's seed activities.

Work taken into account when costing development projects recorded as fixed assets includes, in particular:

- ❖ Plant improvement as such, and particularly conventional breeding*, genome* analysis work on species the company does research into, molecular marking* and routine laboratory work used by breeders.
- ❖ Trials, tests and experiments, the production of seeds at a pilot stage, registration fees, homologation fees or fees to maintain rights on products being launched.
- ❖ The development of new technologies that aim to improve the performance of seeds such as: coating, pelleting, priming, etc.
- ❖ Intellectual property activities connected to the registration of patents, Soleau envelopes, Proprietary Variety Protection Certificates, freedom to operate studies, etc.
- ❖ The development of new processes or industrial pilots for the transformation of plant-based raw materials or more elaborate products, including food and ingredients.

Work done before the above-described process is not taken into account in the definition of development costs (for example: transgenesis*, or the search for new genetic resources*).

Moreover, only the charges that can be directly allocated to the programs concerned can be included in the calculation of the cost of projects recorded as fixed assets.

Development programs recorded as fixed assets are amortized using the straight-line method over a five-year period as of the first year.

9.2 - Goodwill

Goodwill represents the difference between the acquisition cost of consolidated securities and the share of Vilmorin & Cie in the fair value of their assets, liabilities and any potential liabilities that can be identified on the date of the purchase of the participation.

Goodwill is subject to a value loss test at least once every year. The methodology adopted is described hereafter in Note 1 paragraph 11. Any impairment recorded is irreversible.

Goodwill concerning companies consolidated under the equity method is recorded in "Equity shares." In compliance with the standard IAS 28, the group applies the provisions of the standard IAS 39 to determine whether it is necessary to conduct an impairment test on the basis of a value loss indicator, determined according to the rules defined by standard IAS 36. If, at a later date, the recoverable value increases, a value loss write-back is recorded.

9.3 - Brands, patents, licenses

The cost of these assets corresponds to:

- ❖ The purchasing price plus any cost that can be directly shown to be due to the preparation of the asset for its planned use, for assets acquired separately.
- ❖ The fair price, at acquisition date, for any assets acquired through business combinations.

Where relevant, amortization of these assets is recorded as a charge using the straight-line method over the estimated duration of use.

9.3.1 Brands

Their economic life span is considered to be indefinite and consequently brands are not amortized.

The classification of a brand as an asset with an unlimited life results, in particular, from the following indicators:

- ❖ positioning of the brand on its market in terms of volume of business and image,
- ❖ long-term perspectives for profitability,
- ❖ risk factor with regard to momentary difficulties,
- ❖ major event occurring in the business sector, likely to leave its mark on the future of the brand,
- ❖ age of the brand,
- ❖ regular expenses on advertising and promotion.

They are regularly assessed and tested using defined Cash Generating Units (CGUs).

9.3.2 Patents

The duration of use of patents corresponds to their legal duration of protection.

9.3.3 Licences

The duration of use of licenses corresponds to the period during which they can be used by contract.

9.3.4 Software

Depending on the field of application of the software, and taking technological obsolescence into account, the economic life varies from three to seven years.

For certain specific needs, Vilmorin & Cie sometimes develops its own software applications. In such cases, the costs considered for recording them as fixed assets include:

- ❖ The costs of materials and services used,
- ❖ Salaries and other labor costs directly involved in the production of these assets.

9.4 - Germplasm

Germplasm comprises all the plant material used to breed new varieties of seeds, the prerequisite of which is a collection of plants that is as wide and diversified as possible.

Generally acquired by Vilmorin & Cie at a fair price and through business combinations, it is systematically worked on with a view to enriching, characterizing and maintaining it to preserve its quality and ensure it is available to the different research teams.

These research teams constantly sift through this plant library to make use of the primary resources that are required for the creation of new products.

Built up over the years, this genetic material has been improved as seed companies and breeding* programs have been acquired, and research partnerships have been set up.

Bearing in mind that it needs to be kept permanently in good condition, regularly maintained and continually used in the process of plant breeding, Vilmorin & Cie considers that its economic life is indefinite. Consequently these assets are not amortized.

In compliance with the standard IAS 36, an impairment test is conducted on germplasm to compare its recoverable value to its book value; such a test is conducted every year and each time there any indication of value loss. Since this germplasm does not produce and independent cash flows, it is tested in the Cash Generating Unit (CGU) to which it belongs during the annual goodwill impairment test (cf. Note 1 paragraph 9.2).

10 - Tangible fixed assets (IAS 16)

Tangible fixed assets are recorded at their acquisition cost or, where appropriate, their production cost less depreciation and losses of value.

10.1 - Loan interests

In compliance with standards IAS 16 and IAS 23R, interests on loans taken out for purposes of construction and the acquisition of tangible assets are incorporated into the cost of the assets unless they fail to meet the criteria listed in paragraph 12 of the standard IAS 23R.

10.2 - Components approach

The different components of a tangible fixed asset are recorded separately when their estimated duration of use and therefore their impairment durations are significantly different.

10.3 - Depreciation

10.3.1 Basis for depreciation

Bearing in mind their specific nature, most of Vilmorin & Cie's industrial assets are intended to be used until the end of their life span, and as a general rule, it is not envisaged that they should be sold, which justifies the fact that there is no residual value for these fixed assets.

10.3.2 Depreciation method

Tangible fixed assets are depreciated using the straight-line method in the income statement over the estimated duration of use for each component.

10.3.3 Duration of depreciation

Depreciation is calculated according to the estimated durations of use for the following assets, reviewed every year:

- ❖ Land: not depreciated
- ❖ Landscaping: 10 to 20 years
- ❖ Constructions: 10 to 40 years⁽¹⁾
- ❖ Specialized complex installations: 5 to 10 years
- ❖ Machines, industrial equipment: 3 to 10 years
- ❖ Office equipment: 3 to 10 years
- ❖ Other tangible fixed assets: 3 to 10 years

10.3.4 Presentation in the income statement

Amortization, depreciation and impairment are recorded in the income statement in accordance with the purpose of the fixed asset (cost of sales, commercial expenses, research costs, overheads and administrative costs, etc.).

⁽¹⁾ 10 to 20 years for light constructions, 20 to 40 years for more robust constructions.

10.4 - Impairment tests

As part of the Cash Generating Units (CGU), tangible fixed assets are liable to be tested for impairment as soon as any indication of impairment has been identified.

A CGU is the smallest identifiable group of assets that generates cash entries clearly independent of cash entries generated by other assets or groups of assets.

This test has been implemented at Vilmorin & Cie, and is carried out in accordance with the rule explained in Note 1 paragraph 11 hereafter.

10.5 - Reassessment

During the transition period to IFRS standards, Vilmorin & Cie decided to apply the fair value principle as the presumed cost to certain specific assets. The fixed assets to which this procedure was applied are generally land and factory buildings valued historically without representing economic reality.

The assessments adopted are the result of independent expert assessors.

11 - Impairment of intangible and tangible assets

The book values of Vilmorin & Cie's intangible and tangible assets are examined at the close of each fiscal year in order to assess whether there is any indication that an asset has lost value. If there are any such indications, the recoverable amount of the asset is assessed using the method described hereafter.

For goodwill, intangible fixed assets with an undefined useful life, or intangible fixed assets which are not yet ready to be put into service, the recoverable value is subject to an impairment test at least once per year.

Impairment is recorded if the book value of an asset or its Cash Generating Unit is higher than its recoverable amount. Impairments are recorded in the income statement.

Impairment recorded for a Cash Generating Unit is first of all recorded as a reduction in the book value of all the goodwill allocated to the Cash Generating Unit (or group of units), and then to a reduction in the book value of the other assets of the unit (or group of units) in proportion to the book value of each asset in the unit (or group of units).

11.1 - Calculation of the recoverable amount

The recoverable amount of intangible and tangible fixed assets is the highest amount between their fair value less selling costs and their going concern value. In order to assess the going concern value, estimated future cash flows are adjusted to a pre-tax rate that reflects the market's current appreciation of the time value of

money and specific asset risks. For an asset which does not generate independent cash entries, the recoverable amount is determined by the Cash Generating Unit to which the asset belongs.

11.2 - Write-back of impairments

Impairments recorded as goodwill cannot be written back. Impairments recorded for another asset are written back if there has been a change in the estimates used to determine the recoverable amount. The book value of an asset which has been increased because of the write-back of impairment cannot be greater than the book value that would have been determined, net of amortizations, if no impairment had been recorded.

12 - Lease agreements (IAS 17)

12.1 - Financial lease agreements

Goods acquired through financial lease agreements are recorded as fixed assets when the lease agreement transfers almost all the risks and rewards incident to Vilmorin & Cie's ownership of these goods. Criteria used to assess these agreements are based, in particular, on:

- ❖ the relationship between the lease term for the assets and their life duration,
- ❖ the minimum total amount paid in the future compared with the fair value of the fixed asset being funded,
- ❖ the existence of transfer of property at the end of the lease agreement,
- ❖ the existence of a favorable purchase option,
- ❖ the specific nature of the asset being leased.

Assets held by virtue of financial lease contracts are depreciated over the same duration as similar freehold assets.

Goods acquired through financial lease agreements are recorded as tangible fixed assets at the lowest amount of the fair value or the current value of minimum payments at the date of the beginning of the agreement, and the loans are recorded as liabilities.

12.2 - Simple rental agreements

Rental agreements that do not have the characteristics of a financial lease agreement are recorded as operating rental contracts and only the installments paid are recorded in the income statement.

13 - Inventories and production in progress

Inventories and production in progress are evaluated at their lowest cost and their net realizable value.

Costs are generally calculated according to the method of weighted average cost; they include the appropriate proportion of indirect production costs based on the normal production capacity, but excluding financial charges and any costs of a drop in activity.

The net realizable value is the estimated selling price in the normal course of business less the estimated costs necessary to achieve the sale.

Where relevant impairment is recorded, it is generally intended to cover the following risks:

- ❖ realizable value lower than market price,
- ❖ adjustment according to sales perspectives,
- ❖ bad product quality (mainly poor germination and problems of sanitary quality).

In this respect, the line "Cost of goods sold" in the income statement includes the notion of a cost of obsolescence comprising the net change in inventory depreciation plus the cost of products destroyed during the fiscal year.

14 - Trade receivables

Receivables are valued at their fair value at their initial evaluation, and then at their amortized cost after any later evaluations. Impairment is recorded when the recoverable amount is lower than the book value.

15 - Treasury shares

Treasury shares are recorded at their cost of acquisition less equity. Income from the sale of these shares is recorded directly as equity, and does not contribute to the profit for the fiscal year.

16 - Employee benefits (revised IAS 19)

In accordance with the laws and practices of each country in which it operates, Vilmorin & Cie participates in various pension, early retirement and post-employment benefit schemes.

16.1 - Post-employment benefit schemes

Two types of post-employment benefit schemes are distinguished:

16.1.1 Defined contribution plans

A defined contribution plan is a scheme involving benefits paid out after termination of the work contract, for which an entity pays defined contributions to a distinct entity and has no legal or implicit obligation to pay any further contributions if the fund does not have sufficient assets to pay benefits to the beneficiaries for present or previous fiscal years.

For basic plans and other plans with defined contributions, the contributions payable are recorded as charges for the fiscal year in which they are due, and no provision is made, since Vilmorin & Cie is only committed within the limit of the contributions paid.

These plans are applied in most of the countries where Vilmorin & Cie is present (Europe, North and Central America, Asia).

16.1.2 Defined benefit plans

These plans concern all those that do not come under the definition of defined contribution plans. These plans are characterized by an obligation of the employer towards his employees. If they are not entirely funded in advance, they must be recorded as provisions.

This type of plan is either funded:

- ❖ directly by the group, which records provisions for the charges on an actuarial basis. These defined benefit plans mainly comprise lump sums paid at retirement (principally France) or,
- ❖ through a pension fund that the group pays into in accordance with the rules and regulations in force (North America, United Kingdom, etc.). For these plans, the provision reflects the balance between the amount currently due and the value of the assets, assessed at fair value.

For these plans, Vilmorin & Cie records provisions that are determined as follows:

- ❖ Commitments are assessed using the method known as “projected credit units” which stipulates that each period of service generates a unit of benefit entitlement. Each of these units is assessed separately to obtain the final amount due.
Calculations involve hypotheses for mortality, staff turnover and projections on future salaries. An adjustment rate linked to the average duration of this commitment is applied. These assessments are carried out once a year for all the plans by independent actuaries.
- ❖ The actuarial gains and losses resulting from changes in assumptions or experience adjustments (difference between the projected figure and the actual figure) on the commitments or the financial assets of the plan are entirely recorded as other items in the global income for the fiscal year when they are generated, along with the corresponding fiscal impact. They cannot be reclassified in the income statement in subsequent fiscal years.
- ❖ The costs of services rendered, past services, and fund administration costs for the period are all recorded as operating charges for the fiscal year.
- ❖ Liquidations and/or reductions of defined benefit plans are also recorded as operating charges for the fiscal year.
- ❖ Net interests on liabilities (or net assets), valued at the adjustment rate, are recorded as other income and financial charges.

16.2 - Other long-term subsequent benefits

Provisions are made for certain other long-term benefits which are determined using an actuarial calculation that is comparable to that used for defined contribution schemes.

For Vilmorin & Cie these benefits mainly correspond to bonuses that accompany “work medals” for long service and lump sums paid at retirement, and concern almost exclusively the French companies. The costs of services rendered are recorded as operating charges and the financial interests as other income and financial charges.

17 - Provisions (IAS 37)

17.1 - General principle

Standard IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” defines the rules applicable to provisions.

It is mandatory to record a provision in cases where:

- ❖ it is intended to meet a current, legal or implicit obligation,
- ❖ this obligation exists at the date of the close of the fiscal year,
- ❖ it is probable or certain that settlement will lead to an outflow of resources to a third party,
- ❖ a reliable evaluation of the provision can be made.

These provisions are estimated taking into account the most probable hypotheses at the closing date of the accounts.

17.2 - Application to Vilmorin & Cie

Within the normal conditions of its business Vilmorin & Cie is subject to various risks (commercial litigation, reorganization, fiscal litigation, social litigation, etc.). It applies the following rules:

17.2.1 Provisions for reorganization

Provisions for the cost of reorganization programs are made in full during the fiscal year in which an irreversible obligation for Vilmorin & Cie arises with regard to third parties. This obligation is the result of a decision taken by the invested management authority and materialized before the end of the closing date by informing the third parties concerned, or their representatives.

The amount of the provision mainly includes the following costs:

- ❖ severance pay,
- ❖ notice not worked,
- ❖ training of employees laid off,
- ❖ other costs linked to the closing of sites.

Disposal of fixed assets, impairment of inventories and other assets that are the direct result of reorganization costs are also recorded in the reorganization costs.

17.2.2 Provisions for litigations

Litigations (commercial, fiscal, intellectual property, etc.) are assessed individually and/or on the basis of a statistical estimate of the litigations observed for similar cases bearing in mind what is known at the end of the fiscal year.

17.2.3 Presentation in the financial statements

Except in particular justified cases, provisions are presented in the balance sheet in the current liabilities.

18 - Government grants (IAS 20)

In compliance with standard IAS 20, Vilmorin & Cie records government grants in the balance sheet on the line "Deferred income" and includes them in the income for the useful life of the assets for which they were received.

Government grants received for fixed assets that cannot be depreciated (land) are directly recorded in income for the fiscal year, when they cannot be linked to a fixed asset that is depreciated. If they can be linked to a depreciated fixed asset, they are depreciated at the same rhythm as this asset.

19 - Deferred taxes (IAS 12)

In compliance with standard IAS 12, deferred taxes are calculated for all temporal differences between the tax base and the book value of the assets and liabilities. The main items taken into account for this purpose concern:

- ❖ consolidation restatement showing a divergence between book value and tax base (special tax exemption, lease agreements, margins on inventory, income from sales of intra-group fixed assets, retirement benefits, etc.),
- ❖ recognized evaluation differences in the case of business combinations to the extent they concern clearly identified and controlled assets,
- ❖ the differences between the book value and the tax base for certain assets based on favorable fiscal systems such as the provisions for mergers in France.

Assets and liabilities of deferred taxes are assessed at the tax rate expected for the period during which the asset is recovered and the liability is settled, using the tax rates that have been enacted by the balance sheet date.

The balance sheet approach to the variable carry forward method is applied and the effects of taxable rate modifications are recorded in the income for the fiscal year during which the change in rate is fixed, as long as these tax modifications have no effect on the deferred taxes that had been recorded directly in equity.

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that they can be recovered in later years. Assessment of the capacity of Vilmorin & Cie to recover these assets in particular depends on the following criteria:

- ❖ future forecasts of fiscal results,
- ❖ the share of exceptional charges must not be renewed in the future and included in past losses,
- ❖ the net liabilities position can, in certain circumstances, be reduced in accordance with tax deficits carried forward reasonably recordable in consideration, on the basis of an amortization table.

In compliance with standard IAS 12, deferred tax assets and liabilities are not readjusted. Depending on the case, they are presented in the balance sheet as non-current assets or liabilities.

20 - Accounts payable

Debts that concern the normal operating cycle are recorded on the line "Accounts payable" for their fair value fixed at the initial assessment, and then adjusted for the cost of depreciation/amortization for subsequent evaluations.

21 - Financial instruments (IAS 32 and IAS 39)

Financial instruments at fair value are classified according to the following level of hierarchy:

- ❖ level 1 (listed markets): financial instruments listed in an active market,
- ❖ level 2 (observable data): financial instruments where the assessment makes use of valuation techniques based on observable parameters,
- ❖ level 3 (internal model): financial instruments where the assessment makes use of valuation techniques based fully or partially on non-observable parameters.

21.1 - Unconsolidated equity securities and other non-current financial assets

In compliance with standard IAS 39 "Financial instruments," participation securities in unconsolidated companies are considered to be available for sale and are therefore recorded at their fair value, which is determined in the following conditions:

- ❖ for listed securities, the fair value corresponds to the stock market value in an active market,
- ❖ for other securities whose fair value in general cannot be determined reliably, the securities are recorded at cost price less any impairments.

Variations in fair value are recorded directly in equity. If there is an objective indication of impairment of the financial asset concerned, an irreversible impairment is recorded in income. Write-back of the provision in the income will only come into play when the securities are disposed of.

Loans are recorded at amortized cost price. They can be amortized if there is an objective indication of any impairment. Any impairment corresponding to the difference between the book value and the recoverable amount is recorded in the income, and is reversible if evolution is favorable in the future.

In cases where loans, advance payments or other mid- or long-term receivables do not receive interest, or if the interest rate is lower than market rates, the assets are adjusted in accordance with the real interest rate.

At each close, an examination of the portfolio of unconsolidated securities and other financial assets is made in order to assess the objective indications of impairment of these assets. Where necessary, any impairment is recorded in the accounts.

21.2 - Accounts receivable

Mid- or long-term receivables that do not receive interest are adjusted in the conditions described above in Note 1 paragraph 21.1 above.

21.3 - Recording financial assets and derivatives

Vilmorin & Cie applies the following principles:

21.3.1 Derivatives

Vilmorin & Cie uses derivatives to cover its exposure to risks in the variation of interest rates, currency exchange rates and in the prices of raw materials, resulting from its current activity and its funding. Derivatives are assessed at their fair value.

For a derivative to be eligible for hedge accounting (cash flow or fair value), the hedging relationship must be formally designated and documented, and its life-long effectiveness must be demonstrated. A fair value hedge is a hedge of the exposure to changes in fair value of assets, liabilities or firm commitments. A cash flow hedge is a hedge of the exposure to variability in future cash flows (sales generated by the company's assets, for example).

In compliance with the provisions of standard IAS 39, variations in the fair value of these instruments are recorded as follows:

- ❖ Variations in the fair value of instruments eligible for cash flow hedging are recognized directly in equity for their effective part of the cover, and in financial profit and loss for their ineffective part.
- ❖ Variations in the fair value of instruments eligible for fair value hedging are recorded in profit and loss where they compensate for the variations in fair value of the assets, liabilities or firm commitments covered.

Forward cover of the prices of the raw materials used by Vilmorin & Cie mainly concerns futures negotiated on an organized market. Vilmorin & Cie also implements strategies that combine futures with options which are also negotiated on an organized market.

21.3.2 Conditional advance payments

Conditional advance payments appear in accordance with IFRS principles on the line "Deferred income." They are included in the income if the funded programs concerned fail.

21.3.3 Loan issue costs

Costs incurred by the issue of loans are, in accordance with standard IAS 39, recorded at the book value of the loans concerned.

These costs are recorded as charges for the full duration of the loan using the effective interest rate method.

21.4 - Financial debts – compound instruments

Certain financial instruments include both a financial debt component and an equity component.

In compliance with standard IAS 32, the different components of these instruments are recorded in equity and financial debts in respective proportions.

The component classified as financial debts is evaluated on date of issue. It corresponds to the future agreed cash flow value adjusted to the market rate of a similar instrument with the same conditions, but without an option of conversion or redemption as shares.

21.5 - Accounts payable

In cases of deferred interest-free payment greater than one year, rules for adjustment are applied in compliance with the principles presented above in Note 1 paragraph 21.

22 - Cash and cash equivalents - investment securities**22.1 - Cash and cash equivalents**

In accordance with standard IAS 7 "Cash flow statement," the line "Cash and cash equivalents" appearing in the balance sheet includes:

- ❖ cash and bank in hand,
- ❖ short-term investments that are liquid and easily convertible into a determinable amount of cash with negligible risk and variation in value,
- ❖ current accounts recoverable at short notice.

Investments at more than three months without the possibility of an anticipated exit, and bank accounts carrying restrictions (blocked accounts) are excluded from cash flow. Overdrafts assimilated to funding instruments are also excluded from cash flow.

22.2 - Investment securities

In compliance with standard IAS 39 "Financial instruments," investment securities are assessed at their fair value. No investment is analyzed as being held until its due date. The manner in which investment securities are recorded in accounts depends on the aim of the operations:

- ❖ For investments held for purposes of transaction, variations in fair value are systematically recorded in income.
- ❖ For investments available for sale, variations in fair value are recorded directly in the equity, or in the income where there is an objective indication of impairment that is greater than the temporary impairment of the security concerned.

23 - Breakdown of assets and liabilities into current / non-current

23.1 - General principle

Standard IAS 1 states that assets and liabilities must be classified as either "current" or "non-current."

23.2 - Application to Vilmorin & Cie

Vilmorin & Cie has adopted the following rules to classify the main aggregate amounts of the balance sheet:

- ❖ Assets and liabilities that form part of the working capital needs of a normal business operating cycle are classified:
 - as "current" if the realization of the assets or the liquidation of the liabilities is expected to occur within one year following the closing date or if they are held for the purposes of trading,
 - as "non current" in all other cases.
- ❖ Fixed assets are classified as "non-current".
- ❖ Provisions that are part of the normal operating cycle are classified as "current."
- ❖ Provisions for employee benefits are classified as "non-current" bearing in mind the long-term horizon of such commitments.
- ❖ Financial debts are classified as "current" and "non-current" depending on whether their due dates fall in less than one year or more than one year after the closing date.
- ❖ Deferred taxes are all presented as "non-current" assets or liabilities.

24 - Revenue from ordinary activities (IAS 18)

24.1 - General principle

Revenue from ordinary activities comprises the sale of products, goods and services produced as part of Vilmorin & Cie's main business activities, and also income from royalties and operating licenses.

24.2 - Application to Vilmorin & Cie

Income is recorded in the sales when the company has transferred the important risks and advantages inherent in the property of the goods to the purchaser. The transfer date generally corresponds:

- ❖ For sold goods and products to the date they are made available to the customers.
- ❖ For services, sales depend on the extent to which the service has been rendered on closing date, and if its income can be considered to be reliable.
- ❖ For royalties, income is recorded in accordance with the provisions of the contract which generally stipulate calculation based on sales or quantities sold by the licensor. These royalties generally correspond to the remuneration of licenses for proprietary plant varieties or parental lines.

Revenue from ordinary operations includes:

- ❖ sales of products,
- ❖ sales of services,
- ❖ royalties received from commercial activities.

From this revenue a certain number of items are deducted:

- ❖ payments on account, discount for early pick-up,
- ❖ returns of goods and products,
- ❖ end of year discount and other retrospective discount of deferred prices.

25 - Earnings per share

The basic earnings per share are calculated on the basis of the weighted average number of shares in circulation over the fiscal year.

The average number of shares in circulation is calculated on the basis of the different valuations of the share capital, corrected, where appropriate, for Vilmorin & Cie's treasury shares.

The diluted earnings per share are calculated by dividing Vilmorin & Cie's share of the income by the number of ordinary shares in circulation to which are added all the potentially dilutive ordinary shares.

Note 2 : Events occurring during the fiscal year

Main operations occurring during the fiscal year

The main operations occurring during the course of the fiscal year were as follows:

Creation of a joint venture in Tunisia

In November 2016, Vilmorin & Cie, through its subsidiary Vilmorin, set up a long-term partnership with its historic distributor and partner in Tunisia, SEPCM (Fertilizers and Chemical Products of Mégrine) through the creation of a joint venture going by the name of Carthage Génétique, dedicated to the breeding and development of Vegetable Seeds.

Through its subsidiary Vilmorin, Vilmorin & Cie holds 50% of the capital stock of this new structure.

Renegotiation of the partnership with Arcadia Biosciences (United States)

At the end of March 2017, Vilmorin & Cie and Arcadia Biosciences, an American biotechnology* company, decided to terminate their cross shareholding agreement set up in 2010 through an exchange of shares.

Note 3: Consolidation scope

1 - Evolution of the consolidation scope

1.1 - On June 30, 2017, Vilmorin & Cie consolidated 106 companies in accordance with the rules set out in Note 1 paragraph 5 of the accounting methods and principles in IFRS standards.

	16-17	15-16
By global integration	92	94
By the equity method	14	13
Total	106	107

1.2 - Variations in scope occurring during the course of fiscal 2016-2017 were as follows:

1.2.1 Entries to the consolidation scope

- ✦ Through the purchase of a stake
 - None
- ✦ Through the creation of companies
 - Carthage Génétique
- ✦ Through integration into the consolidation scope
 - Korea MKS
 - Vilmorin Nederland Holding BV

1.2.2 Exits from the consolidation scope

- ✦ Companies wound up
 - None
- ✦ Through exit from the consolidation scope
 - None
- ✦ Following internal reorganizations, several mergers occurred:

Absorbing companies	Absorbed companies
HM.CLAUSE Inc.	Genica Research
Genica Research	Magnum Seeds Inc.
Vilmorin Italia	Genista
Vilmorin Iberica	Magnum Seeds Iberia

1.2.3 Changes in name

No change in name occurred during this fiscal year.

1.2.4 Changes in consolidation method

No change in consolidation method occurred during this fiscal year.

2 - Information concerning variations in consolidation scope

In millions of euros	Carthage Génétique	Korea MKS	Vilmorin Nederland Holding BV
Date of entry in scope	11.01.2016	07.01.2016	07.01.2016
% acquired			
Over the fiscal year	50.00%	-	-
Previously held	-	100.00%	100.00%
Total held	50.00%	100.00%	100.00%
Consolidation method adopted⁽¹⁾	EM	GI	GI
Acquisition price of the shares			
Agreed during the fiscal year	0.3	-	-
Previously agreed	-	0.2	-
Total	0.3	0.2	-
Fair value of assets and liabilities acquired			
Fixed assets	0.1	-	-
Working capital needs	-	-	-
Provisions for risks	-	-	-
Indebtedness net of cash	-0.2	-0.2	-
Deferred taxes	-	-	-
Equity acquired	0.3	0.2	-
Goodwill⁽²⁾	-	-	-

⁽¹⁾ GI: global integration – EM: equity method

⁽²⁾ Goodwill for companies integrated using the equity method is directly included in the line "Equity shares" of the financial progress report.

3 - Comparability of the income statements

In order to analyze the results with comparable consolidation and currency translation scope, a pro-forma income statement for 2015-2016 has been established in the following conditions:

- ❖ In order to neutralize the impact of currency variations, the income statement on June 30, 2016 has been restated by applying the average rate on June 30, 2017.
- ❖ Companies exiting the scope during fiscal year 2016-2017 have been neutralized for the previous fiscal year, namely:
 - None
- ❖ Companies entering the scope during fiscal year 2016-2017, and providing new business, have been added to the accounts on June 30, 2016, namely:
 - None
- ❖ Information is restated as follows:

In millions of euros	Variation %	16-17	15-16 restated
Revenue from ordinary activities	6.7%	1,414.0	1,325.2
Operating income	18.5%	118.3	99.8
Income from continuing operations	47.5%	90.1	61.1
Income from discontinued operations	-	-	-
Income for the period	47.5%	90.1	61.1

Note 4: Operating segments

1 - General principles

The rules applicable to the presentation of operating segments are defined in Note 1 paragraph 7 of the accounting methods and principles in IFRS standards.

2 - Information according to business segment

The internal information made available to Vilmorin & Cie's Executive Committee, the Chief Operating Decision-Maker, corresponds to the managerial organization of the company which is based on segmentation according to activity. Consequently, the operating segments, as defined by standard IFRS 8, are the business segments on which Vilmorin & Cie operates.

Existing operating segments on June 30, 2017 were as follows:

- ❖ Vegetable Seeds
- ❖ Field Seeds

Each of the columns in the tables presented below contains the figures for each segment. The figures shown represent the contributions with regard to Vilmorin & Cie which implicitly ignore inter-segment operations since they are not considered to be very significant.

2.1 - Information concerning fiscal year 2016-2017

In millions of euros	Vegetable Seeds	Field Seeds	Garden Products & Holdings	Unallocated	Total
Revenue from ordinary activities	735.8	626.0	52.2	-	1,414.0
Operating income	125.8	17.2	-24.7	-	118.3
Income from continuing operations	84.9	31.9	-26.7	-	90.1
Income from discontinued operations	-	-	-	-	-
Total consolidated net income	84.9	31.9	-26.7	-	90.1
Non-current assets	589.6	1,000.0	151.5	-	1,741.1
> Including investments for the period	103.7	96.6	15.2	-	215.5
Current assets	590.0	461.6	154.3	-	1,205.9
Total assets	1,179.6	1,461.6	305.8	-	2,947.0
Equity ⁽¹⁾	-	-	-	1,308.5	1,308.5
Non current liabilities	87.5	126.9	729.4	-	943.8
Current liabilities	212.9	272.8	209.0	-	694.7
Total liabilities	300.4	399.7	938.4	1,308.5	2,947.0

⁽¹⁾ The line "Equity" for all Vilmorin & Cie's companies is not broken down per business segment.

2.2 - Information concerning fiscal year 2015-2016

In millions of euros	Vegetable Seeds	Field Seeds	Garden Products & Holdings	Unallocated	Total
Revenue from ordinary activities	688.7	581.7	54.7	-	1,325.1
Operating income	109.3	10.6	-19.6	-	100.3
Income from continuing operations	71.6	17.3	-28.1	-	60.8
Income from discontinued operations	-	-	-	-	-
Total consolidated net income	71.6	17.3	-28.1	-	60.8
Non-current assets	588.2	992.6	167.1	-	1,747.9
> Including investments for the period	96.7	96.8	134.4	-	327.9
Current assets	570.3	450.0	123.3	-	1,143.6
Total assets	1,158.5	1,442.6	290.4	-	2,891.5
Equity ⁽¹⁾	-	-	-	1,264.0	1,264.0
Non current liabilities	91.8	139.2	744.6	-	975.6
Current liabilities	225.3	258.5	168.1	-	651.9
Total liabilities	317.1	397.7	912.7	1,264.0	2,891.5

⁽¹⁾ The line "Equity" for all Vilmorin & Cie's companies is not broken down per business segment.

Note 5: Revenue from ordinary activities

1 - Analysis by nature

In millions of euros	Variation %	16-17	15-16
Sales of goods	7.1%	1,359.0	1,268.7
Sales of services	20.5%	8.8	7.3
Royalties received	-5.9%	46.2	49.1
Total	6.7%	1,414.0	1,325.1

The rules applied for the recording and evaluation of revenue from ordinary activities appear in Note 1 paragraph 24 of the accounting methods and principles in IFRS standards.

2 - Analysis by geographical area

The geographical analysis of sales of goods and finished products is as follows:

In millions of euros	Variation %	16-17	15-16
Europe	2.2%	756.6	740.6
Americas	23.0%	306.9	249.6
Asia and Oceania	10.8%	152.3	137.5
Africa and Middle East	1.6%	143.2	141.0
Total	7.1 %	1,359.0	1,268.7

3 - Analysis by product

Analysis of sales according to product families is as follows:

In millions of euros	Variation %	16-17	15-16
Vegetable and flower seeds	7.4%	675.5	628.8
Other field seeds	9.8%	553.5	504.2
Forage and lawn seeds	-4.0%	33.4	34.8
Garden products	-3.6%	58.7	60.9
Other products	-5.3%	37.9	40.0
Total	7.1 %	1,359.0	1,268.7

4 - Revenue from ordinary activities at constant exchange rates

With constant exchange rates for the period, the revenue for ordinary activities for the previous fiscal year would have come to 1,325.2 million euros compared with 1,414 million euros for this past fiscal year, an increase of 6.7%.

Note 6: Personnel costs**1 - Evolution of personnel costs**

In millions of euros	16-17	15-16
Gross salaries	289.9	273.1
Social charges	99.3	96.5
Profit-sharing schemes	12.3	8.7
Total	401.5	378.3

2 - Further information

Bearing in mind the seasonal nature of its business, Vilmorin & Cie discloses information on its permanent headcount and its average annual headcount.

2.1 - Average annual headcount**2.1.1 Analysis France/Non-France**

	16-17	15-16
France	2,528	2,526
Non-France	4,691	4,702
Total	7,219	7,228

2.1.2 Analysis by employee status

	16-17	15-16
Management	1,948	1,949
Non-management	5,271	5,279
Total	7,219	7,228

2.2 - Permanent headcount at the end of the fiscal year**2.2.1 Analysis France/Non-France**

	16-17	15-16
France	2,076	2,062
Non-France	4,484	4,377
Total	6,560	6,439

2.2.2 Analysis by employee status

	16-17	15-16
Management	1,938	1,938
Non-management	4,622	4,501
Total	6,560	6,439

2.2.3 Analysis by function

	16-17	15-16
Administration	1,017	1,011
Research	1,899	1,849
Agronomic production and factory	1,784	1,722
Sales and marketing	1,860	1,857
Total	6,560	6,439

Note 7: Provisions for the depreciation, amortization and impairment of tangible and intangible fixed assets

In millions of euros	16-17	15-16
Provisions for the amortization and impairment of intangible fixed assets		
> Development programs ⁽¹⁾	-149.3	-139.3
> Other intangible fixed assets	-14.3	-6.5
Sub-total	-163.6	-145.8
Provisions for the depreciation and impairment of tangible fixed assets	-32.2	-31.4
Total	-195.8	-177.2

⁽¹⁾ The increase in provisions concerning development costs is an indication of the intensification of investment in research.

Note 8: Research and development costs**1 - Evolution of costs**

In millions of euros	16-17	15-16
Development programs activated during the fiscal year	164.8	157.0
Provisions for the amortization of development programs recorded as fixed assets	-149.3	-139.3
Total research and development costs	-240.2	-225.2
Tax relief for research	32.3	30.0
Net costs for the year	-192.4	-177.5

Vilmorin & Cie records the cost of its development programs in the conditions set out in Note 1 paragraph 9 of the accounting methods and principles in IFRS standards.

Research and development costs which fail to meet these conditions are recorded directly as charges for the fiscal year.

2 - Further information

2.1 - Net increase in activated research and development costs

In millions of euros	16-17	15-16
Costs identified and recorded as intangible fixed assets (cf. Note 15)	164.8	157.0
Provisions for amortization	-149.3	-139.3
Net increase in activated research and development costs	15.5	17.7

It is important to note that out of a total investment in research and development of 240.2 million euros, only 164.8 million euros met the criteria set out in Note 1 paragraph 9 of the accounting methods and principles in IFRS standards. Research and development costs increased by 15 million euros.

The increase in activated costs is due to the intensification of development programs.

2.2 - Effect of activation on the cash flow statement

In millions of euros	16-17	15-16
Effect on the income for the period	15.5	17.7
Effect on amortization and depreciation	149.3	139.3
Effect on the cash flow	164.8	157.0
Effect on the investment flows	-164.8	-157.0
Total	-	-

3 - Treatment of French tax relief on research

Since the implementation of the French system for tax relief on research (CIR) based only on a volume percentage of eligible research expenses made, this tax relief is assimilated to a public subsidy since it is used to fund part of the capitalized development expenses, and its accounting treatment comes within the scope of standard IAS 20.

Therefore this tax relief should be allocated between the part concerning development costs which, in application of standard IAS 38, have been recorded as assets, and the part concerning other expenditure, recorded in the income statement.

In terms of presentation, this tax relief on research, recorded as a subsidy and deducted from the research costs in the income statement, must be recorded as immediate income, as far as the part concerning expenses recorded in the charges is concerned; the part concerning capitalized expenses must be recorded as deferred income that is to be amortized at the same rhythm as the amortization of the associated assets.

Note 9: Other operating income and charges

1 - Evolution

In millions of euros	16-17	15-16
Litigation	-4.0	-0.4
Income from the sale of fixed assets	-	1.3
Income from the sale of consolidated securities	-	-0.1
Government subsidies	4.6	3.6
Reorganization costs	-6.2	-3.5
Impairment on fixed assets	-6.1	-0.7
Other charges and income ⁽¹⁾	2.8	0.9
Total	-8.9	1.1

⁽¹⁾ Including income from the unwinding of the Link Seed put option: 2.1 million euros.

2 - Further information

2.1 - On operations for fiscal year 2016-2017

2.1.1 Reorganization costs

These mainly concern:

In millions of euros	Amount
Limagrain Europe	-3.7
Vilmorin Jardin	-1.0
Miscellaneous	-1.5
Total	-6.2

2.1.2 Impairment of fixed assets

These mainly concern:

In millions of euros	Amount
Biogemma	-0.1
HM.CLAUSE Polska	-0.5
Vilmorin & Cie	-0.6
Vilmorin Jardin	-4.9
Total	-6.1

2.2 - On operations for fiscal year 2015-2016

2.2.1 Reorganization costs

These mainly concern:

In millions of euros	Amount
Vilmorin Jardin	-2.4
Miscellaneous	-1.1
Total	-3.5

2.2.2 Impairment of fixed assets

These mainly concern:

In millions of euros	Montant
HM.CLAUSE Vietnam	-0.5
Mikado Kyowa Seed	-0.1
Limagrain Belgium	-0.1
Total	-0.7

Note 10: Interest costs

1 - Evolution

In millions of euros	16-17	15-16
Interests on loans and bank overdrafts ⁽¹⁾	-23.1	-23.8
Interest on financial leasing agreements	-	-
Losses and gains of fair value on hedging instruments	-	-
Losses and gains on the disposal of hedging instruments	-	-
Cash income ⁽²⁾	2.4	1.3
Miscellaneous ⁽³⁾	-1.4	-1.3
Total	-22.1	-23.8

⁽¹⁾ The reduction in interest charges is mainly due to a reduction in the use of bank funding outside of France, particularly in Brazil, after the recapitalization of Limagrain Brasil.

⁽²⁾ The rise in cash income is mainly due to the temporary placement of the income from the capital stock increase of Limagrain Brasil.

⁽³⁾ This line mainly concerns commission paid out on Vilmorin & Cie's syndicated credit.

2 - Further information

The total funding costs can be broken down as follows:

In millions of euros	16-17	15-16
Interest charges	-24.6	-25.1
Interest income	2.5	1.3
Total	-22.1	-23.8

Note 11: Other financial income and charges

1 - Evolution

In millions of euros	16-17	15-16
Gains or losses on the sales of unconsolidated securities, profits and losses from winding up business, income from consolidation exits	-15.3	-16.8
Interest income	1.7	1.8
Interest charges	-1.9	-1.0
Provisions for the impairment of securities and other financial assets	14.8	10.7
Provisions for risks and other financial charges	-0.2	-0.5
Gains or losses on currency translation	0.1	-5.4
Net charges on commitments for personnel benefits	-1.7	-1.6
Other financial gains and losses	0.1	0.1
Total	-2.4	-12.7

2 - Further information

2.1 - On operations for fiscal year 2016-2017

2.1.1 Gains or losses on the sales of unconsolidated securities, profits and losses from winding up business, income from consolidation exits

These concern:

- The exit of the Arcadia Biosciences securities, within the framework of the operation to exchange Limagrain Cereal Seeds securities, for a total of -15.3 million euros.

2.1.2 - Provisions for the impairment of securities and other financial assets

These concern mainly:

- A write-back of the provision of 14.6 million euros of Arcadia Biosciences securities.

2.2 - On operations for fiscal year 2015-2016

2.2.1 Gains or losses on the sales of unconsolidated securities, profits and losses from winding up business, income from consolidation exits

These concern mainly:

- The winding up of Biogemma UK for a total of -16.9 million euros.

2.2.2 - Provisions for the impairment of securities and other financial assets

These concern:

- The write back of a provision on Biogemma UK securities for a total of 16.9 million euros,
- Provisions made on Arcadia Biosciences securities for a total of -6.2 million euros.

Note 12: Income taxes

1 - Evolution

In millions of euros	16-17	15-16
Current taxes	-25.0	-27.0
Deferred taxes	-12.6	-6.8
Total	-37.6	-33.8

The rules applied for the recording of deferred taxes are described in Note 1 paragraph 19 of the "Accounting methods and principles in IFRS standards."

Sources of deferred taxes are the result both of temporary differences between the tax base and the book value of assets and liabilities, and the recording of deferred tax assets dependent on forecasts of future tax results and on the net liabilities position.

2 - Further information

2.1 - Evolution of income taxes

The difference between the effective tax rates and the theoretical rates in 2016-2017, as in 2015-2016 can be explained particularly by unrecognized deferred tax assets for the fiscal year and by the use of deficits carried forward, tax credits and taxes levied at source. The drop in current taxes is mainly due to tax integration mechanisms in France and other countries.

2.2 - Fiscal integration operations

The fiscal integration scopes set up in the group (article 223 A and seq. of the French tax code) between the different French companies were as follows on June 30, 2017:

Integrating company	Member companies	Effective date
Vilmorin & Cie	HM.CLAUSE SA	July 1, 2000
	Vilmorin Jardin	July 1, 2000
	Vilmorin	July 1, 2010
	Limagrain Europe	July 1, 2012
	Limagrain Central Europe	July 1, 2012

Fiscal integration has also been established in the United States:

Integrating company	Member companies
Vilmorin USA Corp	HM.CLAUSE Inc.
	Limagrain Sunflowers
	Vilmorin North America

2.3 - Current taxes

The charge of current taxes corresponds to the total taxes on profits owed to the tax authorities for the fiscal year in accordance with the rules and taxation rates in force in the different countries.

2.4 - Tax rate applicable

The basic rate for income (corporation) tax in France is 33.33% to which an additional contribution must be added (article 235 ter ZC of the French Tax Code).

A comparison between the recorded income tax charge and the theoretical income tax charge is as follows:

As a %	16-17	15-16
Theoretical tax rate in France	34.43	34.43
Impact of partnerships (using the equity method)	-6.44	-9.10
Differences between the tax rates applied in France and other countries	-5.61	-7.10
Other permanent differences	12.15	21.36
Impact of dividend distributions	7.35	17.23
Adjustments of taxes and taxes with no base	-5.45	-15.78
Unrecognized losses	10.63	17.62
Temporary differences	-3.37	-6.08
Impact of capital gains and losses from disposals and asset value losses	-11.14	-13.64
Effective tax rate	32.56	38.95

2.5 - Details of tax receivables and debts due

In millions of euros	16-17	15-16
Tax receivables due	51.1	46.5
Tax debts due	-12.2	-17.3
Total net	38.9	29.2

2.6 - Information on tax losses

On June 30, 2017, Vilmorin & Cie held a total of 216.6 million euros of tax losses, of which 175.5 million euros were usable.

The group is required to recognize deferred tax assets on usable losses to be carried forward, bearing in mind their recoverability, on the basis of the outlook for its results.

On June 30, 2017, the amount of deferred tax assets activated on losses carried forward amounted to 26.9 million euros. Unrecognized deferred tax assets came to 28.2 million euros.

Note 13: Earnings per share

❖ Earnings per share attributable to the controlling company are calculated on the basis of the weighted average number of Vilmorin & Cie shares in circulation during the fiscal year.

The evolution of the earnings per share is as follows:

● Earnings per share:

In euros	16-17	15-16
Attributable to the controlling company in continuing operations	86,877,749	59,353,165
Attributable to the controlling company in discontinued operations	-	-
Attributable to the controlling company in the consolidated income	86,877,749	59,353,165
Number of Vilmorin & Cie shares apart from treasury shares	20,825,749	20,824,588
Earnings from continuing operations per share	4.17	2.85
Earnings from discontinued operations per share	-	-
Earnings per share	4.17	2.85

● Diluted earnings per share:

The earnings used for this calculation take into account savings on financial charges net of taxes which would be made by Vilmorin & Cie if ORA bonds (redeemable as shares) were converted, and the ensuing change in the number of shares.

In euros	16-17	15-16
Income attributable to the controlling company in continuing operations before conversion	86,877,749	59,353,165
Impact on the income attributable to the controlling company of the conversion of ORA bonds	-1,192,236	247,359
Income attributable to the controlling company in continuing operations after conversion	85,685,513	59,600,524
Income attributable to the controlling company in discontinued operations after conversion	-	-
Income attributable to the controlling company in the consolidated income after conversion	85,685,513	59,600,524
Number of shares held by Vilmorin & Cie before conversion excluding treasury shares	20,825,749	20,824,588
Creation of new shares after conversion of ORA bonds	-	-
Number of shares held by Vilmorin & Cie after conversion of ORA bonds excluding treasury shares	20,825,749	20,824,588
Earnings from continuing operations per share	4.11	2.86
Earnings from discontinued operations per share	-	-
Diluted earnings per share	4.11	2.86

❖ Dividends paid out per share

	Dividends distributed in December 2016	Dividends distributed in December 2015
Amount distributed	€22,917,292.20	€32,709,226.14
Details	€1.10 x 20,833,902 shares	€1.57 x 20,833,902 shares

Note 14: Goodwill

1 - Principles of evaluation and impairment of goodwill

1.1 - Evaluation of goodwill

In compliance with the standard IFRS 3, the assessment of the fair value of the identifiable assets and liabilities acquired as a result of business combinations can be modified for a period of twelve months following the acquisition date. In this respect, the goodwill generated by the acquisition of the company Genica Research Corporation on February 18, 2016, has been adjusted through the acquisition price allocation mechanism.

Otherwise, there is no goodwill pending allocation.

1.2 - Goodwill impairment tests

Vilmorin & Cie carried out impairment tests on its goodwill on June 30, 2017 for all the Cash Generating Units (CGUs) to which goodwill is allocated.

As stated in Note 1 paragraph 11, these tests consist in comparing the net book value of the assets of the CGUs with their recoverable value as assessed using the method of provisional discounted cash flows (useful value).

CGUs comprise groups of legal entities forming units with centralized management. Each operating segment thus comprises one or several CGUs running their business autonomously with regard to each other.

For all the CGUs, with the exception of the Field Seeds CGU, the following hypotheses, considered to be key, have been used to calculate the discounted value of the provisional cash flow for the CGUs:

- ❖ Number of years of provisional data: 5 years.
- ❖ Growth rate: 2%, with the exception of the Garden Products CGU, for which the adopted growth rate has been reviewed at 1.1% in order to account for more moderate growth perspectives on the French market.
- ❖ Discount rate after taxes: different rates have been adopted for each CGU in accordance with market data; they vary from 4.5% to 5.5% depending on zones.

With regard to the operating segment of Field Seeds, the fact that activities are managed centrally means that they are analyzed in a single CGU which encompasses all the processes of research, production and distribution run on the different continents. As of fiscal year 2016-2017, the impairment test for this CGU is conducted on the basis of provisional cash flows projected over a period of eight years instead of five years, in order to take account of longer economic cycles, in particular because of long-term investments such as the Syngenta license acquired in October 2015. This test projected over

eight years was prepared by Corporate Finance, in conjunction with the Field Seeds division, on the basis of a discount rate of 5.3% and a perpetual growth rate of 2%. It also takes into account the following:

- ❖ integration of the effects of the Syngenta license into the Business Unit Limagrain South America,
- ❖ neutralization of the research costs invoiced by the Business Unit AgReliant to the Business Unit Limagrain Europe, since the cash flows of the joint venture AgReliant are not included in the provisional cash flows of the CGU, as it is integrated using the equity method.

These tests did not show up any impairment, with the exception of the test for the CGU Garden Products, which showed up a loss in value of 2.4 million euros. This impairment has been recorded in the accounts, and the recoverable value of the CGU Garden Products is equal to its book value. Consequently, any unfavorable evolution in the weighted average cost of capital or the perpetual growth rate would result in a supplementary impairment.

For other CGUs, the sensitivity analyses carried out show that the use of discount rates higher by one percentage point, or growth rates for the normative year lower by one percentage point, than those shown above, would not have led to any identified need for impairment, since the recoverable value of the CGUs remains in all cases higher than the net book value of their assets.

2 - Evolution of net book values

2.1 - Gross values

In millions of euros	
07.01.15	355.8
Acquisitions and increases	-
Impact of minority redemption commitments	-
Exits	-
Allocation of goodwill	-
Variations in scope	46.6
Reclassifications	-1.4
Currency translations	-4.3
06.30.16	396.7
Acquisitions and increases	-
Impact of minority redemption commitments	-
Exits	-
Allocation of goodwill	-
Variations in scope	-
Reclassifications	-0.1
Currency translations	-5.3
06.30.17	391.3

2.2 - Impairments

In millions of euros	
07.01.15	10.9
Exits	-
Impairments	0.5
Variations in scope	-
Reclassifications	-0.2
Currency translation	-
06.30.16	11.2
Exits	-
Impairments	2.4
Variations in scope	-
Reclassifications	-
Currency translation	-0.2
06.30.17	13.4

2.3 - Net values

In millions of euros	
06.30.16	385.5
06.30.17	377.9

3 - Further information

3.1 - Analysis by business segments

In millions of euros	06.30.17	06.30.16
Vegetable Seeds	101.9	105.2
Field Seeds	264.3	265.8
Garden Products and Holdings	11.7	14.5
Total net of impairments	377.9	385.5

3.2 - Variations in scope

Variations in scope concern the following operations:

In millions of euros	Total
Fiscal year 16-17⁽¹⁾	
None	-
Total	-
Fiscal year 15-16⁽¹⁾	
Genica group:	46.6
<i>Magnum Seeds Inc.</i>	46.6
Total	46.6

⁽¹⁾ It should be noted that the allocation of goodwill is provisional until the end of a twelve-month period following the acquisition date, in compliance with IFRS 3.

3.3 - Impact of minority redemption commitments

These concern the companies:

In millions of euros	Total
Fiscal year 16-17	
None	-
Total	-
Fiscal year 15-16	
None	-
Total	-

Note 15: Other intangible fixed assets

1 - Evolution of net book values

1.1 - Gross values

In millions of euros	Research costs	Development costs	Germplasm	Software	Patents and licenses	Brands	Other intangible fixed assets	Current fixed assets	Total
07.01.15	-	1,310.2	254.5	60.9	47.1	36.9	8.9	21.2	1,739.7
Acquisitions and increases	-	157.0	2.0	0.5	0.5	-	-	36.9	196.9
Exits	-	-	-	-0.1	-	-	-	-0.3	-0.4
Variations in scope	-	-	13.0	-	-	-	3.5	-	16.5
Currency translations	-	0.9	1.4	-0.1	-0.2	-0.3	-	-	1.7
Reclassifications	-	-	-	8.6	23.1	-	-	-32.5	-0.8
06.30.16	-	1,468.1	270.9	69.8	70.5	36.6	12.4	25.3	1,953.6
Acquisitions and increases	-	164.8	0.9	0.6	0.6	-	-	5.7	172.6
Exits	-	-	-	-3.1	-	-1.7	-	-	-4.8
Variations in scope	-	-	-	-	-	-	-	-	-
Currency translations	-	-2.8	-0.2	0.3	0.1	-0.2	-0.2	-	-3.0
Reclassifications	-	-2.5	-0.3	28.7	0.1	-	-0.3	-28.4	-2.7
06.30.17	-	1,627.6	271.3	96.3	71.3	34.7	11.9	2.6	2,115.7

1.2 - Amortization and impairments

In millions of euros	Research costs	Development costs	Germplasm	Software	Patents and licenses	Brands	Other intangible fixed assets	Current fixed assets	Total
07.01.15	-	1,029.8	2.0	45.7	40.1	4.3	4.4	-	1,126.3
Provisions/Impairments	-	139.3	-	4.2	1.8	-	0.5	-	145.8
Exits	-	-	-	-	-	-	-	-	-
Variations in scope	-	-	-	-	-	-	-	-	-
Currency translations	-	0.3	-	-0.1	-0.2	-	-	-	-
Reclassifications	-	-	-	-0.1	-0.8	-	-	-	-0.9
06.30.16	-	1,169.4	2.0	49.7	40.9	4.3	4.9	-	1,271.2
Provisions/Impairments	-	149.3	-	8.1	3.2	2.5	0.5	-	163.6
Exits	-	-	-	-3.0	-	-	-	-	-3.0
Variations in scope	-	-	-	-	-	-	-	-	-
Currency translations	-	-2.3	-0.1	0.2	0.1	0.1	-0.1	-	-2.1
Reclassifications	-	-2.0	-	-	-	-	-0.3	-	-2.3
06.30.17	-	1,314.4	1.9	55.0	44.2	6.9	5.0	-	1,427.4

1.3 - Net values

In millions of euros	Research costs	Development costs	Germplasm	Software	Patents and licenses	Brands	Other intangible fixed assets	Current fixed assets	Total
06.30.16	-	298.7	268.9	20.1	29.6	32.3	7.5	25.3	682.4
06.30.17	-	313.2	269.4	41.3	27.1	27.8	6.9	2.6	688.3

2 - Further information

2.1 - Internally generated fixed assets

In addition to development programs whose evolution is tracked above and in Note 8, movements concerning internally generated fixed assets are as follows:

In millions of euros	Patents and licenses	Software	Total
07.01.15 (net value)	1.4	-	1.4
New fixed assets	0.1	-	0.1
Fixed assets taken out	-	-	-
Currency translations	-	-	-
Reclassifications	-0.1	-	-0.1
Provisions for amortization	-0.4	-	-0.4
06.30.16 (net value)	1.0	-	1.0
New fixed assets	0.1	-	0.1
Fixed assets taken out	-	-	-
Currency translations	-	-	-
Reclassifications	-	-	-
Provisions for amortization	-0.3	-	-0.3
06.30.17 (net value)	0.8	-	0.8

2.2 - Impairment

An impairment test was conducted in accordance with the methodology described in Note 1 paragraph 11 of "Accounting methods and principles in IFRS standards." The evolution is as follows:

In millions of euros	Software	Patents and licenses	Germplasm	Brands	Other intangible fixed assets	Total
07.01.15	0.3	6.2	0.4	5.8	-	12.7
Fiscal year 15-16	-	-0.3	-	-	-	-0.3
06.30.16	0.3	5.9	0.4	5.8	-	12.4
Fiscal year 16-17	0.6	0.2	-	2.5	-	3.3
06.30.17	0.9	6.1	0.4	8.3	-	15.7

As stipulated in Note 1 paragraph 9.4 of "Accounting methods and principles in IFRS standards", germplasm is tested in the CGU to which it belongs in the case of goodwill impairment tests. Consequently, hypotheses are set out in detail in Note 14.

2.3 - Variations in scope

Variations in scope concern the following operations (net of amortization):

In millions of euros	Total	In millions of euros	Total
Fiscal year 16-17		Fiscal year 15-16	
None	-	Genica group:	16.5
Total	-	<i>Magnum Seeds Inc.</i>	16.5
		Total	16.5

2.4 - Analysis of germplasm per business segment

In millions of euros	06.30.17	06.30.16
Vegetable Seeds	98.0	97.3
Field Seeds	171.4	171.6
Garden Products and Holdings	-	-
Total net impairments	269.4	268.9

Most of the germplasm* related to the Field Seeds activities is held by the company Limagrain Europe. With regard to Vegetable Seeds, it is spread out between the main subsidiaries working in this operating segment.

Note 16: Tangible fixed assets

1 - Evolution of net book values

1.1 - Gross values

In millions of euros	Land and fittings	Constructions and fittings	Complex installations	Industrial equipment	Office equipment	Other tangible fixed assets	Current fixed assets	Total
07.01.15	31.9	242.7	89.0	177.1	15.1	62.5	13.9	632.2
Acquisitions and increases	0.4	7.0	2.5	6.4	0.7	3.5	13.0	33.5
Exits	-0.1	-3.4	-0.6	-2.5	-0.2	-2.1	-0.4	-9.3
Variations in scope	2.1	1.9	1.7	2.0	0.3	0.8	-	8.8
Currency translations	0.7	1.3	-0.2	-1.4	-0.4	-0.6	-0.8	-1.4
Reclassifications	0.2	6.6	0.8	6.9	0.1	-0.6	-16.4	-2.4
06.30.16	35.2	256.1	93.2	188.5	15.6	63.5	9.3	661.4
Acquisitions and increases	0.1	4.7	1.7	5.8	1.1	3.6	17.7	34.7
Exits	-0.1	-1.1	-0.1	-5.1	-1.6	-1.8	-0.2	-10.0
Variations in scope	-	-	-	-	-	-	-	-
Currency translations	-1.1	-2.0	-0.3	-2.9	-0.2	-0.1	-	-6.6
Reclassifications	-	3.7	0.5	2.2	0.2	-2.7	-8.5	-4.6
06.30.17	34.1	261.4	95.0	188.5	15.1	62.5	18.3	674.9

1.2 - Amortization and value losses

In millions of euros	Land and fittings	Constructions and fittings	Complex installations	Industrial equipment	Office equipment	Other tangible fixed assets	Current fixed assets	Total
07.01.15	2.7	111.7	54.2	122.2	12.2	39.9	-	342.9
Provisions / value losses	0.2	9.8	4.6	10.4	1.0	5.5	-	31.5
Exits	-	-3.1	-0.2	-2.2	-0.2	-1.8	-	-7.5
Variations in scope	-	0.4	0.8	0.8	0.1	0.5	-	2.6
Currency translations	-	0.6	-0.1	-1.1	-0.3	-0.3	-	-1.2
Reclassifications	-	-0.6	-0.1	0.3	-0.2	-1.7	-	-2.3
06.30.16	2.9	118.8	59.2	130.4	12.6	42.1	-	366.0
Provisions / value losses	0.6	10.1	4.8	10.4	1.1	5.2	-	32.2
Exits	-	-0.9	-0.1	-4.7	-1.6	-1.3	-	-8.6
Variations in scope	-	-	-	-	-	-	-	-
Currency translations	-	-1.0	-	-1.8	-0.1	-0.1	-	-3.0
Reclassifications	-0.1	-	1.0	-0.3	-0.6	-0.3	-1.8	-4.1
06.30.17	3.4	126.0	63.6	133.7	11.7	44.1	-	382.5

1.3 - Net values

In millions of euros	Land and fittings	Constructions and fittings	Complex installations	Industrial equipment	Office equipment	Other tangible fixed assets	Current fixed assets	Total
06.30.16	32.3	137.3	34.0	58.1	3.0	21.4	9.3	295.4
06.30.17	30.7	135.4	31.4	54.8	3.4	18.4	18.3	292.4

2 - Further information

2.1 - Fixed assets acquired by financial leasing

Fixed assets acquired by financial leasing represent the following amounts (net value):

In millions of euros	Constructions and fittings	Industrial equipment	Office equipment	Other tangible fixed assets	Total
06.30.16	-	-	0.3	0.2	0.5
06.30.17	-	-	0.3	0.2	0.5

2.2 - Impairment

An impairment test was conducted in accordance with the methodology described in Note 1 paragraph 11 of "Accounting methods and principles in IFRS standards". The evolution is as follows:

In millions of euros	Land	Constructions	Installations, equipment and others	Total
07.01.15	0.1	0.5	-	0.6
Fiscal year 15-16	-	0.2	-	0.2
06.30.16	0.1	0.7	-	0.8
Fiscal year 16-17	0.4	-	-	0.4
06.30.17	0.5	0.7	-	1.2

2.3 - Variations in scope

Variations in scope concern the following operations (net of amortization):

In millions of euros	Total
Fiscal year 16-17	
None	-
Total	-
Fiscal year 15-16	
Genica group:	6.2
<i>Genista</i>	1.8
<i>Magnum Seeds Iberia</i>	0.1
<i>Magnum Seeds Inc.</i>	4.3
Total	6.2

2.4 - Commitments on leasing contracts

In millions of euros	Total	< 1 year	1 to 5 years	> 5 years
Direct financing lease	5.4	2.1	3.1	0.2
Simple lease contracts	52.7	14.9	29.1	8.7

Note 17: Financial fixed assets**1 - Evolution of net book values****1.1 - Gross values**

In millions of euros	Financial assets available for sale	Other non-current financial assets	Loans and other receivables	Total
07.01.15	42.5	1.8	8.5	52.8
Increases	0.2	8.2	0.5	8.9
Decreases	-17.0	-0.5	-1.9	-19.4
Variations in scope	-	0.5	-	0.5
Currency translations	0.1	0.1	-	0.2
Reclassifications	-	-	-0.2	-0.2
06.30.16	25.8	10.1	6.9	42.8
Increases	0.9	0.1	1.2	2.2
Decreases	-19.1	-0.1	-1.4	-20.6
Variations in scope	-	-	-	-
Currency translations	-	-0.1	-	-0.1
Reclassifications	-0.2	-1.9	-1.4	-3.5
06.30.17	7.4	8.1	5.3	20.8

1.2 - Provisions

In millions of euros	Financial assets available for sale	Other non-current financial assets	Loans and other receivables	Total
07.01.15	30.7	-	0.1	30.8
Provisions	6.2	-	-	6.2
Write-back	-16.9	-	-	-16.9
Variations in scope	-	-	-	-
Currency translations	0.1	-	-	0.1
Reclassifications	-	-	-	-
06.30.16	20.1	-	0.1	20.2
Provisions	-	-	-	-
Write-back	-14.8	-	-0.1	-14.9
Variations in scope	-	-	-	-
Currency translations	-	-	-	-
Reclassifications	-	-	-	-
06.30.17	5.3	-	-	5.3

1.3 - Net values

In millions of euros	Financial assets available for sale	Other non-current financial assets	Loans and other receivables	Total
06.30.16	5.7	10.1	6.8	22.6
06.30.17	2.1	8.1	5.3	15.5

2 - Further information

2.1 - Financial assets held for sale

Unconsolidated equity interests appear on this line. They are assessed in compliance with the rules described in Note 1 paragraph 21.1 of the "Accounting methods and principles in IFRS standards".

The contents of this item are set out below:

Companies	06.30.17		06.30.16		Financial data in last known balance sheet	
	% held	Net (in M€)	% held	Net (in M€)	Equity (in M€)	Result (in M€)
Boreal Finland	6.54	0.6	6.54	0.6	8.2	0.4
Avesthagen	4.14	-	4.14	0.0	-13.1	-5.5
Arcadia Biosciences	-	-	5.59	4.3	-	-
Exotic Systems	20.23	0.9	-	-	0.3	-
Miscellaneous	-	0.6	-	0.8	-	-
Total		2.1		5.7		

2.2 - Variations in scope

Variations in scope correspond to the following operations (net of provisions):

In millions of euros	Total	In millions of euros	Total
Fiscal year 16-17		Fiscal year 15-16	
None	-	Genica group:	0.5
Total	-	<i>Genica Research</i>	<i>0.5</i>
		Total	0.5

Note 18: Equity shares**1 - Details of equity shares:**

In millions of euros	06.30.17	06.30.16
AgReliant Genetics Inc.	4.6	7.5
AgReliant Genetics LLC	175.3	170.4
Australian Grain Technology (AGT)	23.0	18.9
Bio Seeds	3.9	3.0
Canterra Seeds	5.3	5.2
Carthage Génétique	0.3	-
DLF France	1.8	1.7
Genective	6.1	6.0
Genoplante-Valor	1.5	1.5
GIE Semences de Brie	0.2	0.2
Hengji Limagrain	4.2	6.0
Seed Co	70.4	70.2
Soltis	16.0	14.5
Unisigma	0.3	0.3
Total	312.9	305.4
Variation for the fiscal year	7.5	12.4

2 - Further information

Variation for the fiscal year corresponds to the items below:

In millions of euros	16-17	15-16
Proportion of income for the fiscal year	33.9	30.8
> AgReliant Genetics Inc.	0.7	1.0
> AgReliant Genetics LLC	21.6	22.9
> Australian Grain Technology (AGT)	3.9	1.8
> Bio Seeds	1.0	-0.2
> Canterra Seeds	0.2	0.3
> Carthage Génétique	0.1	-
> DLF France	0.1	0.1
> Genective	0.1	0.1
> Genoplante-Valor	-	0.1
> GIE Semences de Brie	-	-
> Hengji Limagrain	-1.6	-0.8
> Seed Co	5.7	4.2
> Soltis	2.1	1.2
> Unisigma	-	0.1
Variation in scope, variation in percentages of interest and others ⁽¹⁾	0.1	12.3
Distributions	-20.7	-24.7
Currency translation	-5.8	-6.0
Total	7.5	12.4

⁽¹⁾ For fiscal year 2016-2017:

- the entry of Carthage Génétique in the consolidation scope 0.3
- others -0.2

For fiscal year 2015-2016:

- the entry of Canterra Seeds in the consolidation scope 5.1
- the entry of Hengji Limagrain in the consolidation scope 7.2

3 - Financial information of the main equity shares

3.1 - For fiscal year 2016-2017

In millions of euros	Bio Seeds ⁽¹⁾	DLF France ⁽²⁾	Unisigma	Genoplante-Valor ⁽¹⁾	Australian Grain Technology (AGT) ⁽³⁾	AgReliant Genetics Inc.	AgReliant Genetics LLC
Sales	19.0	23.1	2.9	0.5	25.1	34.8	569.3
Net income	0.6	0.2	0.1	0.1	7.4	1.4	43.1
Assets	18.1	8.3	2.3	4.0	61.3	34.7	500.6
Liabilities (excluding equity)	4.3	3.1	1.6	0.2	15.4	25.8	285.7

In millions of euros	Genective	GIE Semences de Brie	Soltis	Seed Co ⁽⁴⁾	Canterra Seeds ⁽³⁾	Hengji Limagrain	Carthage Génétique ⁽⁵⁾
Sales	-	1.2	18.1	123.5	23.4	3.0	0.4
Net income	0.2	-	3.7	19.0	0.7	-3.0	0.2
Assets	10.6	1.8	40.2	204.8	14.0	20.5	0.8
Liabilities (excluding equity)	8.5	1.5	17.7	61.2	4.4	10.7	0.2

⁽¹⁾ Accounts closed on December 31, 2016

⁽²⁾ Accounts closed on June 30, 2016

⁽³⁾ Accounts closed on September 30, 2016

⁽⁴⁾ Accounts closed on March 31, 2017

⁽⁵⁾ Interim close on June 30, 2017

3.2 - For fiscal year 2015-2016

In millions of euros	Bio Seeds ⁽¹⁾	DLF France	Unisigma	Genoplante-Valor ⁽¹⁾	Australian Grain Technology (AGT) ⁽²⁾	AgReliant Genetics Inc.	AgReliant Genetics LLC
Sales	-	23.1	3.0	0.5	21.4	31.1	573.9
Net income	0.5	0.2	0.3	-	6.9	2.0	45.9
Assets	17.1	8.3	2.5	4.4	50.1	40.2	482.3
Liabilities (excluding equity)	3.8	3.1	1.6	0.7	12.0	25.6	278.5

In millions of euros	Genective	GIE Semences de Brie	Soltis	Seed Co ⁽³⁾	Canterra Seeds ⁽²⁾	Hengji Limagrain
Sales	-	1.3	15.4	86.5	23.1	1.9
Net income	0.2	-	2.0	13.9	1.0	-1.8
Assets	12.8	1.5	38.4	179.6	13.3	19.0
Liabilities (excluding equity)	10.8	1.1	18.7	49.4	4.6	5.7

⁽¹⁾ Accounts closed on December 31, 2015

⁽²⁾ Accounts closed on September 30, 2015

⁽³⁾ Accounts closed on March 31, 2016

Note 19: Inventories**1 - Evolution of net book values**

In millions of euros	06.30.17			06.30.16		
	Gross value	Provision	Net value	Gross value	Provision	Net value
Raw materials and other supplies	133.0	-7.5	125.5	116.5	-5.2	111.3
Production in progress	144.4	-19.2	125.2	138.2	-15.5	122.7
Goods	69.5	-8.3	61.2	76.8	-10.6	66.2
Finished products	157.5	-21.5	136.0	163.9	-19.7	144.2
Total	504.4	-56.5	447.9	495.4	-51.0	444.4
Variation for the fiscal year			3.5			-17.6

2 - Further information**2.1 - Variations for the fiscal year correspond to the following items:**

In millions of euros	16-17	15-16
Variations in scope (net of provisions)	-	12.6
Variations in gross values	15.0	-19.0
Variations in provisions including:	-3.5	-5.0
> New provisions	-29.2	-27.1
> Provisions used	22.6	21.2
> Provisions written back	3.1	0.9
Reclassifications	-	-0.2
Currency translations	-8.0	-6.0
Total	3.5	-17.6

2.2 - Variations in scope concern:

In millions of euros	Total
Fiscal year 16-17	
None	-
Total	-
Fiscal year 15-16	
Genica group:	12.6
Magnum Seeds Inc.	12.6
Total	12.6

2.3 - Provisions are made in accordance with the methods described in Note 1 paragraph 13 of the "Accounting methods and principles in IFRS standards."

Their evolution, as a percentage of the gross value of inventory, was as follows:

• On June 30, 2016: 10.3%

• On June 30, 2017: 11.2%

Note 20: Trade receivables

1 - Evolution of net book values

In millions of euros	06.30.17	06.30.16
Customer receivables	369.9	367.7
Advance payment to suppliers	24.8	21.1
Personnel and social security	1.1	0.9
State, income taxes	51.1	46.5
Other tax receivables	48.2	47.1
Other operating receivables	11.1	7.4
Prepayments	12.5	16.0
Gross total	518.7	506.7
Customer receivables	-17.0	-14.0
Advance payment to suppliers	-	-
Other operating receivables	-	-
Total provisions	-17.0	-14.0
Net book values	501.7	492.7
Variation for the fiscal year	9.0	2.7

2 - Further information

2.1 - Variations for the fiscal year comprise the following main items:

In millions of euros	16-17		15-16	
Variations in scope (net of provisions)		-		3.9
Variations in provisions including		-3.4		0.1
> New provisions	-5.4		-5.4	
> Provisions used	0.7		4.2	
> Provisions written back	1.3		1.3	
Other gross variations		25.1		11.5
Reclassifications and others		0.7		-1.7
Currency translations		-13.4		-11.1
Total		9.0		2.7

2.2 - Variations in scope concern:

In millions of euros	Total	In millions of euros	Total
Fiscal year 16-17		Fiscal year 15-16	
None	-	Genica group:	3.9
Total	-	<i>Genista</i>	0.1
		<i>Magnum Seeds Inc.</i>	3.8
		Total	3.9

Note 21: Cash and cash equivalents**1- Evolution of fair values**

In millions of euros	06.30.17	06.30.16
Financial current accounts	4.5	3.4
Placement securities held for purposes of transaction	86.2	34.2
Cash and bank in hand	165.6	168.9
Total	256.3	206.5
Variation for the fiscal year	49.8	-166.9

The evaluation rules applicable for this line are described in Note 1 paragraph 22 of the "Accounting methods and principles in IFRS standards."

2 - Further information**2.1 - Analysis of the variations for the fiscal year:**

In millions of euros	Total
Fiscal year 16-17	
Variations in scope	0.2
Variation in gross values	57.2
Currency translations	-7.3
Reclassifications	-0.3
Total	49.8
Fiscal year 15-16	
Variations in scope	10.2
Variation in gross values	-175.6
Currency translations	-1.5
Reclassifications	-
Total	-166.9

2.2 - Variations in scope concern:

In millions of euros	Total
Fiscal year 16-17	
Korea MKS	0.2
Total	0.2
Fiscal year 15-16	
Genica group:	2.1
<i>Genica Research</i>	0.1
<i>Genista</i>	0.2
<i>Magnum Seeds Inc.</i>	1.8
Limagrain Cereals Research Canada	8.3
VCC Japan	-0.2
Total	10.2



Note 22: Shareholders' equity – attributable to controlling company

1 - Composition of the shareholders' equity

In millions of euros	06.30.17	06.30.16
Parent capital stock	317.7	317.7
Issue premium	332.6	332.6
Parent legal reserve	23.0	21.4
Other parent reserves	5.5	-2.6
Consolidation reserves and others	436.7	404.2
Currency translation reserves	-5.7	19.0
Income for the fiscal year	86.9	59.3
Total	1,196.7	1,151.6
Variation for the fiscal year	45.1	-6.8

Variations for the fiscal year are analyzed in the table "Variations in consolidated equity."

2 - Further information

Vilmorin & Cie's capital stock:

Vilmorin & Cie's capital stock comprises 20,833,902 shares, each with a nominal value of 15.25 euros. Over the course of fiscal year there was no change to the capital stock.

The company's by-laws stipulate that for the purpose of General Meetings, without prejudice to restrictions resulting from any laws and decrees in force, each member of the General Meeting may cast as many votes as the number of shares he or she owns or represents, without any limits.

Nevertheless, double voting rights compared to other shares, considering the share capital quota they represent, are granted to any shares fully paid up for which it can be shown that they have been registered in the name of the same shareholder for a period of at least four years.

This right is also granted in the case of any increase in capital stock through incorporation of reserves, profits or types of issue and as soon as they are issued, for any nominative shares granted without cost to any shareholder who holds former shares that benefit from this right.

Note 23: Shareholders' equity – attributable to non-controlling minorities

1 - Composition of the shareholders' equity – attributable to non-controlling minorities

In millions of euros	06.30.17	06.30.16
Consolidation reserves and others	117.8	117.3
Currency translation reserves	-9.2	-6.4
Income for the fiscal year	3.2	1.5
Total	111.8	112.4
Variation for the fiscal year	-0.6	-1.2

Variations for the fiscal year are analyzed in the table "Variations in consolidated equity."

2 - Further information

- ❖ Characteristics of the bonds redeemable as shares (ORA) issued by Limagrain Europe:

Issuing company	Limagrain Europe
Date of entitlement	June 28, 2012
Number of securities issued	86,128
Issue premium	647€
Total income from the issue	55.70 M€
Interest rate	1.0% ⁽¹⁾
Due date	June 28, 2020
Normal redemption conditions	1 Limagrain Europe share for 1 bond

⁽¹⁾ The exact remuneration is 1% plus the amount of any dividend paid out per Limagrain Europe share for the last closed fiscal year.

- ❖ The impact of the bonds redeemable as shares (ORA) on shareholders' equity is as follows:

In millions of euros	Gross total of ORA bonds	Impact on the balance sheet		
		Debt component	Deferred taxes assets	Equity component
07.01.15	55.7	2.4	-0.8	54.1
Restatement of the interest on the debt component	-	-0.4	0.1	0.3
06.30.16	55.7	2.0	-0.7	54.4
Restatement of the interest on the debt component	-	-0.5	0.2	0.3
06.30.17	55.7	1.5	-0.5	54.7

Note 24: Provisions for employee benefits

Provisions for employee benefits are analyzed as follows:

In millions of euros	06.30.17	06.30.16
Provisions for lump sums paid at retirement	19.6	20.0
Commitments for "work medal" bonuses and other benefits	1.1	0.9
Pension plans and similar schemes	43.5	56.1
Provisions for employee benefits	64.2	77.0
Financial assets	-0.2	-1.2
Net recorded commitment	64.0	75.8

The evaluation rules applied to this line are described in Note 1 paragraph 16 of the "Accounting methods and principles in IFRS standards."

In accordance with the laws and practices of each country in which it operates, Vilmorin & Cie has obligations with regard to employee benefits:

- ❖ Unfunded pension and other post-retirement benefit obligations mainly concern French companies.
- ❖ Commitments for "work medal" bonuses and other benefits also mainly concern French companies.
- ❖ Commitments with regard to pension plans and similar schemes are the responsibility of the non-French subsidiaries.

Taking Vilmorin & Cie as a whole, three countries represent around 85% of the commitments: the United Kingdom, the United States and France.

In the United Kingdom there are two types of defined benefit pension plans representing 50% of the group's commitments. These plans provide for the payment of a lifetime pension as of when the employee retires, the amount of which depends on the seniority and the salary. The plans are funded by the group and managed by a Board of Directors. These plans are no longer available to new employees, and the acquisition of rights has been frozen.



In the United States, there is a defined benefit pension plan representing 25% of the group's commitments. This plan provides for the payment of a lifetime pension as of when the employee retires, the amount of which depends on the seniority and the salary. The plan is funded by the group. This plan was closed off to new employees in 2012. A defined contributions plan also forms part of the provisions.

In France, the plan comprising lump sums paid at retirement represents 9% of the group's commitments. This plan provides for the payment of a lump sum, the amount of which depends on the seniority, the salary and any rights set down in the collective bargaining agreement at the date when retirement is taken.

Vilmorin & Cie's commitments are assessed by independent actuaries.

1 - Evolution over the course of the fiscal year

The evolution of the current value of obligations with regard to defined contribution schemes and other long-term benefits is as follows:

In millions of euros	16-17	15-16
Current value of obligations at opening of the fiscal year	226.0	216.9
Cost of services rendered for the year (net of contributions)	5.0	4.5
Financial charges	5.9	7.2
Participants' contributions	-	0.2
Welfare services paid out	-9.5	-9.9
Cost of past services recorded	0.5	0.1
Effect of liquidation / reduction of future services	-	-
Currency translations and others	-8.2	-16.8
Variations in scope	-	-0.1
Revaluations	1.3	23.9
> <i>Changes in demographic hypotheses</i>	-3.9	-0.2
> <i>Changes in financial hypotheses</i>	2.3	23.9
> <i>Adjustments linked to experience</i>	2.9	0.2
Current value of obligations at close of the fiscal year (a)	221.0	226.0

Evolution of the fair value of the assets of defined contribution schemes is as follows:

In millions of euros	16-17	15-16
Fair value of forward assets at opening of the fiscal year	150.2	160.4
Financial charges	4.2	5.6
Expected returns on forward assets	13.3	1.4
Employers' contributions	3.0	4.3
Participants' contributions	-	0.2
Welfare services paid out	-7.8	-8.0
Effect of liquidation / reduction of future services	-	-
Variations in scope	-	-
Currency translations and others	-5.9	-13.7
Fair value of forward assets at close of the fiscal year (b)	157.0	150.2

Reconciliation of balance sheet data with the actuarial obligation concerning defined contribution schemes and other long-term benefits can be analyzed as follows on June 30, 2017:

In millions of euros	06.30.17	06.30.16
Adjusted value of the commitment	221.0	226.0
Fair value of assets of schemes	-157.0	-150.2
Provisions for employee benefits (a - b)	64.0	75.8

2 - Impacts on the global income

The total recorded charge for defined contribution schemes and other long-term benefits are analyzed as follows:

In millions of euros	16-17	15-16
Cost of services rendered	5.0	4.5
Cost of past services recorded	0.5	0.1
Net financial cost	1.7	1.6
Recognized actuarial losses or gains	-0.1	-
Effect of liquidations / reductions	-	-
Other charges	-	-
Recorded charge	7.1	6.2

Other items in the global income

Revaluations are recorded in the other items of the global income, and can be analyzed as follows:

In millions of euros	16-17	15-16
Returns on forward assets	-13.3	-1.4
Actuarial losses or gains	1.4	23.9
> <i>Changes in demographic hypotheses</i>	-3.9	-0.2
> <i>Changes in financial hypotheses</i>	2.3	23.9
> <i>Adjustments linked to experience</i>	3.0	0.2
Statement of the capping of assets	-	-
Items recognized in the statement of the global income during the fiscal year	-11.9	22.5

3 - Actuarial hypotheses

The main actuarial hypotheses used to estimate the group's obligations are as follows:

❖ Europe

As a %		Europe (except United Kingdom)		United Kingdom	
		2017	2016	2017	2016
Average duration of the plan	years	13.8	14.1	16.8	16.6
Adjustment rate		1.55	1.15	2.70	2.90
Salaries progression rate	%	2.50	2.45	Not available	Not available
Inflation rate		1.80	1.75	3.30	2.80

❖ Americas

As a %		2017	2016
Average duration of the plan	years	13.2	13.5
Adjustment rate		3.85	3.50
Salaries progression rate	%	3.00	3.00
Inflation rate		Not available	Not available

❖ Middle East and Asia

As a %		2017	2016
Average duration of the plan	years	9.4	9.3
Adjustment rate		2.64	2.59
Salaries progression rate	%	2.50	2.50
Inflation rate		1.49	1.50

The rates presented above are average rates weighted by the commitment at the date when the accounts were closed.

The adjustment rates in the United Kingdom, the United States and in the euro zone are determined using bond yield curves, built up on the basis of a high-quality basket of corporate bonds (rated AA) whose maturity correspond to the weighted average duration (by commitment) of the plans being assessed.

The inflation rates used correspond to the long-term objectives of the central banks in the above-mentioned monetary zones.

Assessment of the group's commitments is subject to the volatility of adjustment rates. A 25 percentage-point increase in the adjustment rate cuts the value of the commitment by 3.50%, which is 7.7 million euros. A 25 percentage-point drop in the adjustment rate increases the value of the commitment by 3.73%, which is 8.1 million euros.

4 - Nature of the assets of the plans

The assets for the plans are invested in the following:

In millions of euros	06.30.17	06.30.16
Listed assets	154.5	147.4
Shares	80.6	74.6
Government bonds	15.9	16.2
Corporate bonds	36.8	37.0
Cash and cash equivalents	2.1	1.0
Other listed securities	0.6	0.6
Real estate	2.4	2.4
Insurance contracts	16.1	15.6
Unlisted assets	2.5	2.8
Real estate	-	0.3
Insurance contracts	2.5	2.5
Total	157.0	150.2

The assets for the plans do not include land or premises occupied by the group's companies or other assets used or issued by the group.

5 - Projected cash flows

In millions of euros	06.30.17	06.30.16
Estimate of the benefits to be paid out		
< 1 year	7.4	7.6
From 2 to 5 years	37.8	35.4
From 6 to 10 years	44.9	42.7
Employer contributions planned for Y+1	3.0	2.0

Note 25: Deferred taxes**1 - Evolution of book values**

In millions of euros	Deferred taxes assets	Deferred taxes liabilities	Impact on the income	Impact on the reserves
07.01.15	51.9	114.6	8.7	2.4
Variations in scope	1.9	3.3	-	-
Variations influencing income	2.0	8.8	-6.8	-
Reclassifications	-3.5	-6.1	-	-
Variations influencing reserves	5.5	-1.0	-	6.5
Currency translations	-1.2	0.5	-	-
06.30.16	56.6	120.1	-6.8	6.5
Variations in scope	3.3	-	-	2.6
Variations influencing income	-3.4	9.2	-12.6	-
Variations influencing reserves	-1.1	1.9	-	-3.0
Reclassifications	-0.3	-0.3	-	-
Currency translations	-1.0	-0.5	-	-
06.30.17	54.1	130.4	-12.6	-0.4

The rules applied with regard to deferred taxes are described in Note 1 paragraph 19 of the “Accounting methods and principles in IFRS standards.”

2 - Further information**2.1 - Variations in scope**

Variations in scope concern:

In millions of euros	Deferred taxes assets	Deferred taxes liabilities
Fiscal year 16-17		
Genica group	0.7	-
Limagrain Cereal Seeds	2.6	-
Total	3.3	-
Fiscal year 15-16		
Genica group:	1.9	3.3
<i>Genica Research</i>	1.9	-
<i>Magnum Seeds Inc.</i>	-	3.3
Total	1.9	3.3

2.2 - Variations affecting reserves

In millions of euros	Deferred taxes assets	Deferred taxes liabilities	Net deferred taxes
Fiscal year 16-17			
Hedges	-	0.1	-0.1
Restatement of ORA bonds	-	-	-
Change in tax rate on valuation gap	-	-	-
Restatement of pension commitments - IAS 19R	-2.8	0.1	-2.9
Variations in scope and miscellaneous	4.3	1.7	2.6
Total	1.5	1.9	-0.4
Fiscal year 15-16			
Hedges	-	0.1	-0.1
Restatement of ORA bonds and OCEANE bonds	-	-	-
Change in tax rate on valuation gap	-	-0.3	0.3
Restatement of pension commitments - IAS 19R	5.8	-0.1	5.9
Miscellaneous	-0.3	-0.7	0.4
Total	5.5	-1.0	6.5

Note 26: Other current provisions

1 - Evolution of book values

In millions of euros	06.30.17	06.30.16
Commercial litigation	2.9	2.5
Other risks and litigation	7.6	7.6
Reorganization costs	5.6	2.3
Employee benefits	-	-
Total	16.1	12.4
Variation for the fiscal year	3.7	1.2

The rules applied with regard to setting up provisions are described in Note 1 paragraph 17 of the "Accounting methods and principles in IFRS standards."

2 - Further information

2.1 - Variations for the fiscal year include the following items:

In millions of euros	Total
Fiscal year 16-17	
Variations in scope	-
Variations in provisions	3.9
> Provisions for the fiscal year	10.0
> Write-back used	-5.4
> Write-back not used	-0.7
Reclassifications	-
Currency translations	-0.2
Total	3.7
Fiscal year 15-16	
Variations in scope	-
Variations in provisions	1.3
> Provisions for the fiscal year	4.7
> Write-back used	-2.5
> Write-back not used	-0.9
Reclassifications	-
Currency translations	-0.1
Total	1.2

2.2 - Variations in scope concern the following operations:

In millions of euros	Total
Fiscal year 16-17	
None	-
Total	-
Fiscal year 15-16	
None	-
Total	-

Note 27: Current and non-current financial debts

1 - Composition of the financial debts

1.1 - Non-current financial debts

In millions of euros	06.30.17	06.30.16
Debt component of the bonds redeemable as shares (ORA) ⁽¹⁾	1.0	1.5
Bank loans	132.4	190.9
Minority redemption commitments	-	3.9
Lease/hire purchase	0.5	0.3
Derivatives ⁽²⁾	0.1	1.6
Other financial debts	615.2	580.3
Total	749.2	778.5
Variation for the fiscal year	-29.3	69.7

⁽¹⁾ Cf. Note 23

⁽²⁾ Cf. Note 30

1.2 - Current financial debts

In millions of euros	06.30.17	06.30.16
Debt component of the bonds redeemable as shares (ORA) ⁽¹⁾	0.5	0.5
Bank loans	202.0	165.8
Lease/hire purchase	0.2	0.2
Derivatives ⁽²⁾	-	0.1
Current accounts	0.1	0.1
Interest incurred	4.2	3.6
Other financial debts	14.0	-
Total	221.0	170.3
Variation for the fiscal year	50.7	-154.5

⁽¹⁾ Cf. Note 23

⁽²⁾ Cf. Note 30

1.3 - Net financial indebtedness

Financial indebtedness, net of cash and bank in hand, evolved as follows:

In millions of euros	06.30.17	06.30.16
Non-current financial debts	749.2	778.5
Current financial debts	221.0	170.3
Cash and bank in hand (cf. Note 21) ⁽¹⁾	-256.3	-206.5
Net financial debts	713.9	742.3
Variation for the fiscal year	-28.4	82.1

⁽¹⁾ The variation in cash and bank in hand takes into account the new *Schuldschein* issue of 100 million euros net in March 2017.

The rules applied for recording financial debts are described in Note 1 paragraphs 21.3, 21.4 and 23 of the "Accounting methods and principles in IFRS standards."

2 - Further information

2.1 - Analysis of the evolution of the financial debt

2.1.1 The main variations in financial indebtedness are as follows:

In millions of euros	Non-current financial debts	Current financial debts	Total
07.01.15	708.8	324.8	1,033.6
Increase	102.2	-	102.2
Decrease	-15.5	-36.6	-52.1
Variations in scope	-	13.7	13.7
Currency translations	0.3	0.3	0.6
Reclassifications	-15.7	15.7	-
Restatement of the OCEANE convertible bonds	-	-149.3	-149.3
Restatement of the shares redeemable as shares (ORA) ⁽¹⁾	-0.5	0.1	-0.4
Restatement of derivatives	-0.3	1.6	1.3
Minority redemption commitment	-0.8	-	-0.8
06.30.16	778.5	170.3	948.8
Increase	148.7	9.5	158.2
Decrease	-126.5	-	-126.5
Variations in scope	-	-	-
Currency translations	-3.7	-2.1	-5.8
Reclassifications	-41.9	43.4	1.5
Restatement of the shares redeemable as shares (ORA) ⁽¹⁾	-0.5	-	-0.5
Restatement of derivatives	-1.5	-0.1	-1.6
Minority redemption commitment	-3.9	-	-3.9
06.30.17	749.2	221.0	970.2

⁽¹⁾ Cf. Note 23

2.1.2 Variations in scope concern:

In millions of euros	Non-current financial debts	Current financial debts	Total
Fiscal year 16-17			
None	-	-	-
Total	-	-	-
Fiscal year 15-16			
Genica group:	-	13.7	13.7
<i>Genica Research</i>	-	12.0	12.0
<i>Magnum Seeds Inc.</i>	-	1.7	1.7
Total	-	13.7	13.7

2.2 - Information on bond loans

These loans have the following characteristics:

Issuer	Vilmorin & Cie	Vilmorin & Cie
Date of issue	May 26, 2014	March 11, 2015
Amount involved	300.0 €M	150.0 €M
Due date (bullet amortization)	05.26.21	05.26.21
Possibility of early redemption	-	-
Interest rate	2.375% ⁽¹⁾	2.375% ⁽¹⁾

⁽¹⁾ Coupon rate; excluding issue premium.

2.3 - Information on bank loans

The main mid- and long-term bank loans have been granted, in the form of syndicated loan agreements, by a banking syndicate.

The last syndicated credit agreement was signed in May 2014 for a total of 300 million euros over a 5-year period with a fixed redemption, with an extension clause of 2 years. A second extension option was exercised in 2016 bringing the due date forward to 2021.

In March 2017, Vilmorin & Cie initiated a new Schuldschein issue for a total of 100 million euros with maturities of 5 years and 4 months, 7 and 10 years, and repaid 51 million euros in advance of the due date of May 2018.

In May 2017, Vilmorin USA Corp renewed in advance its syndicated loan agreement with a total increase to 120 million US dollars over a duration of 5 years.

The different loans involve default clauses concerning the respect of certain ratios tested every year that, in certain conditions, are liable to lead to their being payable earlier than planned.

The characteristics are as follows:

Original amount of the loan		300.0 €M	130.0 €M	100.0 €M	120.0 MUSD
Company to which the loan was granted		Vilmorin & Cie ⁽¹⁾	Vilmorin & Cie ⁽²⁾	Vilmorin & Cie ⁽²⁾	Vilmorin USA Corp ⁽³⁾
Outstanding	On June 30, 2016	67.5 €M	130.0 €M	-	90.0 MUSD
	On June 30, 2017	-	79.0 €M	100.0 €M	120.0 MUSD
Rate		Euribor + margin	Fixed and variable	Fixed and variable	Libor + margin
Collateral granted		No	No	No	Yes
Existence of "covenants" ⁽⁴⁾		Yes	Yes	Yes	Yes

⁽¹⁾ Vilmorin & Cie: no collateral has been granted. The authorized and confirmed credit line stands at 300 millions euros, and had not been used on June 30, 2017. There are covenants based on Vilmorin & Cie's consolidated financial statements:

- Financial debts over EBITDA,
- EBITDA over financial costs

⁽²⁾ Vilmorin & Cie: no collateral has been granted. The covenants are identical to those of the above syndicated loan agreement.

⁽³⁾ Vilmorin USA Corp: this loan benefits from collateral granted by Vilmorin & Cie. There is a covenant based on the ratio equity / indebtedness from the figures in the corporate accounts of Vilmorin USA Corp.

⁽⁴⁾ The above-mentioned covenants were respected for fiscal year 2016-2017.

2.4 - Analysis of loans by nature of rates

Analysis of the financial debts by nature of rates before cover is as follows:

In millions of euros	Non-current financial debts	Current financial debts	Total
06.30.17			
Financial debts with fixed rate	597.8	32.4	630.2
Financial debts with variable rate	151.4	188.6	340.0
Total	749.2	221.0	970.2
06.30.16			
Financial debts with fixed rate	555.1	9.0	564.1
Financial debts with variable rate	223.4	161.3	384.7
Total	778.5	170.3	948.8

Taking hedge rates into account, financial debts with variable rate were covered up to 6 million euros at the end of June 2017.

Note 28: Accounts payable

1 - Evolution of the book values

In millions of euros	06.30.17	06.30.16
Suppliers and other accounts payable	226.8	222.9
Debts on the acquisition of fixed assets	21.3	24.2
Advance payments received from customers	7.5	8.7
Social security	79.1	72.0
Taxes	25.4	27.2
Other operating debts	61.8	77.3
Other non-operating debts	2.7	5.5
Total	424.6	437.8
Variation for the fiscal year	-13.2	18.4

The rules applied for recording accounts payable are described in Note 1 paragraph 20 of the "Accounting methods and principles in IFRS standards."

2 - Further information

Variation for the fiscal year includes the following main items:

In millions of euros	16-17	15-16
Variations in scope	-	2.7
Other variations	-3.9	25.6
Currency translations	-9.3	-9.9
Total	-13.2	18.4

Variations in scope concern:

In millions of euros	Total
Fiscal year 16-17	
None	-
Total	-
Fiscal year 15-16	
Genica group:	2.8
<i>Genica Research</i>	-0.4
<i>Genista</i>	0.3
<i>Magnum Seeds Iberia</i>	0.1
<i>Magnum Seeds Inc.</i>	2.8
VCC Japan	-0.1
Total	2.7

Almost all the debts for suppliers and accounts payable are due within one year.

The other operating debts mainly include balances to pay to customers concerning the close of operations at the end of the campaign (inventory returns, end of year discount).

Note 29: Deferred income**1 - Evolution of book values**

In millions of euros	06.30.17	06.30.16
Total amount	33.0	31.4
Variation for the fiscal year	1.6	-

The rules applicable are described in Note 1 paragraph 18 of the "Accounting methods and principles in IFRS standards."

This line concerns almost exclusively investment and operating subsidies.

2 - Further information

Movements for the fiscal year involve the following items:

In millions of euros	16-17	15-16
Subsidies written back into the income	-0.1	-0.1
Restatement of tax relief for research for the fiscal year	0.6	0.9
Variations in scope	-	-
Others	1.1	-0.8
Total	1.6	-

Note 30: Financial instruments**1 - Financial instruments by category****1.1 - Analysis by category of instrument**

1.1.1 On June 30, 2017

In millions of euros	Assets held for sale	Loans and receivables	Debts at amortized cost	Derivatives	Other financial assets and liabilities	Total
Financial assets evaluated at their fair value						
> Financial assets	2.1	0.2	-	-	-	2.3
> Cash and cash equivalents	86.2	-	-	-	-	86.2
Financial assets not evaluated at their fair value						
> Financial assets	-	13.2	-	-	-	13.2
> Customers and other receivables	-	489.2	-	-	-	489.2
> Cash and cash equivalents	-	170.1	-	-	-	170.1
Financial assets on 06.30.17	88.3	672.7	-	-	-	761.0
Financial liabilities evaluated at their fair value						
> Financial liabilities	-	-	-	0.1	-	0.1
Financial liabilities not evaluated at their fair value						
> Financial liabilities	-	-	970.1	-	-	970.1
> Suppliers and other payable	-	-	424.6	-	-	424.6
Financial liabilities on 06.30.17	-	-	1,394.7	0.1	-	1,394.8

1.1.2 On June 30, 2016

In millions of euros	Assets held for sale	Loans and receivables	Debts at amortized cost	Derivatives	Other financial assets and liabilities	Total
Financial assets evaluated at their fair value						
> Financial assets	5.7	1.2	-	-	-	6.9
> Cash and cash equivalents	34.2	-	-	-	-	34.2
Financial assets not evaluated at their fair value						
> Financial assets	-	15.7	-	-	-	15.7
> Customers and other receivables	-	476.7	-	-	-	476.7
> Cash and cash equivalents	-	172.3	-	-	-	172.3
Financial assets on 06.30.16	39.9	665.9	-	-	-	705.8
Financial liabilities evaluated at their fair value						
> Financial liabilities	-	-	-	0.2	3.9	4.1
Financial liabilities not evaluated at their fair value						
> Financial liabilities	-	-	944.7	-	-	944.7
> Suppliers and other payables	-	-	437.8	-	-	437.8
Financial liabilities on 06.30.16	-	-	1,382.5	0.2	3.9	1,386.6

1.2 - Analysis by level of the fair value hierarchy

The table below shows the level of fair value of the financial assets and liabilities, with the exception of financial asset and liabilities not evaluated at their fair value, and whose book value is close to the fair value.

1.2.1 On June 30, 2017

In millions of euros (fair value)	Level 1	Level 2	Level 3	Total
Financial assets evaluated at their fair value				
> Financial assets	0.2	-	2.1	2.3
> Cash and cash equivalents	86.2	-	-	86.2
Financial liabilities evaluated at their fair value				
> Financial liabilities	-	0.1	-	0.1

1.2.2 On June 30, 2016

In millions of euros (fair value)	Level 1	Level 2	Level 3	Total
Financial assets evaluated at their fair value				
> Financial assets	5.5	-	1.4	6.9
> Cash and cash equivalents	34.2	-	-	34.2
Financial liabilities evaluated at their fair value				
> Financial liabilities	-	0.2	3.9	4.1

2 - Management of financial risks

Vilmorin & Cie has set up a dedicated organization based on financial risk management policies that have been approved by the Executive Committee, with centralized management of risks to which it is exposed regarding currency exchange, raw materials, interest rates and cash.

On June 30, 2017, the derived financial instruments set up by Vilmorin & Cie to manage its risks can be analyzed as follows:

2.1 - Information regarding currency exchange risks

2.1.1 Objectives

Vilmorin & Cie manages its currency positions with the objective of hedging the risks of fluctuation of relative parities, mainly in relation to its industrial and commercial operations. Indeed, Vilmorin & Cie sets up forward contracts exclusively in order to hedge currency exchange risks linked to provisional flows.

For this purpose, a procedure to manage currency exchange risks collectively has been set up in Vilmorin & Cie. This position mainly consists in taking out contracts with a fixed term.

2.1.2 Assets and liabilities analyzed according to the main foreign currencies

In millions of euros	Euro zone	US dollar	Canadian dollar	GB pound	Australian dollar	Yen	Shekel	Turkish lira	Other currencies	Total
06.30.17										
Assets ⁽¹⁾	980.7	472.5	17.1	41.7	27.2	63.2	109.8	48.1	294.3	2,054.6
Liabilities ⁽¹⁾	1,036.7	163.2	0.2	7.6	2.1	29.8	21.7	8.4	125.1	1,394.8
Differential	-56.0	309.3	16.9	34.1	25.1	33.4	88.1	39.7	169.2	659.8
06.30.16										
Assets ⁽¹⁾	953.7	471.3	20.9	39.0	21.9	72.3	103.2	50.0	256.7	1,989.0
Liabilities ⁽¹⁾	971.9	211.1	0.2	7.0	2.0	34.4	34.3	6.4	119.3	1,386.6
Differential	-18.2	260.2	20.7	32.0	19.9	37.9	68.9	63.6	137.4	602.4

⁽¹⁾ This concerns all items on the balance sheet that are exposed to foreign currency risks, except goodwill, inventories, deferred taxes, reserves, provisions, and deferred charges and income.

2.1.3 Information on the nominal value of instruments set up to hedge currency exchange

In millions of euros	Nominal	Due dates		
		< 1 year	1 to 5 years	> 5 years
06.30.17				
Forward exchange contracts	15.7	15.7	-	-
Exchange options	-	-	-	-
Total	15.7	15.7	-	-
06.30.16				
Forward exchange contracts	11.1	11.1	-	-
Exchange options	3.6	3.6	-	-
Total	14.7	14.7	-	-

2.1.4 Information on the value of instruments set up to hedge currency exchange

In millions of euros		Total
06.30.17		
Contracts on commercial transactions		
> Cash flow hedge ⁽¹⁾		-
Contracts on financial transactions		
> Fair value hedge		NS
06.30.16		
Contracts on commercial transactions		
> Cash flow hedge ⁽²⁾		-
Contracts on financial transactions		
> Fair value hedge		NS

⁽¹⁾ The intrinsic value of contracts on June 30, 2017 is not significant (NS).

⁽²⁾ The intrinsic value of contracts on June 30, 2016 is not significant (NS).

2.1.5 Information on risk exposure to instruments set up to hedge currency exchange

Vilmorin & Cie's net exposure for notional amounts mainly concerns the following currencies (excluding entities' functional currencies):

In millions for each currency	US dollar	GB pound	Australian dollar	New Zealand dollar	Canadian dollar	Yen	South African rand
Net position before management	11.6	7.8	4.6	0.1	-0.1	-6.6	20.2
Forward purchasing	-	-	-	0.1	-	80.0	-
Forward selling	-1.5	-1.8	-1.4	-	-	-	-15.0
Net position after management	10.1	6.0	3.2	0.2	-0.1	73.4	5.2

In millions for each currency	Turkish lira	Hungarian forint	Polish zloty	Russian ruble	Chinese renminbi yuan	Czech crown
Net position before management	12.9	1,761.4	29.5	634.0	-6.6	55.5
Forward purchasing	1.5	-	-	-	5.5	-
Forward selling	-	-736.3	-16.0	-103.0	-	-25.0
Net position after management	14.4	1,025.1	13.5	531.0	-1.1	30.5

On June 30, 2017, the exchange rates for 1 euro were: 1.1412 US dollar, 0.87933 GB pound, 1.4851 Australian dollar, 1.5554 New Zealand dollar, 1.4785 Canadian dollar, 127.75 yen, 14.92 South African rand, 4.0134 Turkish lira, 308.97 Hungarian forints, 4.2259 Polish zlotys, 67.5449 Russian rubles, 7.7385 Chinese renminbi yuan and 26.197 Czech crowns.

On June 30, 2017, sensitivity on net positions after management was analyzed as follows:

In millions of euros	US dollar	GB pound	Australian dollar	New Zealand dollar	Canadian dollar	Yen	South African rand
Hypothesis of currency variation (as a %)	-10%	-10%	-10%	-10%	-10%	-10%	-10%
Impact on income	1.0	0.8	0.2	-	-	0.1	-
Hypothesis of currency variation (as a %)	10%	10%	10%	10%	10%	10%	10%
Impact on income	-0.8	-0.6	-0.2	-	-	-0.1	-

In millions of euros	Turkish lira	Hungarian forint	Polish zloty	Russian ruble	Chinese renminbi yuan	Czech crown
Hypothesis of currency variation (as a %)	-10%	-10%	-10%	-10%	-10%	-10%
Impact on income	0.4	0.4	0.3	0.9	-	0.1
Hypothesis of currency variation (as a %)	10%	10%	10%	10%	10%	10%
Impact on income	-0.3	-0.3	-0.3	-0.7	-	-0.1

A drop of 10% in exchange rates against the euro would have a positive impact of 4.2 million euros on the financial income. An increase of 10% in exchange rates against the euro would have a negative impact of -3.4 million euros on the financial income.

2.2 - Information concerning interest rate risks

2.2.1 Objectives

Interest rate risks are mainly managed by Vilmorin & Cie which (apart from specific cases or regulatory constraints) centralizes the current, stable cash flow requirements or surpluses of the subsidiaries, and sets up centralized external funding facilities as necessary.

2.2.2 Assets and liabilities subject to interest rate risks

In millions of euros	Nominal	Due dates		
		< 1 year	1 to 5 years	> 5 years
06.30.17				
Assets	17.9	17.9	-	-
Liabilities	970.2	221.0	625.8	123.4
Differential	-952.3	-203.1	-625.8	-123.4
06.30.16				
Assets	20.4	12.0	8.4	-
Liabilities	948.8	170.3	746.3	32.2
Differential	-928.4	-158.3	-737.9	-32.2

2.2.3 Information on the nominal value of instruments to hedge interest rates

In order to manage the interest rate risks of its financial debts, Vilmorin & Cie uses derived instruments for which the notional outstanding sums are as follows:

In millions of euros	Nominal	Due dates					Market value
		2018	2019	2020	2021	> 2021	
Cash flow hedge operations	6.0	6.0	-	-	-	-	
Interest rate SWAP							-0.1
Fair value operations through profit and loss⁽¹⁾	-	-	-	-	-	-	
Interest rate SWAP							-
Total	6.0	6.0	-	-	-	-	-0.1

⁽¹⁾ Operations ineligible for hedge accounting as determined by the standard IAS 39.

Contractual cash flows associated with interest rate SWAP are paid at the same time as the contractual cash flows for loans with variable rates. The deferred amount in equity concerning hedge instruments is shown in the income statement for the period where the interest cash flow for the debt has an impact on the income.

The inefficient part of hedge instruments is not significant on June 30, 2017.

2.2.4 Information on exposure to interest rates risks

On the basis of net financial indebtedness on June 30, 2017, a variation of $\pm 1\%$ in interest rates after forward cover instruments would represent an extra financial charge or income limited to 0.8 million euros.

2.3 - Information concerning risks for shares and treasury shares

Listed shares held by Vilmorin & Cie are subject to the risk of volatility characteristic of financial markets.

Apart from consolidated securities, they can be divided up into three categories:

- ❖ securities in companies consolidated using the equity method: these concern for the most part the companies Seed Co (Zimbabwe), Australian Grain Technologies (Australia), Bio Seeds (Netherlands), Hengji Limagrain (China) and Canterra Seeds (Canada) (cf. Note 18),
- ❖ shares that are included in the portfolio "Financial assets held for sale" (cf. Note 17),
- ❖ other non-current financial assets.

The risk concerning shares included in the portfolio "Financial assets held for sale" is mainly represented by a line of listed shares.

There is a liquidity contract for Vilmorin & Cie treasury shares. On June 30, 2017, Vilmorin & Cie held 8,153 shares with a book value of 0.6 million euros.

2.4 - Information concerning liquidity risks

Vilmorin & Cie's Corporate Finance department manages liquidity risks by making short or long term funding available to subsidiaries as required.

Optimization of liquidity is based on centralized management of Vilmorin & Cie's subsidiaries' cash surpluses and requirements.

These operations are handled by Vilmorin & Cie's Corporate Finance department mainly using cash-pooling conventions and intra-group loans on condition that this is authorized by local legislation.

External funding is normally set up in a centralized manner by the Corporate Finance department in order to optimize the cost of funding and access to the banking market.

In 2017, Vilmorin & Cie made use of the following credit lines:

- ❖ a bond loan of 450 million euros maturing in May 2021,
- ❖ two mid-term *Schuldschein* loans for the amount respectively of:
 - 79 million euros, set up by Vilmorin & Cie in March 2013, of which 14 million euros mature in March 2018, 45 million euros in March 2020, and 20 million euros in March 2023,
 - 100 million euros set up on March 31, 2017, of which 15 million euros mature in July 2022, 50 million euros in March 2024 and 35 million euros in March 2027,
- ❖ a syndicated loan agreement of 300 million euros set up for Vilmorin & Cie, maturing in May 2021, and which was not used on June 30, 2017.

Vilmorin USA Corp benefits from a syndicated loan agreement that was renewed in May 2017 for a total of 120 million US dollars, maturing in May 2022.

On June 30, 2017, the conventions of existing financial commitments were respected.

The schedule for financial debts was as follows:

In millions of euros	Due dates			Total
	< 1 year	1 to 5 years	> 5 years	
06.30.17				
Non-current financial debts				
> Debt components of the bonds redeemable as shares (ORA)		1.0	-	1.0
> Bank loans		129.2	3.2	132.4
> Commitments to purchase minority shares		-	-	-
> Financial lease/hire purchase		0.5	-	0.5
> Derivatives		0.1	-	0.1
> Other financial debts		495.0	120.2	615.2
Total non-current debts		625.8	123.4	749.2
Current financial debts	221.0			
Total	221.0	625.8	123.4	749.2
Future interest on loans and other liabilities	14.9	43.5	5.8	64.2
06.30.16				
Non-current financial debts				
> Debt components of the bonds redeemable as shares (ORA)		1.5	-	1.5
> Debt components of the OCEANE convertible bonds		-	-	-
> Bank loans		179.0	11.9	190.9
> Commitments to purchase minority shares		3.9	-	3.9
> Financial lease/hire purchase		0.3	-	0.3
> Derivatives		1.6	-	1.6
> Other financial debts		560.0	20.3	580.3
Total non-current debts		746.3	32.2	778.5
Current financial debts	170.3			170.3
Total	170.3	746.3	32.2	948.8
Future interest on loans and other liabilities	15.0	53.1	1.3	69.4

2.5 - Information concerning credit risk

In order to prevent any problems recovering debts from its customers, Vilmorin & Cie has set up individual credit limits which are regularly updated depending both on the financial situation of each customer, along with the customer's track record with regard to payment.

Finally, through certain subsidiaries, Vilmorin & Cie has taken out an insurance policy to cover customer credit risks. On June 30, 2017, Vilmorin & Cie had not identified any significant risk.

At close, the chronological breakdown of customer receivables was as follows:

In millions of euros	06.30.17	06.30.16
Receivables not yet due	277.2	296.0
Receivables due:		
> delay of 0 to 3 months	58.8	37.4
> delay of 3 to 6 months	10.5	15.0
> delay of 6 to 12 months	8.4	4.4
> delay greater than 1 year	15.0	14.9
Gross customer and other receivables	369.9	367.7

Note 31 : Off balance sheet commitments

For its current operations, Vilmorin & Cie made commitments at the close of the fiscal period for the following amounts:

1 - Guarantees received

In millions of euros	06.30.17	06.30.16
Endorsements, sureties, guarantees	4.8	5.6
Other commitments	1.8	8.0
Total	6.6	13.6

The company Groupe Limagrain Holding granted a tax guarantee to Vilmorin & Cie for the companies Limagrain Genetics Inc. and Limagrain Europe, at the time of the sale/contribution of these companies within the context of the contribution of the Field Seed activity.

There have been no overdue payments recorded to date involving these guarantees.

2 - Guarantees given

In millions of euros	06.30.17	06.30.16
Endorsements, sureties, guarantees	5.7	2.8
Clause of return to better fortune	-	-
Other commitments	-	-
Total	5.7	2.8

3 - Reciprocal commitments

In millions of euros	Nominal	Due dates		
		< 1 year	1 to 5 years	> 5 years
06.30.17				
Lease agreements	4.7	1.9	2.6	0.2
Simple rental agreements	52.7	14.9	29.1	8.7
Forward purchase of currency (cf. Note 30)	15.7	15.7	-	-
Forward interest rate cover (cf. Note 30)	6.0	6.0	-	-
Interest to pay on mid- and long-term debts	64.2	14.9	43.5	5.8
Mid- and long-term research contracts	0.5	0.2	0.2	0.1
Other commitments	22.1	10.3	11.8	-
Total	165.9	63.9	87.2	14.8
06.30.16				
Lease agreements	4.2	2.0	2.0	0.2
Simple rental agreements	56.7	13.7	30.9	12.1
Forward purchase of currency (cf. Note 30)	14.7	14.7	-	-
Forward interest rate cover (cf. Note 30)	12.0	6.0	6.0	-
Interest to pay on mid- and long-term debts	69.4	15.0	53.1	1.3
Mid- and long-term research contracts	0.4	0.2	0.1	0.1
Other commitments	22.0	9.7	12.3	-
Total	179.4	61.3	104.4	13.7

Forward cover of interest rates concerns the following operations:

3.1 - On June 30, 2017

Mid-term bank loans (and other amounts)	6.0 €M	Fixed and semi-fixed rate over variable rate at 3 months
Bonds redeemable as shares (ORA)	-	Fixed rate over variable rate at 6 months
Short-term loan	-	Fixed and semi-fixed rate over variable rate at 3 months

3.2 - On June 30, 2016

Mid-term bank loans (and other amounts)	12.0 €M	Fixed and semi-fixed rate over variable rate at 3 months
Bonds redeemable as shares (ORA)	-	Fixed rate over variable rate at 6 months
Short-term loan	-	Fixed and semi-fixed rate over variable rate at 3 months

4 - Debts with real sureties

In millions of euros	Debts guaranteed	Total amount of sureties granted	Book value of the assets provided as a guarantee
06.30.16 ⁽¹⁾	16.6	110.3	98.0
06.30.17⁽²⁾	9.5	19.9	12.1

⁽¹⁾ Concerns Vilmorin & Cie for a banking loan of 3.4 million euros guaranteed by collateral on the securities of a subsidiary for 83.5 million euros and various collateral on industrial equipment and mortgages to guarantee mid-term debts on Brazilian and Thai businesses.

⁽²⁾ Concerns various collateral on industrial equipment and mortgages to guarantee mid-term debts on Brazilian businesses.

5 - Other commitments

In order to ensure a good supply of markets and control over inventory levels for future fiscal years, Vilmorin & Cie sets up purchasing or production contracts for seeds from grower networks.

Within the context of its operations to dispose of the companies Flora Frey and Carl Sperling, sold on June 30, 2008, and then Suttons on June 30, 2015, provisions were set up as a result of the commitments made for these disposals. The remaining sum of these provisions on June 30, 2017 stood at 3.7 million euros.

Note 32: Transactions between related parties

1 - Associated companies

These are companies in which Vilmorin & Cie exerts significant influence and which are consolidated using the equity method.

Transactions with associated companies are carried out on the basis of a market price.

The debts and receivables with regard to companies consolidated using the equity method are not significant. The main figures for companies consolidated using the equity method are provided in Note 18.

2 - Related parties with a significant influence on Vilmorin & Cie

Vilmorin & Cie is held by its majority shareholder Groupe Limagrain. The economic relationships developed with the companies in this Group are summarized in the table below:

2.1 - Receivables and debts on June 30, 2017

In millions of euros	Assets	Liabilities
Operating debts and receivables	2.6	33.4
Financial debts and receivables	-	-
Total	2.6	33.4

2.2 - Charges and income for fiscal year 2016-2017

In millions of euros	Charges	Income
Purchases and sales of goods	-69.8	4.5
Corporate allocations	-10.5	5.4
Other operating charges and income	-25.0	8.7
Financial charges and income	-0.4	0.1
Total	-105.7	18.7

3 - Remuneration of the Executive Committee

In millions of euros	06.30.17	06.30.16
Global amount of remunerations and benefits paid to the Executive Committee:		
> Short-term benefits	1.7	1.7
> Benefits paid out after employment	-	-
> Other long-term benefits	-	-
> Severance pay	1.2	1.1
> Payment through shares	-	-
> Directors' fees paid to the Executive Committee	-	-

The Executive Committee comprised six members during fiscal year 2016-2017, as in 2015-2016.

On average, the contractual benefits due when the contract of a member of the Executive Committee is terminated correspond to two years of total remuneration.

Benefits paid out after employment in favor of members of the Executive Committee

The total amount of benefits funded for severance pay for the Executive Committee stood at 1.2 million euros on June 30, 2017, including employer's welfare contributions.

This commitment is assessed by actuaries in order to determine the amount for provisions for severance pay.

Provisions for the severance pay of the Executive Committee is included in the provision for severance pay set out in Note 24.

4 - Further information

4.1 - Limagrain intra-group services

Intra-group services are billed by Groupe Limagrain Holding to the subsidiaries of Vilmorin & Cie and to the subsidiaries of Limagrain on a proportional basis of budgeted expenses. The amount billed came to 12.5 million euros.

In order to invoice intra-group services, the nature of the services provided are accounted for using four keys:

- an "activity" key (revenue from ordinary activities and margin on cost of sales),
- an "information systems" key (number of licenses),
- a "research" key (research and development costs),
- a "human resources" key (payroll).

4.2 - Vilmorin & Cie intra-group services

In the same way, Vilmorin & Cie invoices intra-group services to all its subsidiaries and to the subsidiaries of Limagrain according to the same criteria as the Limagrain intra-group services mentioned above. The total invoiced came to 49.7 million euros.

4.3 - Allocation of the seed research program costs

Moreover, Vilmorin & Cie also invoices for services of a scientific nature for the seed companies in the Vilmorin & Cie group (Field Seeds and Vegetable Seeds divisions) that work on the professional market. The aggregate amount invoiced to the subsidiaries came to 17.7 million euros. The criteria applied homogeneously throughout Vilmorin & Cie to calculate these allocations for services of a scientific nature take into account research and development costs.

4.4 - Cash flow agreements and pooling of exchange risks

Companies have signed agreements with Vilmorin & Cie in order to optimize the management of their cash flow under conditions that provide lenders with a financial margin of 0.20% over the average monthly EONIA rate.

Moreover, Vilmorin & Cie centralizes its foreign currency risk hedges for its subsidiaries. The main currencies hedged are the US dollar, the GB pound, the yen and the Australian dollar (cf. Note 30 paragraph 2.1).

4.5 - Other operations

Other operations correspond to current commercial transactions made on the basis of market prices.

Note 33: Potential liabilities

As they run their businesses, Vilmorin & Cie's operating companies are exposed to claims on the products they have sold, and such claims are generally covered by their insurance policies.

Note 34: Events occurring after the closing of the accounts

No operation has occurred after the closing of the accounts.

5.1.6. Consolidation scope

Commercial companies (consolidated) of very low significance are not included in the list below for reasons of confidentiality.

Name	Country	Head Office	SIREN No.	% Interest	Consolidation method	
VEGETABLE SEEDS						
Bio Seeds BV	Netherlands	Agro Business Park 90 – 3808 PW Wageningen		24.95	24.95	EM
Limagrain (Beijing) Agricultural Technical Service Co Ltd	China	Room 2511, Beifangmingzhu Building, No 188 Litang Road, Dongxiaokouzhen, Changping District - Beijing		100.00	100.00	IG
1 - HM.CLAUSE						
Alliance Semillas	Argentina	Pavon 1478 - Capital Federal - CP 1151 Buenos Aires		100.00	100.00	GI
Henderson Seed Group Pty. Ltd. Trading AS Clause Pacific	Australia	165, Templestowe Road Lower Templestowe - Victoria 3107 - 3105 Bulleen Victoria		100.00	99.98	GI
HM.CLAUSE SA	France	Rue Louis Saillant – ZI La Motte 26800 Portes-les-Valence	435 480 546	99.98	99.98	GI
HM.CLAUSE (Thailand) Co, Ltd	Thailand	182/1 Soi Kengcun (Nanglinchee 6), Nanglinchee Road, Tungmahamek 10120 Sathorn, Bangkok		100.00	99.98	GI
HM.CLAUSE Brasil Comercio de Sementes Ltda	Brazil	Rue Guapuruvu, 177 - Térreo Condomínio Alphaville Empresarial CEP 13098-322 Campinas - São Paulo		100.00	99.98	GI
HM.CLAUSE Chile S.A.	Chile	Boulevard Aeropuerto Sur 9632, Oficina 1 Parque Industrial Enea/Pudahuel - Santiago		100.00	100.00	GI
HM.CLAUSE Guatemala. Sociedad Anónima	Guatemala	Condominio Empresarial Cortijo III Bodega 913, 20 Calle 25-55 Zona 12, Guatemala City		100.00	99.98	GI
HM.CLAUSE India Private Limited	India	6-98/4 Sy No. 563/Part, Gowdavelli Village Medchal Mandal, Ranga Reddy District 501401 Telangana State - Hyderabad		100.00	99.98	GI
HM.CLAUSE Italia S.P.A.	Italy	Via Emilia 11 – 10078 Venaria Real		100.00	99.98	GI
Clause Maghreb EURL	Algeria	Coopérative Amel 2, Lotissement n°15 Kheraicia - Alger		100.00	99.98	GI
HM.CLAUSE Polska Sp.zo.o.	Poland	ul. Skibicka 29, 02-269 Warsaw		100.00	99.98	GI
HM.CLAUSE Iberica. SA	Spain	Paraje La Reserva s/n Apdo Correos n°17 La Mojenera Almeria 04745		100.00	99.98	GI
HM.CLAUSE Inc.	United-States	260 Cousteau Place – Suite 210 95618 Davis (California)		100.00	100.00	GI
HM.CLAUSE Kenya Limited	Kenya	C/o unit A - Nairobi business park, Ngong Road PO box 10643 - 00100 Nairobi		100.00	99.98	GI
HM.CLAUSE Peru S.A.C.	Peru	Fundo la Viña S/N Caserio La Poruma Ica		100.00	100.00	GI
HM.CLAUSE Tohumculuk Tarim Sanayi ve Ticaret Anonim Sirketi	Turkey	Tarim Mah. Apendos Bulvari No : 106/B Kurt İşhanı, Muratpaşa - 07200 Antalya		100.00	99.98	GI
Tropical Development and Investment Company Limited	Vietnam	Agriculture High-Tech Park of Ho Chi Minh City, Pham Van Coi Ward, Cu Chi District, Ho Chi Minh City		100.00	99.98	GI
Plant Development Australia PTY. LTD.	Australia	165, Templestowe Road - Templestowe Lower - VIC 3107		100.00	99.98	GI
PT Clause Indonesia LLC	Indonesia	Ruko Bumi Prayudan Permai Blok B - 6, Mertoyudan, Magelang - 56172 Jawa Tengah		100.00	99.98	GI
Semillas Harris Moran Mexicana	Mexico	Ave. Manuel Gomez Morin 3881 3er piso Col. Centro Sur - 76090 Queretaro		100.00	100.00	GI

Name	Country	Head Office	SIREN No.	% Voting rights	% Interest	Consolidation method
2 - HAZERA						
Hazera Agriculture Technology & Services (Beijing) Co Ltd	China	Room 601-602, Tower D, Java Millenium Place No, 18 Jianguomenwai Dajie, Chaoyang District 100022 – Beijing		100.00	100.00	GI
Hazera Seeds do Brasil Ltda	Brazil	Rua Américo Brasiliense, 458 CEP : 13025-230 Campinas - São Paulo		100.00	100.00	GI
Hazera España 90 SA	Spain	Paseo de la Castellana 259 B - 28046 Madrid		100.00	100.00	GI
Hazera Seeds Ltd	Israel	Brurim Farm MP - 79837 Shikmim		100.00	100.00	GI
Hazera Seeds Hellas Commercial SA	Greece	64 Lisikratous str. & Kekropos, Municipality of Kallithea 17674 Athens		100.00	100.00	GI
Hazera Holding International BV	Israel	Koningslaan, 34 1075AD Amsterdam - Pays-Bas		100.00	100.00	GI
Hazera Seeds Mexico SA	Mexico	Montecito 38, Piso 23, Oficina 15 Napoles Distrito Federal 03810 Mexico		100.00	100.00	GI
Hazera Seeds USA Inc	United States	32 Loockerman Sq, Suite L 100 - Dover, Delaware		100.00	100.00	GI
Hazera Tohumculuk Ve Ticaret AS	Turkey	Hüsrev Gere de Cd. Ömer Rüştü Paşa Sk, No.12 Şişli - İstanbul		100.00	100.00	GI
Hazera Seeds BV	Netherlands	Schanseind 27 BP28 - 4921 Pm Made		100.00	100.00	GI
Hazera Seeds Germany GmbH	Germany	2 Am Griewenkamp - D31234 Edemissen		100.00	100.00	GI
Hazera Seeds Uk Ltd	United Kingdom	Joseph Nickerson Research Centre - Market Rasen LN7 6DT Rothwell		100.00	100.00	GI
Hazera Seeds SA Ltd	South Africa	Unit 7 - Honeydew Business Park - 1503 Citrus Street - 0181 Honeydew 2170		100.00	100.00	GI
Hazera Poland SP.Z.o.o.	Poland	Ul. Marywilska - 34 03-228 - Warszawa		100.00	100.00	GI
Hazera Ukraine LLC	Ukraine	Office # 101 - Strategichne shose 16 Str 03680 - Kiev		100.00	100.00	GI
3 - VILMORIN-MIKADO						
Anadolu Tohum Üretim Ve Pazarlama Anonim Sirketi	Turkey	Güzelyali. Bati Sahili, Ciftlik Sok. No.9 Pendik Istanbul 34903		100.00	99.97	GI
Carthage Génétique	Tunisia	Zone Industrielle El Afrane 1009 - El Ouardia – Tunis		50.00	49.99	ME
Dalian Mikado International Seed Co Ltd	China	Room 2702 – Liangjiu International Building 150-0036 Tokyo		80.00	77.09	GI
Korea Mikado Kyowa Seed Co Ltd	South Korea	West 1401, Hansin Inter Valley 24 Bldg, 322 Teheran-co, Gangnam-gu – Séoul		100.00	96.36	GI
Mikado Kyowa K.K.	Japan	1-4-11 Ohnodai - Midori-ku 267-0056 Chiba City, Chiba Pref.		100.00	96.36	GI
Semillas Shamrock Internacional	Mexico	Calle Liderazgo n°105 Fraccionamiento El Puente 38110 Guanajuato Celaya		100.00	100.00	GI
Shamrock Seed Company	United States	3 Harris Place – 93901- 4593 Salinas – California		100.00	100.00	GI
Vilmorin Atlas SARL	Morocco	158 boulevard Abdellah Ben Yacine - 20300 Casablanca		70.00	69.98	GI
Vilmorin do Brasil Comercio de Sementes Ltda	Brazil	Av. José Bonifacio, 354 Jardim Flamboyant 13.091 - 140 CAMPINAS,SP		100.00	99.97	GI
Vilmorin Iberica SA	Spain	Calle Joaquim Orozco 17 - 03006 Alicante		99.91	99.88	GI
Vilmorin Italia SRL	Italy	Centergross CP 97 - Blocco 22 Via dei Notai 123 - 40050 Funo		100.00	99.97	GI
Vilmorin OOO	Russia	Gruzinskiy val ulitsa 11, building 3, office 21 - 123056, Moscow		100.00	99.97	GI
Vilmorin SA	France	Route du Manoir - 49250 La Ménitné	562 050 864	99.97	99.97	GI

Name	Country	Head Office	SIREN No.	% Voting rights	% Interest	Consolidation method
FIELD SEEDS						
Biogemma SAS	France	1 rue Édouard Colonne - 75001 Paris	412 514 366	55.01	55.01	GI
Biogemma USA Corp	United States	2331 230th Street 50014 - AMES IA		100.00	55.01	GI
Genoplante-Valor SAS	France	28 rue du Docteur Finlay - 75015 Paris	439 202 821	25.00	22.00	EM
4 - LIMAGRAIN EUROPE						
GIE Semences de Brie	France	RD 402 - 77390 Chaumes-en-Brie	388 147 845	50.00	47.60	EM
Limagrain A/S	Danemark	Erhvervsbyvej 13 - 8700 Horsens		100.00	95.21	GI
Limagrain Central Europe Cereals Sro	Czech Republic	Praha 9 – Podedvorska 755/5 19800 - Kyje		100.00	95.21	GI
Limagrain Central Europe SE	France	Biopôle Clermont-Limagne Rue Henri Mondor - 63360 Saint-Beauzire	438 205 320	100.00	95.21	GI
Limagrain Belgium NV	Belgium	5 rue du Quai 8581 - Avelgem-Kerkhove		100.00	95.21	GI
Limagrain d.o.o Beograd	Serbia	Radnicka 30A - Novia Sad 21000		100.00	95.21	GI
Limagrain Europe SA	France	Biopôle Clermont-Limagne Rue Henri Mondor - 63360 Saint-Beauzire	542 009 824	95.21	95.21	GI
Limagrain GmbH	Germany	Am Griewenkamp 2 - Edemissen – D 31234		100.00	95.21	GI
Limagrain Hungary Kft	Hungary	Gyar street 2 - H-2040 Budaors		100.00	95.21	GI
Limagrain Iberica SA	Spain	Ctra Pamplona - Huesca Km 12 - Elorz Navarra 31470		100.00	95.21	GI
Limagrain Italia SPA	Italy	Via Caduti sul Lavoro n° 5 - 43011 Busseto (Pr)		100.00	95.21	GI
Limagrain Moldova srl	Moldova	Bd. Stefan Cel Mare 162 – MD - Chisinau 2004		100.00	95.21	GI
Limagrain Nederland BV	Netherlands	Van der Haveweg 2 - 4411 RB Rilland		100.00	95.21	GI
Limagrain RU	Russia	Yankovskogo str 169 - Novokuznechnaya str 40 350015 Krasnodar		100.00	95.21	GI
Limagrain Sunflowers INC.	United States	71 West Kentucky Avenue Woodland, CA 95695		100.00	100.00	GI
Limagrain Tohum Islah ve Üretim Sanayi Ticaret AS	Turkey	Hüdavendigâr Mah. Karaosmanlar Limagrain Sitesi N°2-13 – 16700 Karacabey/Bursa		67.00	63.79	GI
Limagrain UK Limited	United Kingdom	Market Rasen - LN7 6DT Rothwell - Lincolnshire		100.00	95.21	GI
Limagrain Ukraine LLC	Ukraine	Pavlivska 10 Street Off. 7 - 01054 Kiev		100.00	95.21	GI
Seedline NV	Belgium	5 rue du Quai - 8581 Avelgem-Kerkhove		100.00	95.21	GI
Soltis SAS	France	Domaine de Sandreau - 31700 Mondonville-Blagnac	420 327 231	50.00	47.60	EM
Unisigma GIE	France	2 rue Petit Sorri - 60480 Froissy	317 760 668	46.00	43.80	EM
5 - AGRELIANT						
AgReliant Genetics LLC	United States	1122 East 169th Street - Westfield, IN 46074		50.00	50.00	EM
AgReliant Genetics Inc	Canada	6836 Pain Court Line RR1 - Ontario NOP 1I20		50.00	50.00	EM
6 - LIMAGRAIN CEREAL SEEDS						
Australian Grain Technologies Pty Ltd	Australia	Level 1, Wine Innovation Central Building CRN Paratoo RD & Grove 5064 Urrbrae - South Australia		32.77	32.77	EM
Canterra Seeds Holding, Ltd.	Canada	1500, 410 22 nd Street East - S7K5T6 Saskatoon, SK		30.00	30.00	EM
Limagrain Cereals Research Canada	Canada	211-1475 Chevrier Blvd - R3T 1Y7 Winnipeg - Manitoba		70.00	70.00	GI
Limagrain Cereal Seeds LLC	United States	Corporation service Company 2711 Centerville Road, Suite 400 - Wilmington 19808 - Delaware		100.00	100.00	GI

Name	Country	Head Office	SIREN No.	% Voting rights	% Interest	Consolidation method
7 - LIMAGRAIN SOUTH AMERICA						
Limagrain Argentina SA	Argentina	Calle Esmeralda 130 4to piso - Buenos Aires		95.02	95.02	GI
Limagrain Brasil SA	Brazil	Rua Pasteur, N° 463, 7° Andar Conjunto 701, Sala C- Bairro Água Verde, Estado do Paraná CEP 80250-104 Curitiba		100.00	100.00	GI
Limagrain Chile Limitada	Chile	Rosas - 1190 Santiago de Chile		100.00	100.00	GI
Limagrain Peru SAC	Peru	Altura CDRA. Av. San Martin, 208, 01 – Avenida - Saenz Pena Barranco - 1501 Lima		100.00	100.00	GI
8 - LIMAGRAIN ASIA						
Bisco Bio Sciences Private Ltd	India	Ashoka My Home chambers # 1-8-201 to 203 - Plot no 208, 209 SP Road – Secunderabad Hyderabad, 500 003		99.99	99.99	GI
Hengji Limagrain Seeds Co Ltd	China	N°9 Xianfu Street - Zhangye City – Gansu Province		45.05	45.05	EM
Shanxi Limagrain Special Crops R&D Company Limited	China	Room 501, Crop Research Institute, Shanxi Academy of Agriculture and Science - No.81, Longcheng street 030006 Taiyuan City		77.50	77.50	GI
Seed Asia Cambodia Limited	Cambodia	Camma Building No, 101A, Second floor, Room No, 02, Street 289, Sangkat Boeung Kak I, Khan Toul Kak - Phnom Penh		100.00	100.00	GI
Seed Asia International Limited	Hong Kong	Suite 2303, 23 rd Floor, Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong-Kong		100.00	100.00	GI
Seed Asia Co Limited	Thailand	161/1 SG Tower, 15th Floor, Soi Mahadlekluang 3, Rajdamri Rd., Lumpini, Pathumwan - 10330 Bangkok		100.00	100.00	GI
9 - LIMAGRAIN AFRICA						
Link Seed Proprietary Limited	South Africa	15 Dr Gordon Street Kwazulu-Natal, 3250 Greytown		100.00	100.00	GI
Seed Co Limited	Zimbabwe	1st Floor, S.A.Z. Building, Northend Park, Borrowdale - Harare		30.15	30.15	EM
GARDEN PRODUCTS AND HOLDINGS						
DLF France SAS	France	ZA Les Pains - Les Alleuds - 49320 Brissac Quince	432 004 679	33.33	33.33	EM
10 - VILMORIN JARDIN						
C.H. Van Den Berg BV	Netherlands	Nijverheidsweg 1 - (1693) Am Wervershoof		100.00	100.00	GI
Vilmorin Bahce Urunleri Anonim Sirketi	Turkey	Güzelyali bati sahilii, Ciftlik sok n°9, 34903 Pendik Istanbul		100.00	100.00	GI
Vilmorin Garden Sp. zo.o.	Poland	ul, Ks,P,Wawrzyniaka 2 62-052 - Komorniki		100.00	100.00	GI
Vilmorin Jardin SA	France	ZI De Tharabie Parc des Chesnes, 65, rue de Luzais - 38291 St Quentin Fallavier	959 503 111	100.00	100.00	GI

Name	Country	Head Office	SIREN No.	% Voting rights	% Interest	Consolidation method
HOLDINGS & BIOTECHNOLOGIES						
Genective SA	France	Biopôle Clermont-Limagne Rue Henri Mondor - 63360 Saint-Beauzire	513 533 612	50.00	50.00	EM
Limagrain (Beijing) Business Consulting Co Ltd	China	Room 1805, Beifangmingzhu Building, n°188 Litang Road, Dongxiaokouzhen Changping District Beijing 102218		100.00	100.00	GI
Vilmorin Nederland Holding BV	Netherlands	Van der Haveweg 2 - 4411 RB Rilland		100.00	100.00	GI
Mikado Seed Holding K.K.	Japan	1-4-11 Ohnodai, Midori-ku 267-0056 Chiba-shi		85.45	85.45	GI
Vilmorin & Cie SA	France	4 Quai de la Mégisserie - 75001 Paris	377 913 728	100.00	100.00	GI
Vilmorin Hong-Kong Ltd	China	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong		100.00	100.00	GI
Vilmorin 2014 (Holdings) Ltd	United Kingdom	Joseph Nickerson Research Centre, Rothwell Market Rasen - LN7 6DT Lincolnshire		100.00	100.00	GI
Vilmorin USA Corp	United States	2711 Centerville Road, Suite 400 County of Newcastle - Wilmington 19808 - Delaware		100.00	100.00	GI
Vilmorin Singapore PTE Ltd	Singapore	80 Raffles Place - #32-01 UOB Plaza 048624 Singapore		100.00	100.00	GI

Consolidation method: GI: Global Integration EM: Equity Method

5.1.7. Statutory Auditors' report on the consolidated financial statements⁽¹⁾

Fiscal year closing June 30, 2017

To the Shareholders,

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meetings, we have conducted the audit of the consolidated financial statements of the Company Vilmorin & Cie S.A. concerning the fiscal year closing on June 30, 2017 as they are appended to this report.

We certify that the consolidated financial statements give a true and fair view of the results of operations for the year ended June 30, 2017 and of the financial position and assets and liabilities at the end of the fiscal year of the persons and entities included in the consolidation in accordance with IFRS standards as adopted by the European Union.

The opinion expressed above is consistent with the content of our report to the Audit and Risk Management Committee.

Basis of opinion

Audit standards

We have conducted our audit in accordance with the professional standards applicable in France. We believe that the information we have gathered is sufficient and appropriate to form our opinion.

Our responsibilities under these standards are set out in the "Statutory Auditors' Responsibilities relating to the audit of the consolidated financial statements" section of this report.

Independence

We have carried out our audit mission in compliance with the independence rules applicable to us, over the period from July 1, 2016 to the date of issue of our report, and in particular we have not provided services prohibited by article 5, paragraph 1, of regulation (EU) No. 537/2014 or by the code of ethics of the Auditing profession.

Justification of assessments – Key audit points

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the consolidated financial statements for the fiscal year, as well as the answers that we have provided with regard to these risks.

These assessments were made in the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on individual items in these consolidated financial statements.

Evaluation of goodwill and germplasm

Notes 1.3, 1.9, 1.11, 14 and 15 to the consolidated financial statements

Risk identified

On June 30, 2017, the values of goodwill and germplasm for the group stood respectively at 378 million euros and 269 million euros within the total balance sheet of 2,947 million euros.

Bearing in mind that it needs to be kept permanently in good condition, regularly maintained and continually used in the process of plant breeding, the Management considers that its economic life is indefinite.

These intangible assets with an indefinite economic life were recognized during external growth operations, and were allocated to Cash generating units (CGU) for the activities in which the acquired companies were integrated. In particular, germplasm, measured at fair value through business combinations, consists of all plant resources acquired.

As stipulated in Notes 1.9.2 and 1.9.4, every fiscal year this goodwill and germplasm are tested to insure that their book value is not higher than its recoverable value, and that there is no risk of impairment.

We considered that the value of these intangible assets is a key point of the audit due to their significant importance in the Group's financial statements and the method of determining their recoverable amount, most often based on discounted cash flow forecasts, which requires the use of assumptions, estimates or assessments by Management, as indicated in Notes 1.3 and 1.11 to the consolidated financial statements.

The methods used to test for impairment are described in Note 1.11 and the details of the assumptions used are presented in Notes 14 and 15.

Audit procedures implemented to address identified risks

We have examined the methods used to implement these impairment tests. In particular, among the goodwill and germplasm recognized by the group, we paid special attention to the Cash generating unit "Field Seeds" due to past achievements and expected growth prospects.

⁽¹⁾ Non-binding version.



We assessed the reasonable nature of key estimates, including cash flow forecasts, long-term growth rates and discount rates used. We also analyzed the consistency of cash flow forecasts with past performances, market prospects and the forecast data presented to the Company's Board of Directors and reviewed the sensitivity analyses on impairment tests.

Finally, we have also verified the appropriateness of the information provided in the notes to the consolidated financial statements.

Verification of the information on the group provided in the management report

We also performed the specific verification, required by law and in accordance with professional standards applicable in France, of information relating to the group, as provided for in the Board of Directors' management report.

We have no comments as to its fair presentation and conformity with the consolidated financial statements.

Information resulting from other legal and regulatory obligations

Designation of the Statutory Auditors

We were appointed Statutory Auditors for the Company Vilmorin & Cie, KPMG S.A. by the General Meeting of Shareholders of March 2, 1990, and Visas 4 Commissariat by the General Meeting of Shareholders of February 21, 1995.

On June 30, 2017, KPMG S.A. was in its 27th uninterrupted year of mission, and Visas 4 Commissariat in its 23rd year, and respectively the 24th and 23rd year since the shares of the Company had been admitted for trading on a regulated market.

Responsibilities of Management and those charged with governance relating to the consolidated financial statements

It is the responsibility of Management to prepare consolidated financial statements that present a true and fair view in accordance with IFRS standards as adopted by the European Union, and to establish such internal control as it deems necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing in these financial statements, if applicable, the necessary information relating to the going concern and for applying the going concern accounting policy, unless it is planned to liquidate the Company or cease operations.

The Audit and Risk Management Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems, as well as, where applicable, internal audit, with respect to the procedures relating to the preparation and processing of accounting and financial information.

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

Statutory Auditors' Responsibilities relating to the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with professional practice standards will always detect any material misstatement. Such misstatements may be fraudulent or error-related and are considered material when they can reasonably be expected to influence, either individually or cumulatively, the economic decisions that account users make based on them.

As specified by article L.823-10-1 of the French Commercial Code, our certification mission is not to guarantee the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises his professional judgment throughout this audit. In addition:

- ❖ he identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, defines and implements audit procedures to address these risks, and collects information that he considers sufficient and appropriate to form his opinion. The risk of undetected material misstatement arising from fraud is greater than the risk of undetected material misstatement resulting from an error, as fraud may involve collusion, forgery, willful omission, misrepresentation or circumvention of internal control;
- ❖ he takes note of the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control;

- ❖ he assesses the appropriateness of the accounting methods used and the reasonable nature of the accounting estimates made by Management, as well as the information concerning these estimates provided in the consolidated financial statements;
- ❖ he assesses the appropriateness of Management's application of the going concern accounting policy and, depending on the information collected, whether or not there is any significant uncertainty related to events or circumstances that could jeopardize the Company's ability to continue as a going concern. This assessment is based on the information collected up to the date of his report, although it should be borne in mind that future circumstances or events could jeopardize the Company's ability to continue as a going concern. If he concludes that there is significant uncertainty, he draws the attention of the readers of his report to the information provided in the consolidated financial statements about that uncertainty or, if that information is not provided or is not relevant, he issues a qualified certification or a refusal to certify;
- ❖ he assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying transactions and events in such a way as to give a true and fair view;
- ❖ with regard to the financial information of the persons or entities included in the consolidation scope, he collects information that he considers sufficient and appropriate to express an opinion on the consolidated financial statements. He is responsible for the management, supervision and audit of the consolidated financial statements and for the opinion expressed therein.

Report to the Audit and Risk Management Committee

We submit a report to the Audit and Risk Management Committee, which includes the scope of the audit work and the work program implemented, as well as the conclusions resulting from our work. We also bring to its attention, where appropriate, any material weaknesses in the internal control procedures that we have identified with regard to the preparation and processing of accounting and financial information.

Among the items disclosed in the report to the Audit and Risk Management Committee are the risks of material misstatement that we believe to have been the most significant for the audit of the consolidated financial statements for the fiscal year and which are therefore the key points of the audit. These points are described in this report.

We also provide the Audit and Risk Management Committee with the declaration required by article 6 of regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in articles L.822-10 to L.822-14 of the French Commercial Code and in the code of ethics of the Auditing profession. If necessary, we meet with the Audit and Risk Management Committee to discuss our independence and the safeguards applied.

The Statutory Auditors

Paris La Défense and Clermont-Ferrand, October 18, 2017



KPMG Audit
Département de KPMG S.A.
Laurent GENIN, *Partner*



VISAS 4
Commissariat
Claude AUBERT, *Partner*

5.2. Corporate Financial Statements

5.2.1. Income statement

In thousands of euros	16-17	15-16
Sales	78,277	80,819
Purchases	-449	-474
Gross margin	77,827	80,345
Other operating income	12,561	8,725
Operating resources	90,388	89,069
Other purchases and external charges	-64,190	-65,480
Taxes	-1,706	-1,810
Personnel charges	-27,535	-25,155
Depreciation and amortization	-9,860	-4,415
Operating charges	-103,290	-96,859
Operating result	-12,902	-7,790
Joint operations	-4,754	-4,968
Financial income	39,569	27,403
Extraordinary income	-16,182	-1,440
Income taxes	20,522	19,494
Net income for the fiscal year	26,253	32,700

5.2.2. Balance sheet Assets

In thousands of euros	Gross 06.30.17	Depreciation Amortization Provisions	Net 06.30.17	Net 06.30.16
Intangible fixed assets	89,412	- 26,320	63,091	66,716
Tangible fixed assets	2,832	- 1,723	1,109	1,302
Financial fixed assets	1,074,266	- 57,357	1,016,909	972,123
Fixed assets	1,166,509	- 85,401	1,081,109	1,040,141
Inventories	210	-	210	214
Accounts receivable	4,805	-	4,805	8,967
Other receivables	429,174	-	429,174	474,422
Cash and bank in hand	66,400	-	66,400	30,256
Current assets	500,589	0	500,589	513,860
Accruals	1,932	-	1,932	4,126
Total assets	1,669,031	- 85,401	1,583,630	1,558,127

5.2.3. Balance sheet Liabilities

In thousands of euros	Amount 06.30.17	Amount 06.30.16
Capital stock	317,717	317,717
Issue premiums	332,613	332,613
Reserves	23,043	21,408
Carried forward	8,155	7
Income for the fiscal year	26,253	32,700
Investment subsidies	-	-
Regulated provisions	-	-
Equity	707,781	704,444
Other shareholders' funds	2,209	2,081
Provisions for liabilities and charges	6,629	6,266
Loans and financial debts	784,200	765,401
Accounts payable	18,347	17,829
Other debts	62,959	60,324
Current liabilities	865,507	843,554
Accruals	1,505	1,782
Total liabilities	1,583,630	1,558,127

- ❖ verify the stock market price used for the shares of Seed Co Limited.

For assessments based on forecast items:

- ❖ obtain the cash flow and operating forecasts of the activities of the entities concerned prepared by their operating departments and assess their consistency with the forecast data prepared under the supervision of their General Management for each of these activities;
- ❖ verify that the assumptions used are consistent with the economic environment at the date of close and preparation of the financial statements;
- ❖ verify that the value resulting from cash flow forecasts has been adjusted by the amount of the indebtedness of the entity under consideration.

Verification of the management report and any other documents provided to the shareholders

We have also performed the specific verifications required by law, and in accordance with professional standards applicable in France.

We have nothing to report on the fairness and consistency with the annual financial statements of the information given in the Board of Directors' management report and in the other documents sent to shareholders on the financial position and the annual financial statements.

Concerning information provided pursuant to the provisions of article L.225-102-1 of the French Commercial Code on compensation and benefits paid to corporate officers and commitments granted to them, we have verified their consistency with the financial statements or with the data used in the preparation of these financial statements and, where applicable, with the information collected by your Company from companies controlling or controlled by your Company. On the basis of this work, we certify the accuracy and fairness of this information.

In accordance with the law, we have verified that the various disclosures relating to the acquisition of shareholdings and controlling interests and the identity of holders of share capital or voting rights have been disclosed to you in the management report.

Information resulting from other legal and regulatory obligations

Designation of the Statutory Auditors

We were appointed Statutory Auditors for the Company Vilmorin & Cie, KPMG S.A. by the General Meeting of Shareholders of March 2, 1990, and Visas 4 Commissariat by the General Meeting of Shareholders of February 21, 1995.

On June 30, 2017, KPMG S.A. was in its 27th uninterrupted year of mission, and Visas 4 Commissariat in its 23rd year, and respectively the 24th and 23rd year since the shares of the Company had been admitted for trading on a regulated market.

Responsibilities of management and those charged with governance relating to the annual financial statements

It is the responsibility of Management to prepare annual financial statements that present a true and fair view in accordance with French accounting rules and principles, and to establish such internal control as it deems necessary for the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the annual financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing in these financial statements, if applicable, the necessary information relating to the going concern and for applying the going concern accounting policy, unless it is planned to liquidate the Company or cease operations.

The Audit and Risk Management Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems, as well as, where applicable, internal audit, with respect to the procedures relating to the preparation and processing of accounting and financial information.

The annual financial statements were closed by the Board of Directors.

Statutory Auditors' Responsibilities relating to the audit of the annual financial statements

Audit objective and approach

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with professional practice standards will always detect any material misstatement. Such misstatements may be fraudulent or error-related and are considered material when they can reasonably be expected to influence, either individually or cumulatively, the economic decisions that account users make based on them.

As specified by article L.823-10-1 of the French Commercial Code, our certification mission is not to guarantee the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises his professional judgment throughout this audit. In addition:

- ❖ he identifies and assesses the risks of material misstatement of the annual financial statements, whether due to fraud or error, defines and implements audit procedures to address these risks, and collects information that he considers sufficient and appropriate to form his opinion. The risk of undetected material misstatement arising from fraud is greater than the risk of undetected material misstatement resulting from an error, as fraud may involve collusion, forgery, willful omission, misrepresentation or circumvention of internal control;
- ❖ he takes note of the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control;
- ❖ he assesses the appropriateness of the accounting methods used and the reasonable nature of the accounting estimates made by Management, as well as the information concerning these estimates provided in the annual financial statements;
- ❖ he assesses the appropriateness of Management's application of the going concern accounting policy and, depending on the information collected, whether or not there is any significant uncertainty related to events or circumstances that could jeopardize the Company's ability to continue as a going concern. This assessment is based on the information collected up to the date of his report, although it should be borne in mind that future circumstances or events could jeopardize the Company's ability to continue as a going concern. If he concludes that there is significant uncertainty, he draws the attention of the readers of his report to the information provided in the annual financial statements about that uncertainty or, if that information is not provided or is not relevant, he issues a qualified certification or a refusal to certify;

- ❖ he assesses the overall presentation of the annual financial statements and assesses whether the annual financial statements reflect the underlying transactions and events in such a way as to give a true and fair view.

Report to the Audit and Risk Management Committee

We submit a report to the Audit and Risk Management Committee, which includes the scope of the audit work and the work program implemented, as well as the conclusions resulting from our work. We also bring to its attention, where appropriate, any material weaknesses in the internal control procedures that we have identified with regard to the preparation and processing of accounting and financial information.

Among the items disclosed in the report to the Audit and Risk Management Committee are the risks of material misstatement that we believe to have been the most significant for the audit of the annual financial statements for the fiscal year and which are therefore the key points of the audit. These points are described in this report.

We also provide the Audit and Risk Management Committee with the declaration required by article 6 of regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in articles L.822-10 to L.822-14 of the French Commercial Code and in the code of ethics of the auditing profession. If necessary, we meet with the Audit and Risk Management Committee to discuss our independence and the safeguards applied.

The Statutory Auditors
Paris La Défense and Clermont-Ferrand, October 18, 2017



KPMG Audit
Département de KPMG S.A.
Laurent GENIN, *Partner*



VISAS 4
Commissariat
Claude AUBERT, *Partner*

6

VILMORIN & CIE
AND ITS SHAREHOLDERS

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6.1. Information on the Company

6.1.1. Name, head office and administrative offices

- ❖ Name: Vilmorin & Cie.
- ❖ Head Office: 4 quai de la Mégisserie - 75001 Paris - France.
- ❖ Administrative offices: CS 20001 Saint-Beauzire - 63360 Gerzat.
- ❖ Jurisdiction: French jurisdiction.

6.1.2. Legal status

Vilmorin & Cie is a “Société Anonyme” (limited liability company) with a Board of Directors, and is governed by Book II of the French Commercial Code.

6.1.3. Date of creation and duration of the Company

The Company was created on March 2, 1990 under the name of SSBP (*Société de Services de la Branche Potagères & Fleurs*); this name has been since changed as follows:

- ❖ Modification of name to Ceres (EGM June 27, 1990).
- ❖ Modification of name to Vilmorin & Cie (EGM June 29, 1993).
- ❖ Modification of name to Vilmorin Clause & Cie (EGM December 9, 1997).
- ❖ Modification of name to Vilmorin & Cie (EGM July 3, 2006).

Various other modifications to the by-laws have been adopted, and in particular the following:

- ❖ Modification of management system (EGM March 16, 1998), to adopt the system of Board of Directors, replacing the Board of Management and Board of Trustees.
- ❖ Modification of the by-laws in compliance with the French law of January 15, 2001 governing new economic regulations (EGM December 3, 2002).
- ❖ Update of the by-laws (EGM December 11, 2008).
- ❖ Update of the by-laws (EGM December 9, 2016).

The duration of the Company is 99 years, unless it is extended or cut short by an Extraordinary General Meeting of the Shareholders.

The by-laws may be consulted on the Company’s website www.vilmorincie.com.

6.1.4. Object of the Company

Under the terms of article 2 of the by-laws, the object of Vilmorin & Cie is:

- ❖ to acquire a stake, and to participate in any company in which it thinks it may have an interest,
- ❖ to make rational and profitable use of the resources pooled by its subsidiaries and to take any civil or commercial measures for this purpose,
- ❖ to co-ordinate and develop the activity of its subsidiaries by setting up missions to provide them with monitoring and control,
- ❖ to provide its subsidiaries, or any other persons, with the means to improve their management, reduce their overheads and facilitate the distribution of their products,
- ❖ to carry out research on the subject of plants and all processes that can be applied to plant improvement and the development of new varieties,
- ❖ to exploit and sell any knowledge thus acquired, any patents, and any new plant varieties, in whatever form, directly or indirectly, or by granting a license for use or any other form,
- ❖ to acquire stakes in whatever form, interest and participation in any company, group or enterprise, whether French or of another nationality, which has a similar object or that is liable to help it develop its own business.

In order to attain these corporate objectives, the Company may:

- ❖ create, acquire/sell, exchange, rent or let out, with or without a promise of sale, manage and run, directly or indirectly, any industrial or commercial establishment, any factory, any site or premises whatsoever, any furniture or equipment,
- ❖ obtain or acquire any patent, license, process and trademark, exploit them, create or contribute or grant any license to manufacture or produce in any country,
- ❖ and generally, carry out any operation of a commercial, industrial, financial nature, or regarding moving or fixed assets, that may be useful, whether directly or indirectly, to the corporate object, or contribute to its achievement.

It may act, directly or indirectly, on its own behalf or on behalf of a third party, and either alone or in association, as a Shareholder, or as a company, with any other company, or physical or moral entity, and proceed with operations that comply with its object, either directly or indirectly, whether in France or in another county, and in whatever form.

6.1.5. Company trade register

The Company is registered on the Paris Company Trade Register under number 377 913 728.

No. SIRET: 377 913 728 00020.

No. SIREN: 377 913 728.

No. APE: 7010 Z (Activity of head offices).

6.1.6. Fiscal year

The fiscal year is for twelve months, running from July 1 until June 30 of the following year.

6.1.7. Consultation of legal documents

The legal documents concerning Vilmorin & Cie (by-laws, minutes of Annual General Meetings, Statutory Auditors' reports and any documents available to Shareholders) can be consulted at the head office of the Company, 4, quai de la Mégisserie - F-75001 Paris. Moreover, this information and certain historical financial information concerning regulatory information is available on the Vilmorin & Cie website (www.vilmorincie.com) in the section Publications.

6.1.8. Tribunals for referral of litigation

Tribunal de Commerce de Paris.

6.1.9. General Meetings

6.1.9.1. Notice to attend General Meetings

General Meetings are convened in compliance with legal provisions. Meetings are held at the place stipulated in the notice to attend.

Convening registered Shareholders

Shareholders who have held registered shares for at least one month at the date the meeting is published, or of the notice to attend, are convened to any General Meeting by ordinary letter, or for any Shareholder who so wishes, by registered letter at his or her expense.

Notices to attend can also be sent by electronic mail if the Shareholder has opted for this form of communication, in accordance with conditions laid down in article R.225-63 of the French Commercial Code.

6.1.9.2. Conditions of attendance

Any Shareholder can attend General Meetings, whether personally or by proxy, in the conditions laid down by law, upon justification of his or her identity and ownership of the shares:

- either by nominative registration,
- or by registration of an ownership certificate issued thereby, in accordance with regulations in force, attached to a posted ballot, a voting proxy form or a request for admittance card prepared in the name of the Shareholder or the Shareholder's nominee. The period during which these formalities must be accomplished expires on the second working day before the date of the General Meeting at midnight, Paris time.

The General Meeting can be attended by all the Shareholders whatever the number of shares they hold, on condition they are fully paid up.

Any Shareholder can also participate in General Meetings by any means of telecommunications fixed by laws and regulations, and which are stipulated in the notice to attend the General Meeting.

6.1.9.3. Voting rights accompanying the shares

In all the Meetings, provided all laws and decrees are respected, each member attending the meeting has the same number of votes as the number of shares he or she holds or represents, without any limits.

Nevertheless, double voting rights compared to other shares, in proportion to the stock they represent, are granted to any shares fully paid up and held nominatively for 4 years at least with the same Shareholder's name (decision of the General Meeting of July 22, 1993).

This right is also granted, as soon as they are issued in the case of an increase in stock through incorporation of the reserves, profits or issue premiums, to nominative shares allotted free of charge to a Shareholder by virtue of former shares which provide this right.

6.1.9.4. Rules for representation and placing items or draft resolutions on the agenda

Rules for representation

Shareholders may be represented not only by another Shareholder, spouse or civil partner, but also by any other person (physical person or legal entity) of his or her choice (article L.225-106, I-al 2). This freedom to choose one's representative is accompanied by the need for the representative to obtain all necessary information to avoid any conflict of interest that might arise between the representative and his or her mandator.

Including items or draft resolutions on the agenda of the General Meeting by Shareholders and written questions

The possibility of Shareholders to include draft resolutions or any item not linked to a draft resolution is subject to their possession of a certain percentage of the capital stock. The Shareholder must accompany his or her request with justification of possession of the percentage of capital stock required, along with a certificate of registration for the corresponding shares, either in the nominative share accounts kept by the Company or in the bearer share accounts held by the authorized intermediary.

Moreover, any examination of the item or the resolution by the Annual General Meeting is conditional on the transmission by the relevant party of another certificate of securities registration for the same accounts on the second working day (midnight, Paris time) prior to the meeting.

The request for the inclusion of any agenda items or draft resolutions must be sent to the head office by registered letter with acknowledgement of receipt or by e-mail, and must reach the Company at least 25 days before the date of the General Meeting, but no later than 20 days after the date of the notice to attend the meeting.

All requests to include draft resolutions must be accompanied by:

- the text of the draft resolutions,
- where relevant, a brief presentation of the motives,
- a certificate of registered shares justifying that the required capital stock is held.

Any request for the inclusion of an item for the agenda must be accompanied by the motives and a certificate of registered shares justifying that the required capital stock is held.

The Chairman of the Board must acknowledge receipt of the request for agenda items or draft resolutions, by registered letter or by e-mail, within five days of receiving this request. If draft resolutions are submitted by Shareholders, the members of the Board of Directors must meet in order to determine if they should recommend to the AGM that these draft resolutions should be adopted or rejected.

Each Shareholder may send to the Board of Directors, which will respond during the meeting, any written questions he or she chooses. The questions must be sent by registered letter with acknowledgment of receipt, or by an electronic message sent to the addresses indicated in the notice to attend, at the latest on the fourth working day before the date of the General Meeting, and be accompanied by a certificate of registration for the corresponding shares, either in the nominative share accounts kept by the Company or in the bearer share accounts held by the authorized intermediary.

6.2. Capital stock and Shareholders

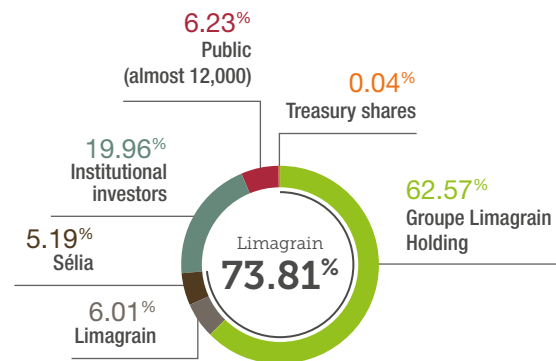
6.2.1. Capital stock

The capital stock on June 30, 2017, stood at 317,717,005.50 euros divided up into 20,833,902 shares each with a nominal value of 15.25 euros, fully paid up.

Vilmorin & Cie's reference Shareholder, Limagrain (cf. page 66) directly or indirectly holds 73.8% of its capital stock.

Almost 20% of the capital stock is held by institutional investors, about half of whom are based outside France (United States, United Kingdom, Singapore, Germany, the Netherlands, etc.). Almost 12,000 individual Vilmorin & Cie Shareholders, owning either registered or bearer shares, hold more than 6.2% of the capital stock.

6.2.1.1. Analysis of capital stock on June 30, 2017



6.2.1.2. Analysis of the capital stock and the voting rights on June 30, 2017

	Single vote shares	Double vote shares	% of capital stock	Total number of votes ⁽¹⁾	% of total number of votes ⁽¹⁾
Groupe Limagrain Holding	187,173	12,848,710	62.57%	25,884,596	71.94%
Limagrain	50,995	1,200,460	6.01%	2,451,915	6.81%
Sélia	37,922	1,043,628	5.19%	2,125,178	5.91%
Treasury shares ⁽²⁾	8,153	-	0.04%	-	-
Groupe Limagrain	284,243	15,092,798	73.81%	30,461,689	84.66%
Public	5,394,539	62,322	26.19%	5,519,180	15.34%
Total	5,678,782	15,155,120	100.00%	35,980,869	100.00%

⁽¹⁾ The difference between theoretical voting rights and votes that may be exercised in General Meetings is not significant.

⁽²⁾ At nominal value.

- Capital stock and voting rights held by the different administrative and management structures: not significant.
- Stock and voting rights held by the employees, directly or indirectly: not significant. In fact Vilmorin & Cie has not set up an employee stock ownership plan (even though employees can be Shareholders on an individual basis) and does not wish to do so, particularly to avoid creating a potential difference in status between the employees of Vilmorin & Cie and the other employees working for its reference Shareholder Limagrain.
- Declaration of transactions entered into by executives: in compliance with article L.621-18-2 of the French Monetary and Financial Code, Groupe Limagrain Holding (GLH) acquired 18 shares during the course of fiscal year 2016-2017, corresponding to the buy-back of shares by the Directors of Vilmorin & Cie. Indeed, in order to secure shareholdings and simplify administrative formalities, the Annual General Meeting of December 9, 2016, decided, in compliance

with article L.225-25 of the French Commercial Code, to cancel the obligation stipulated in the by-laws for Directors to hold qualifying shares, and therefore to make the corresponding transfers and redeem these shares.

- Declaration of Shareholders' agreement: within the framework of the intervention of the Strategic Investment Fund (SIF)⁽¹⁾ in the equity of Groupe Limagrain Holding (GLH), in March 2010, Coopérative Limagrain, the SIF and GLH came to a Shareholders' agreement concerning their participations in the capital stock of the companies GLH and Vilmorin & Cie.

Within the framework of a reserved capital stock increase, the SIF subscribed to 1,074,498 new GLH shares, representing 13.93% of the capital stock and voting rights of GLH and 1,071,429 GLH bonds redeemable as Vilmorin & Cie shares. This agreement has been disclosed to the AMF⁽²⁾.

On December 13, 2016, Bpifrance Participations, GLH and

⁽¹⁾ Today Bpifrance Participations.

⁽²⁾ This agreement can be consulted on: www.amf-france.org.

Coopérative Limagrain decided to readjust the Shareholders' agreements signed in 2010. This readjustment was published by the AMF on December 28, 2016⁽²⁾. Following this readjustment, the partners comprising the companies Coopérative Limagrain, GLH, Sélia and Bpifrance Participations declared that they had not crossed any threshold, and that on December 13, 2016 they held 73.77% of Vilmorin & Cie's capital stock and 84.65% of the voting rights.

- ❖ Collective commitments to preserve shares: two collective commitments to preserve the Company's shares were recorded on October 15 and 22, 2009 in compliance with article 885 I bis of the French Tax Code. These two commitments were signed for an initial duration of two years and are renewable by tacit agreement for an indefinite duration. On the date they were signed, the commitments concerned 2,715,003 shares, representing 20.3% of the financial rights and 28.7% of the voting rights. Two riders to these

commitments were written on October 22, 2010, and duly registered, in order to take account of the increase in the capital stock made on April 15, 2010: the commitments concerned 3,540,003 shares. On December 20, 2016, a new collective commitment to preserve the Company's shares was recorded in compliance with article 885 I bis of the French Tax Code. This commitment was signed for an initial duration of 2 years renewable by tacit agreement for an indefinite duration. On the day they were signed, the commitment concerned 7,194,503 shares, representing at least 20% of the financial rights and the voting rights.

- ❖ Non-issued authorized capital stock: none, as no commitment to raise the stock had been made.
- ❖ Shares non-representative of the capital stock: none.
- ❖ Stock-options: none.

⁽²⁾ This agreement can be consulted on: www.amf-france.org.

6.2.1.3. Evolution of the capital stock

Decision and date	Nature of the capital increase	Nominal amount and premium per share	Capital stock raised to	Total number of shares
03.02.90	Creation of the company. 2,500 shares issued	FRF 100	FRF 250,000	2,500
06.29.93	3,820,000 shares issued to pay for a partial contribution of assets from Groupe Limagrain Holding	FRF 100	FRF 382,250,000	3,822,500
06.29.93	Equivalent of 1,817,500 shares issued in cash reserved for Groupe Limagrain Holding	FRF 100	FRF 564,000,000	5,640,000,
10.04.93	Grouping of shares at nominal price of FRF 100 into shares at FRF 300	FRF 300	FRF 564,000,000	1,880,000
12.17.93	166,700 shares issued reserved for Crédit Lyonnais bank	FRF 300 + Premium of FRF 6	FRF 614,010,000	2,046,700
11.26.96	921,015 shares issued with stock warrants	FRF 300 + Premium of FRF 170	FRF 890,314,500	2,967,715
From November 96 to 06.30.97	177 warrants exchanged corresponding to 59 shares	FRF 300 + Premium of FRF 180	FRF 890,332,200	2,967,774
From July 97 to 06.30.98	93 warrants exchanged corresponding to 31 shares	FRF 300 + Premium of FRF 180	FRF 890,341,500	2,967,805
From July 98 to 06.30.99	927 warrants exchanged corresponding to 309 shares	FRF 300 + Premium of FRF 180	FRF 890,434,200	2,968,114
From July 99 to 06.30.00	336 warrants exchanged corresponding to 112 shares	FRF 300 + Premium of FRF 180	FRF 890,467,800	2,968,226
From July 00 to 06.30.01	662,301 warrants exchanged corresponding to 220,767 shares	FRF 300	FRF 956,697,900	3,188,993
	Conversion of the nominal unit value to €45.75 using FRF 319,944 of the legal reserves	+ Premium of FRF 180	€145,896,429.75	3,188,993
01.18.06	Division by 3 of the nominal value of the Share from €45.75 to €15.25	€15.25	No modification	9,566,979
07.03.06	3,824,878 shares issued to remunerate a partial contribution of assets made by the company Limagrain Agro-Industrie	€15.25	€204,225,819.25	13,391,857

Decision and date	Nature of the capital increase	Nominal amount and premium per share	Capital stock raised to	Aggregate number of shares
04.13.10	3,826,244 new shares issued with pre-emptive Shareholder rights	€15.25	€262,576,040.25	17,218,101
01.21.13	Creation of 1,721,810 shares by the allocation of free shares	€15.25	€288,833,642.75	18,939,911
01.19.15	Creation of 1,893,991 shares through the allotment of free shares	€15.25	€317,717,005.50	20,833,902

On the dates of the opening and closing of fiscal year 2016-2017 (respectively July 1, 2016 and June 30, 2017), Vilmorin & Cie's capital stock stood at 317,717,005.50 euros divided up into 20,833,902 shares.

6.2.1.4. Modifications occurring in the breakdown of the capital stock over the course of the last three fiscal years

	06.30.15			06.30.16			06.30.17		
	Number of shares	% of capital	% of the total number of voting rights	Number of shares	% of capital	% of the total number of voting rights	Number of shares	% of capital	% of the total number of voting rights
Groupe Limagrain Holding	13,020,862	62.50	71.86	13,035,868	62.57	71.95	13,035,883	62.57	71.94
Limagrain	1,251,455	6.01	6.82	1,251,455	6.01	6.82	1,251,455	6.01	6.81
Sélia	1,081,550	5.19	5.92	1,081,550	5.19	5.91	1,081,550	5.19	5.91
Treasury shares	8,120	0.04	-	9,314	0.04	-	8,153	0.04	-
Public and various	5,471,915	26.26	15.40	5,455,715	26.19	15.33	5,456,861	26.19	15.34
Total	20,833,902	100.00	100.00	20,833,902	100.00	100.00	20,833,902	100.00	100.00

6.2.2. Notification of crossing the threshold

Any physical or moral person, acting alone or with others, who goes above, or back under, the threshold of 3% of the capital stock or voting rights or any multiple of this percentage, is required to inform the Company (decision of the General Meeting of July 22, 1993). The conditions under which the Company should be informed are laid down in article 12 of the by-laws.

If such conditions are not respected, any shares above this threshold and which should have been declared, are deprived of voting rights under conditions laid down by the law, if one or several holders of shares to the value of 5% or more of the capital stock so request in the minutes of the General Meeting.

At the same time, and with the aim of monitoring the composition of its Shareholders, the Company is authorized to make full use of legal recommendations for the identification of holders of shares which grant immediate or subsequent voting rights in its Shareholders' meetings.

On June 19, 2011, Groupe Limagrain Holding declared that it had crossed the threshold of 2/3 of Vilmorin & Cie's voting right.

Following the constitution of the Banque Publique d'Investissement, BPI Groupe, a public investment bank for the industrial and commercial sectors (ex EPIC OSEO) declared that on July 12, 2013, it had indirectly gone above the thresholds of 5% of Vilmorin & Cie's capital stock and voting rights, through Bpifrance Participations SA, a company which it holds indirectly through the company BPI Groupe SA, and that on this same date, it held 1,467,858 shares of Vilmorin & Cie representing the same number of voting rights, i.e. 7.75% of the Company's capital stock and 5.05% of its voting rights.

On December 13, 2016, the Caisse des Dépôts et Consignations declared that it had crossed under the legal threshold of 5% of the voting rights, and the threshold in the by-laws of 9% of the capital stock, and held directly and indirectly through CDC Entreprises Valeurs Moyennes and Bpifrance Participations SA, 1,273,622 shares and voting rights, which is 6.11% of the Company's capital stock and 3.60% of its voting rights. No further declaration has been brought to the attention of Vilmorin & Cie.

6.2.3. Financial authorizations granted by the Annual General Meeting of December 9, 2016

In order to provide Vilmorin & Cie with the necessary means to ensure its future development, particularly internationally, the Annual General Meeting of December 9, 2016 authorized the Board of Directors:

- ❖ to issue bonds or other assimilated debt securities (twelfth resolution),
- ❖ to issue, with or without pre-emptive subscription rights, shares and/or securities providing access immediately and/or when due, to Company shares or to shares in a company in which it directly or indirectly holds more than half the capital stock, or debt securities (fifteenth and sixteenth resolutions).

The Annual General Meeting of December 9, 2016 also authorized the Board of Directors to issue, without pre-emptive subscription rights, ordinary shares and/or securities providing access immediately or when due, to Company shares or shares in a company in which it directly or indirectly holds more than half the capital stock, private placement (seventeenth resolution).

The total nominal amount of these issues may not exceed 500 million euros, as presented in the eighteenth resolution.

6.3. Vilmorin & Cie's shares

6.3.1. Share data sheet

- ❖ Date of introduction to the second market of the Paris stock exchange: November 3, 1993.
- ❖ Place of quotation: Euronext Paris. Compartment A.
- ❖ Eligible for Deferred Settlement Order since February 26, 2008.
- ❖ ISIN code: FR 0000052516 (RIN).
- ❖ Indices: CAC Small, CAC Mid & Small and CAC All-Tradable.
- ❖ Eligible for PEA (share savings plan).
- ❖ ICB nomenclature sector: Farming & Fishing.
- ❖ Number of shares: 20,833,902.
- ❖ Close of the fiscal year on June 30.

6.3.2. Management and liquidity of the shares

Natixis (Corporate Broking) is responsible for running Vilmorin & Cie's liquidity contract.

This contract complies with the AMAFI deontology charter approved by the AMF (authority governing the French stock market) on March 8, 2011.

Assets that appear on the liquidity account:

At the beginning of the contract:

- ❖ number of shares: 7,989
- ❖ cash: 68,037.90 euros

On June 30, 2017:

- ❖ number of shares: 8,153
- ❖ cash: 173.626.20 euros.

6.3.3. Performance of the shares

Vilmorin & Cie's share price has increased considerably over the past year; nevertheless, over the past few years, it has undergone contrasting trends because of the appreciably different market environments, depending on activities.

The market for Vegetable Seeds has been extremely dynamic, while that of Field Seeds, affected by the low level of prices for agricultural production and strong pressure on pricing policies, remains tense.

Nevertheless, Vilmorin & Cie, with its defensive long-term profile, has regularly demonstrated the relevance of its specific development model (the development model is presented in detail on page 30) and its long-term strategy, on global markets that remain basically full of promise. Vilmorin & Cie's share price on the French stock market increased by 8.6% over the past five years⁽¹⁾ (Source: *internal*).

6.3.3.1 Evolution of the quoted price of Vilmorin & Cie's shares in relation to the CAC 40 and SBF 120 indices from 10.02.2012 and 10.02.2017



- ❖ Evolution⁽¹⁾ of Vilmorin & Cie's share price over the past 5 years (on 10.02.2017): +8.6%
- ❖ Evolution⁽¹⁾ of Vilmorin & Cie's share price over the past year (on 10.02.2017): +32.7%

⁽¹⁾ Evolution calculated on the basis of a reinvestment of dividends received in shares, and taking into account the free allotments of shares.
Sources: Natixis and internal.

6.3.3.2. Share scorecard report⁽¹⁾

	14-15	15-16	16-17
Daily average of transactions			
> number of shares	6,945	4,841	7,947
> thousands of euros	562.64	318.60	495.47
Maxima and minima⁽²⁾			
> highest rate	98.76	80.20	77.30
> lowest rate	69.64	56.02	52.50
Closing rate of the fiscal year in euros⁽²⁾			
	75.37	58.24	71.24
Net yield per share %⁽³⁾			
	2.08%	1.89%	2.25%

⁽¹⁾ Historical data (not restated for free allotments of shares).

⁽²⁾ Closing rates.

⁽³⁾ Net dividend distributed in year N, in proportion to the final rate for year N. (Source: Euronext ParisBourse).

6.3.3.3. Quantities exchanged and evolution of rates over the last 18 months⁽¹⁾

Date	Number of shares exchanged	Capital stock exchanged (M€)	Highest recorded rate (€) ⁽²⁾	Lowest recorded rate (€) ⁽²⁾
2016				
April	74,225	4.576	64.73	59.90
May	75,969	4.640	62.83	60.03
June	129,123	7.546	61.2	56.02
July	84,094	5.025	61.99	58.53
August	53,045	3.254	62.49	59.76
September	85,360	5.234	62.98	58.53
October	217,469	11.925	58.75	52.68
November	338,701	18.357	55.55	52.50
December	163,007	9.571	60.46	57.67
2017				
January	221,725	13.788	65.00	59.76
February	196,755	12.837	67.79	62.70
March	167,365	11.178	69.25	63.80
April	128,577	8.368	66.36	63.30
May	233,915	16.584	77.30	66.57
June	152,465	11.216	75.80	70.64
July	124,405	9.135	75.00	71.55
August	143,422	11.046	79.49	73.89
September	96,498	7.308	77.50	73.90

⁽¹⁾ Historical data (not restated for free allotments of shares).

⁽²⁾ Closing rates (in euros).

Source: Euronext.

An increase in the capital stock by the free allocation of shares at a rate of one new share for ten old shares held was launched in January 2013. The share price was mechanically divided by 1.10 as of this date.

A second capital stock increase through the free allotment of shares at the rate of one new share for ten old shares was made in January 2015. The share price was thus divided by 1.10 as of this date.

6.3.3.4. Interventions of the Company with regard to its treasury shares

The Annual General Meeting of December 9, 2016, in compliance with the provisions of articles L.225-209 et seq. of the French Commercial Code, of Title IV of Book II of the General Regulations of the Autorité des Marchés Financiers and the application instructions of regulation No. 2273/2003 of the European Commission of December 22, 2003, granted the Board of Directors, in the eleventh resolution, the powers to intervene by purchasing or selling its own treasury shares on the stock market at a maximum price of 90 euros per share, with the number of shares thus acquired being limited to a ceiling of 1 million shares, representing a maximum potential commitment of 90 million euros. This purchasing program is authorized for a maximum period of 18 months.

During fiscal year ending on June 30, 2017, the Company conducted, either directly or indirectly, the following operations:

- number of shares purchased = 129,561,
- average purchasing price = 63.26 euros,
- number of shares sold = 130,722,
- average purchasing price = 62.27 euros,
- number of treasury shares held on June 30, 2017: 8,153 corresponding to less than 0.1% of the capital stock, at a purchasing value of 597,394.49 euros, which is an average unit price of 73.27 euros.

It is proposed to the Annual General Meeting of December 8, 2017 to authorize the Board of Directors, for a maximum period of 18 months, to buy or to sell treasury shares in compliance with the provisions of article L.225-209 et seq. of the French Commercial Code, with the aim of:

- insuring the liquidity of transactions and managing the share market through an investment service provider acting independently through a liquidity contract in accordance with the AMAFI deontology charter approved by the AMF (authority governing the French stock market),
- handing over shares when rights are exercised to convert securities that give access in any way, both immediately or at a future date, to Company shares,
- preserving and handing over shares for the purpose of exchange or payment within the context of external growth operations, and in compliance with generally accepted market practices and regulations in force,
- exercising any other practice which might be accepted or recognized by the AMF or any other objective that complies with regulations in force.

These operations will be carried out in compliance with regulations in force and in the following conditions:

- the maximum purchasing price is fixed at 100 euros per share,
- the maximum quantity of shares liable to be purchased is fixed at 1 million shares representing a maximum potential commitment of 100 million euros.

6.3.4. Dividends and profit distribution policy

6.3.4.1. Dividends over the last 5 fiscal years and distribution policy⁽¹⁾

The net dividend per share proposed to the Annual General Meeting of December 8, 2017 is 1.60 euros, considerably higher in nominal value than the previous fiscal year (+45%), and corresponding to a distribution rate of 38.4%, a similar rate to previous years.

	12-13	13-14	14-15	15-16	16-17
Number of shares receiving dividend	18,937,257	18,937,956	20,829,597	20,833,462	20,833,902 ⁽²⁾
Net dividend (in euros)	1.65	1.65	1.57	1.10	1.60
Distribution rate	31.5%	37.2%	44.8%	38.6%	38.4%

⁽¹⁾ Historical data (not restated for free allotment of shares).

⁽²⁾ The number of treasury shares at the date the dividend is paid out should be deducted from this figure.

6.3.4.2. Tax regulations (on September 13, 2017)

Dividends claim limit

The legal limit of 5 years from the date when the payment claimant is informed, or should have been informed, of the facts enabling him or her to make the claim. After this date, unclaimed dividends are paid to the State by the Company.

French residents

Dividends received by individuals who are tax residents of France are subject (unless exempt) to the progressive income tax scale after application of a 40% allowance, where relevant.

Nevertheless, before taxation on the tax scale, these dividends are subject to a 21% prepayment of income tax. This prepayment can be offset against the taxes of the following year and, in the case of a tax surplus, can be refunded.

Nevertheless, physical persons belonging to fiscal households for which the reference fiscal income for the year before last is less than 50,000 euros (single persons, widows or divorcees) or 75,000 euros (couple) may request exemption from this prepayment.

Finally, the gross sum of the dividends is also subject to a welfare tax contribution at the global rate of 15.5%.

Non-French residents

Dividends received by individual non-French residents have tax withheld at source, the rate of which varies as follows:

- ❖ 21% for dividends received by individuals who are tax residents in another member state of the European Union (EU), or in Iceland, Norway or Liechtenstein;
- ❖ 30% for dividends received by individuals who are tax residents in states outside the EU or other than Iceland, Norway or Liechtenstein;
- ❖ 75% for dividends received by individuals who are tax residents in non-cooperating states or territories.

This withholding of tax is definitive in France and is usable in principle for a tax credit in the country of residence of the person receiving the distributed revenues.

Nevertheless, in cases where an international convention is applicable, the amount withheld may be reduced, or even not applied at all.

6.3.5. Servicing of the shares

Vilmorin & Cie mandated BNP Paribas Securities Services for its financial servicing. For the servicing of the shares, please contact:

BNP Paribas Securities Services
Les Grands Moulins de Pantin
CTS – Service relations actionnaires
9, rue du Débarcadère
F-93 761 Pantin Cedex

Tel.:

- ❖ For French Shareholders: 0 826 109 119
- ❖ For other Shareholders: +33 (0)1 55 77 40 57

Fax: +33 (0)1 55 77 34 17

www.planetshares.bnpparibas.com

This service is available every working day from 8:45 A.M. until 6 P.M.



6.4. Relations with Shareholders

6.4.1. Keeping in touch

Since its introduction to the stock market in 1993, Vilmorin & Cie has done all it can to be as precise, reliable and transparent as possible on its strategy and development perspectives, taking the expectations of its different financial partners into consideration.

6.4.1.1. Publications available to all the financial community

Every year Vilmorin & Cie publishes several tools for the purpose of the Company's Shareholders and the financial community in general.

Annual report

The annual report is available both in French and in abridged form in English on Vilmorin & Cie's website. It is updated, at least once, at the time of the disclosure of the half-yearly financial statements.

The website

At the end of April 2017, Vilmorin & Cie established a new graphic identity. The objective of this change, particularly with the creation of a new logo, was to modernize Vilmorin & Cie's image and to highlight the international dimension of its activities while emphasizing its proximity to its reference Shareholder Limagrain. This change in graphic identity was accompanied by the launch of a new website: www.vilmorincie.com.

All the information published by Vilmorin & Cie is henceforth accessible on its new website: www.vilmorincie.com. The aim of this website is to inform all the financial community on the financial performances of Vilmorin & Cie, but also on its activities, strategy, perspectives and news. Apart from all the regulatory financial information, there are areas of interest for journalists, institutional analysts and investors, and individual Shareholders with the objective of meeting as best possible the needs of each type of reader.

This information concerns, for example, presentations of the Company, financial analyses, evolution of the share value, financial presentations, press files, letters to the Shareholders, etc. Presentations of the sales figures are also published on the website after meetings. The site can be consulted in English or in French.

6.4.1.2. Relations with analysts, institutional investors and the press

In 2016-2017, nine financial analyst companies followed the share price: CM-CIC Market Solutions, Kepler Cheuvreux, Exane BNP Paribas, Gilbert Dupont, Midcap Partners, Natixis, Oddo BHF Corporates & Markets, Portzamparc and Société Générale.

Informational meetings and site visits

Five informational meetings held for investors, analysts and journalists were organized in 2016-2017 concurrently with the disclosure of the results for the fiscal year and the first semester.

One major visit Vilmorin & Cie organized was to its Vegetable Seeds facility in Provence (France) in April 2017. Nine journalists and analysts discovered the Business Unit HM.CLAUSE and its research center in Saint-Rémy de Provence. The visit to the facility included greenhouses and practical workshops, and centered on two of Vilmorin & Cie's major strategic crops: tomato and summer squash.

Telephone conferences

Vilmorin & Cie organized three telephone conferences and presentations in 2016-2017 at the same time as the disclosure of its quarterly sales. Recorded, commented presentations can be consulted in French on the Vilmorin & Cie website.

Meetings with investors

During the course of fiscal year 2016-2017 Vilmorin & Cie participated in thirteen meetings with investors and analysts in the form of conferences or roadshows, including several outside France (London, Frankfurt, Geneva etc.). An event was also organized in Lyon to meet around 20 private portfolio managers to present the Company and answer numerous questions.

Press file

The press file for journalists is regularly updated for the Company's main financial disclosures.

Membership of CLIFF

At the beginning of 2015, Vilmorin & Cie became a member of CLIFF, the French association of investor relations.

6.4.1.3. Relations with individual Shareholders

Vilmorin & Cie is concerned to maintain a healthy balance between private and institutional Shareholders.

For this purpose, the Company takes specific action in favor of individual Shareholders. On June 30, 2017, the total number of individual Shareholders of either nominative or bearer shares stood at almost 12,000.

Publications

Letters to the Shareholders

The Letter to the Shareholders is printed in several thousand copies. Three letters were published during the past fiscal year, providing information on financial results, development perspectives, news files and information on the stock market. Since November 2014, the letters also include a file on innovation, one of the pillars of Vilmorin & Cie's strategy. There have been presentations of certain major strategic crops (tomato, melon, carrot, corn and wheat).

The letter of June 2017 focused on the subject of plant biotechnologies*, with a particular zoom on new plant improvement techniques.

During the Actionaria fair, the fall edition of the Letter to the Shareholders is handed out to Shareholders who visit the stand. And finally, every January, Vilmorin & Cie publishes a special letter on the Annual General Meeting looking back on the highlights of this event.

The Shareholder's guide

Every year Vilmorin & Cie publishes a Shareholder's guide, the content of which is more concise than the annual report. Apart from a presentation of the Company's activity and strategy and the evolution of the share on the stock market, it presents five good reasons for becoming a Vilmorin & Cie Shareholder.

The Shareholder's guide is sent out by letter to almost 1,000 individual Shareholders and is also available on request from the Company's finance department.

"L'Essentiel"

This summary document provides a brief overview of Vilmorin & Cie's business activity, its development model and track record on the Paris stock market. It is handed out at the Actionaria Fair and Shareholders' meetings, and can be consulted and downloaded on Vilmorin & Cie's website.

Meetings

Thematic conference

Organized for the first time in 2014, the thematic conference is intended for current and also potential Shareholders who wish to delve deeper into one of Vilmorin & Cie's strategic topics.

This morning of privileged exchanges gives the Shareholders the opportunity to understand Vilmorin & Cie's strategy better, through a pedagogical presentation. The objective is to inform and explain, while encouraging dialog with plenty of time devoted to questions and answers. Key topics are dealt with such as innovation (including plant biotechnologies* and GMOs*), international strategy and Vilmorin & Cie's activities in Africa.

Shareholders' meetings

In 2016-2017, Vilmorin & Cie exchanged with its Shareholders at a meeting held in Clermont-Ferrand. The Company will continue to organize these privileged moments of exchange with its Shareholders during the course of 2017-2018. They provide an opportunity to present the Company, its activities, its business and its strategy, while answering numerous questions.

The Actionaria Fair

Vilmorin & Cie, a faithful participant in the Actionaria Fair in Paris for more than 10 years, was present at this event in November 2016, with very positive results once again both in terms of participation and the quality of the exchanges.

It is an important event in the Company's communication strategy with regard to its individual Shareholders, and Vilmorin & Cie's management, financial communication team and members of the Consultative Committee for Shareholders were all present. Last year's Actionaria was marked by Vilmorin & Cie's presence at the Chairmen's Agora and a Midcap conference on the theme of "Midcaps, champions of innovation". The Company will be present once again for the 2017 fair.

The Actionaria Fair is also an opportunity for moments of exchange between Vilmorin & Cie's Shareholders and the Company's management, present at the stand, prior to the Annual General Meeting.

Annual General Meeting of Shareholders

Vilmorin & Cie's Annual General Meeting, a highlight in its relations with its Shareholders, is a time of listening and exchanging, shared with the Board of Directors.

The Shareholders can thus participate actively in the group's important decisions by voting, whatever the number of shares held.

Shareholders have the possibility of voting on the Internet, before the Annual General Meeting, on the secure voting platform VOTACCESS. Shareholders who so wish can also benefit from an electronic notification, i.e. to receive their invitation to attend the Annual General Meeting by e-mail.

The Annual General Meeting deliberating on the annual financial statements for 2016-2017 will take place on December 8, 2017 in Paris. Detailed information concerning General Meetings is presented on page 217.

The Consultative Committee for Shareholders

The Consultative Committee for Shareholders (CCS) was formed in the spring of 2010 with the objective of contributing to the development strategy for individual Shareholders. It makes proposals to Vilmorin & Cie on the expectations of individual Shareholders and thus on improving financial communication.

The duration of the mandate for individual Shareholder members on the Committee is 2 years and they may be re-elected.

On June 30, 2017, the Committee comprised:

- ❖ Six individual Shareholders representing the Shareholders:
 - Jean-Claude BONHOMME (Auvergne-Rhône-Alpes – 63),
 - Jean GERMAN (Ile-de-France – 78),
 - Marie-Florence LAMY (Normandie – 76),
 - Christian MAMY (Ile-de-France – 78),
 - Pierre-Yves PELISSIER (Ile-de-France – 95),
 - Francine SAUCIER (Ile-de-France – 75).
- ❖ Two Directors from Limagrain:
 - Philippe BLATEYRON,
 - Sébastien VIDAL.

It is managed by:

- ❖ Vilmorin & Cie's Chief Financial Officer: Daniel JACQUEMOND,
- ❖ the financial communication team: Valérie MONSÉRAT, Head of Financial Communication and Investor Relations, Rose MOREIRA, Financial Communication Officer and Individual Shareholder Relations, and Clémence MÉCHAUSSEIER, Financial Communication Officer.

The Committee met three times during fiscal year 2016-2017 at different sites of the group, including that of HM.CLAUSE in Malaga (Vegetable Seeds, Spain) to visit its seed production site.

The Committee's work has helped to make recommendations on communications devoted to individual Shareholders (Actionaria Fair, General Meetings, the thematic conference for individual Shareholders, etc.) and exchange on topics concerning the group's strategy and perspectives.

Membership of the Individual Investors' Federation and investment clubs (F2IC)

Vilmorin & Cie has been an active member of the Individual Investors' Federation and Investment Clubs (F2IC) since 2005.

It participates in Shareholder meetings organized by the Federation, and also distributes its letters to Shareholder investment clubs.

6.4.2. Scheduled agenda for 2017-2018

The dates are provided as an indication and are subject to modification

- ❖ November 6, 2017: Disclosure of sales at the end of the first quarter⁽¹⁾
- ❖ November 23 and 24, 2017: Actionaria Fair at the Palais des Congrès in Paris
- ❖ December 8, 2017: Annual General Meeting of Shareholders in Paris
- ❖ December 13, 2017: Dividend detachment
- ❖ December 15, 2017: Payment of the dividend
- ❖ February 27, 2018: Disclosure of sales and results for the first semester⁽¹⁾
- ❖ April 23, 2018: Disclosure of sales at the end of the third quarter⁽¹⁾
- ❖ August 6, 2018: Disclosure of sales for the fiscal year⁽¹⁾
- ❖ October 17, 2018: Disclosure of results for the fiscal year⁽¹⁾

⁽¹⁾ Disclosure after trading on the Paris stock market.

6.4.3. Contacts

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JOINT GENERAL MEETING OF DECEMBER 8, 2017

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7.1. Meeting agenda

Resolutions of an ordinary nature

First resolution

Approval of the annual corporate financial statements and full discharge to the Board of Directors - approval of costs and expenses that are non-deductible fiscally

Second resolution

Regulatory agreements

Third resolution

Application of the profits and distribution of the sums taken from the "issue premiums"

Fourth resolution

Approval of the annual consolidated financial statements and full discharge to the Board of Directors

Fifth resolution

Fixing the amount for attendance fees for fiscal year 2016-2017

Sixth resolution

Renewal of the term of office of a Director

Seventh resolution

Renewal of the term of office of a Director

Eighth resolution

Renewal of the term of office of a Director

Ninth resolution

Approval of the appointment of a new Director

Tenth resolution

Renewal of the term of office of an incumbent Statutory Auditor

Eleventh resolution

Authorization given to the Board of Directors to allow the Company to buy back treasury shares within the framework of article L.225-209 of the French Commercial Code

Twelfth resolution

Issue of bonds and other assimilated debt securities

Thirteenth resolution

Decision on the components of the remuneration granted for fiscal year 2016-2017 to Mr. Philippe AYMARD, Chairman and CEO

Fourteenth resolution

Decision on the components of the remuneration granted for fiscal year 2016-2017 to Mr. Emmanuel ROUGIER, Delegate CEO

Fifteenth resolution

Approval of the principles and criteria for determining, allotting and allocating fixed, variable and exceptional items making up the total compensation and benefits of any kind attributable to Mr. Emmanuel ROUGIER, Delegate CEO



Resolutions of an extraordinary nature

Sixteenth resolution

Delegation of authority to issue, with pre-emptive subscription rights, ordinary shares and/or securities providing access, immediately or when due, to company shares or to shares in a company in which it directly or indirectly holds more than half the capital stock, or debt securities in particular such as bonds with an option of conversion and/or exchange for new or existing shares

Seventeenth resolution

Delegation of authority to issue, without pre-emptive subscription rights by public offer, of ordinary shares and/or securities providing access immediately or when due, to company shares or shares in a company in which it directly or indirectly holds more than half the capital stock, or debt securities in particular such as bonds with an option of conversion and/or exchange for new or existing shares

Eighteenth resolution

Delegation of authority to issue, without pre-emptive subscription rights, of ordinary shares and/or securities providing access immediately or when due, to company shares or shares in a company in which it directly or indirectly holds more than half the capital stock, by private placement under article L.411-2, II of the French Monetary and Financial Code

Nineteenth resolution

Global limit of the total amount to be issued

Twentieth resolution

Delegation of authority given to the Board of Directors to increase the capital stock by issuing ordinary shares and/or securities providing access to the capital stock, without pre-emptive rights, to participants in the Company savings plan, pursuant to articles L.3332-18 et seq. of the French Labor Code

Resolution of an ordinary nature

Twenty-first resolution

Delegation of powers to carry out corporate formalities

7.2. Draft resolutions of an ordinary nature

First resolution

Approval of the annual corporate financial statements and full discharge to the Board of Directors - approval of costs and expenses that are non-deductible fiscally

After hearing the reports of the Board of Directors and the Statutory Auditors on the annual financial statements, the Annual General Meeting of Shareholders (AGM) approves the corporate financial statements for the fiscal year closing on June 30, 2017 as presented to the meeting, and the general running of the Company as described in the above-mentioned financial statements and reports, and also approves the non-deductible expenses for income taxes governed by article 39-4 of the French Tax Code.

Second resolution

Regulatory agreements

After hearing the special report of the Statutory Auditors on operations governed by article L.225-38 of the French Commercial Code, the AGM approves the conclusions of the above-mentioned report and the new convention which is presented in it.

Third resolution

Application of the profits and distribution of the sums taken from the "issue premiums"

The AGM, following the proposal of the members of the Board of Directors, decides to apply the profits of 26,253,165.80 euros and deduct the sum of 239,167.66 euros from the "issue premiums", in the following manner:

❖ Net profits on June 30, 2017	26,253,165.80 euros
❖ Application to legal reserve	1,312,658.29 euros
❖ Profits available on June 30, 2017	24,940,507.51 euros
❖ Brought forward to June 30, 2017	8,154,568.03 euros
❖ Sum taken from issue premiums	239,167.66 euros
❖ Dividends to distribute	33,334,243.20 euros

After this application, the amount in "issue premiums" will be reduced from 150,182,659.58 euros to 149,943,491.92 euros and the amount to carry forward will be zero.

The Company does not benefit from the distribution of dividends on any treasury shares it holds. Any dividends corresponding to these shares will be added to the sum carried forward.

The dividend is fixed at 1.60 euros per share.

The AGM decides that the dividends will be detached on December 13, 2017 and will be paid on December 15, 2017.

In compliance with the provisions of article 243 bis of the French General Tax Code, the AGM notes that it has been reminded that for the last three financial year, dividends and income distributions were distributed as follows:

Fiscal year	Income eligible for tax credit		Income not eligible for tax credit
	Dividends	Other distributed revenue	
2013-2014	€31,250,853.15 ⁽¹⁾ i.e. €1.65 per share	-	-
2014-2015	€32,709,226.14 ⁽¹⁾ i.e. €1.57 per share	-	-
2015-2016	€22,917,292.20 ⁽¹⁾ i.e. €1.10 per share	-	-

⁽¹⁾ Including the amount of unpaid dividend corresponding to treasury shares and carried forward.

Fourth resolution

Approval of the annual consolidated financial statements and full discharge to the Board of Directors

After hearing the reports of the Board of Directors and the Statutory Auditors on the consolidated financial statements, the AGM approves the consolidated financial statements for the fiscal year closing on June 30, 2017 as presented to the meeting, and the general running of the group of consolidated companies as described in the above-mentioned financial statements and reports.

As a result it gives full discharge to the members of the Board of Directors for their management for fiscal year 2016-2017.

Fifth resolution

Fixing the amount for attendance fees for fiscal year 2016-2017

After acknowledging the report of the Board of Directors, the AGM decides, in compliance with article 23 of the by-laws, to fix the attendance fees for its Directors for fiscal year 2016-2017, at 45,000 euros.

Sixth resolution**Renewal of the term of office of a Director**

The AGM acknowledges that Mr. Philippe AYMARD's term of office as Director expires on this day, and approves the renewal of his term of office for the duration of three years, expiring at the end of the Annual General Meeting of Shareholders called to deliberate on the financial statements closing on June 30, 2020.

Seventh resolution**Renewal of the term of office of a Director**

The AGM acknowledges that Ms. Mary DUPONT-MADINIER's term of office as Director expires on this day, and approves the renewal of her term of office for the duration of three years, expiring at the end of the Annual General Meeting of Shareholders called to deliberate on the financial statements closing on June 30, 2020.

Eighth resolution**Renewal of the term of office of a Director**

The AGM acknowledges that Mr. Sébastien VIDAL's term of office as Director expires on this day, and approves the renewal of his term of office for the duration of three years, expiring at the end of the Annual General Meeting of Shareholders called to deliberate on the financial statements closing on June 30, 2020.

Ninth resolution**Approval of the appointment of a new Director**

After hearing the report of the Board of Directors, the AGM acknowledges the end of Mr. Joël ARNAUD's term of office and decides to appoint as Director Ms. Annick BRUNIER for the duration of three years, expiring at the end of the Annual General Meeting of Shareholders called to deliberate on the financial statements closing on June 30, 2020.

Tenth resolution**Renewal of the term of office of an incumbent Statutory Auditor**

Since the mandate of VISAS 4 Commissariat, 56 Bd Gustave Flaubert – Clermont-Ferrand, expires on this day, the Annual General Meeting of Shareholders decides to renew it for the duration of six years, expiring at the end of the Annual General Meeting of Shareholders called to deliberate on the financial statements closing on June 30, 2023.

Eleventh resolution**Authorization given to the Board of Directors to allow the Company to buy back treasury shares within the framework of article L.225-209 of the French Commercial Code**

After acknowledging the report of the Board of Directors, the AGM gives authorization to the Board of Directors, with the faculty of sub-delegation, in compliance with the provisions of article L.225-209 et seq. of the French Commercial Code, of Title IV, Book II of the General Regulation of the Autorité des marchés financiers (authority governing French markets) and the European Regulation No. 596/2014 of April 16, 2014, complemented by delegated regulation (EU) of the commission of March 8, 2016, to purchase or delegate the purchase of the Company's shares with the aim of:

- ensuring liquidity and managing the market for shares through a fully independent investment service provider, with whom a liquidity contract has been signed in compliance with the Charter of Ethics of the AMAFI, recognized by the Autorité des marchés financiers,
- handing over shares when rights are exercised with regard to securities that provide access by whatever means, immediately or when due, to Company shares,
- following any other practice that is authorized or recognized by law or by the Autorité des marchés financiers or any other objective compliant with regulations in force.

The AGM fixes the maximum purchasing price at 100 euros per share, and fixes the maximum number of shares liable to be purchased at 1 million shares, representing a maximum potential sum of €100 million, on condition legal limits are also respected.

Shares may be acquired, sold or transferred at any moment, except during periods of public issue of the Company's capital stock, and by any means, on the regulated market, outside the market, by multilateral trading facilities, by private agreement, including through blocks of securities or bids, optional mechanisms, derivatives, call options or securities, respecting applicable regulatory conditions.

This authorization is granted for a period of 18 months commencing as of the date of this AGM, replacing the authorization granted by the AGM of December 9, 2016 regarding the unused proportion on this date.

The AGM grants full powers to the Board of Directors, with the faculty to delegate, to apply the present authorization, place an order on the stock market, sign any agreements, carry out any formalities and declarations with any organizations, and in more general terms, to do all that is required to implement the decisions it has taken with regard to the present authorization.

The Board of Directors shall inform the AGM of any operations carried out, in compliance with applicable regulations.

Twelfth resolution

Issue of bonds and other assimilated debt securities

After acknowledging the report of the Board of Directors, the AGM delegates full authority to the Board of Directors to take decisions to proceed in one or several operations, at its own discretion, whether in France or another country and/or on international markets, in euros or any other currency or unit of account fixed in reference to several currencies, with the issue of bonds or other assimilated debt securities, with or without a public issue, up to the nominal value of 600 million euros or the equivalent of this sum if issued in a foreign currency, or in a unit of account fixed in reference to several currencies, subject to the overall limit fixed in the nineteenth resolution.

The Board of Directors may decide that the bonds, or other debt securities, will be of the perpetual floating or limited floating rate type, either for the stock and/or the interest accrued for these securities.

Full authority is granted to the Board of Directors to proceed with these issues in the limits fixed above, in compliance with legal provisions and with the by-laws, and in particular to:

- determine the period or periods of issue,
- determine the issue currency and the nominal value of the loan, within the limits authorized above,
- fix the terms and conditions of the bonds and/or debt securities to issue, and in particular their nominal value, their issue price, their fixed and/or variable rates of interest, and the payment dates, their fixed or variable redemption price, with or without premium,
- fix, according to market conditions, the duration and conditions of amortization for the loan,

- more generally sign any contract documents or agreements with any banks or institutes, make any provisions and fulfill any formalities concerning the issue, the quotation and the financial management of the aforementioned bonds and/or aforementioned debt securities, and constitute the body of bondholders in compliance with legal provisions, and in a general manner, do all that is required.

The Board of Directors will also have full powers to decide, where necessary, to attach a guarantee to the securities issued and, if this is the case, to define and grant this guarantee, and take any measures for this purpose.

Within the framework of this resolution, the Board of Directors may, in application of article L.228-40 of the French Commercial Code, delegate to its CEO, or with his agreement, to one or several Delegate CEOs, or to one of its members, the powers that it has received for the purpose of the present authorization.

The present authorization is given for a maximum duration of 18 months. It supersedes the authorization previously granted by the AGM of December 9, 2016.

Thirteenth resolution

Decision on the components of the remuneration granted for fiscal year 2016-2017 to Mr. Philippe AYMARD, Chairman and CEO

After acknowledging the report of the Board of Directors, which states that Mr. Philippe AYMARD exercises his functions without any compensation, the AGM approves the absence of compensation granted for fiscal year 2016-2017 to Mr. Philippe AYMARD, Chairman and CEO.

Fourteenth resolution

Decision on the components of the remuneration granted for fiscal year 2016-2017 to Mr. Emmanuel ROUGIER, Delegate CEO

After acknowledging the report of the Board of Directors, which states that the total remuneration granted for fiscal year 2016-2017 to Mr. Emmanuel ROUGIER for his mission as Delegate CEO came to 312,400 euros, approves this remuneration including its different components.



Fifteenth resolution

Approval of the principles and criteria for determining, allotting and allocating fixed, variable and exceptional items making up the total compensation and benefits of any kind attributable to Mr. Emmanuel ROUGIER, Delegate CEO

The Annual General Meeting, deliberating in compliance with conditions of quorum and majority required for Ordinary General Meetings of shareholders, pursuant to article L.225-37-2 of the French Commercial Code, approves the principles and criteria for determining, allotting and allocating fixed, variable and exceptional items making up the total compensation and benefits of all kinds attributable to Emmanuel Rougier by virtue of his mandate as Delegate CEO, as set out in the report attached to this report, referred to in articles L.225-100 and L.225-102 of the French Commercial Code.

7.3. Draft resolutions of an extraordinary nature

Sixteenth resolution

Delegation of authority to issue, with pre-emptive subscription rights, ordinary shares and/or securities providing access, immediately or when due, to Company shares or to shares in a company in which it directly or indirectly holds more than half the capital stock, or debt securities in particular such as bonds with an option of conversion and/or exchange for new or existing shares

After acknowledging the report of the Board of Directors and the special report of the Statutory Auditors, and in compliance with the provisions of articles L.225-129 et seq. of the French Commercial Code, and in particular articles L.225-129-2, L.228-91 to L.228-93, the AGM, deliberating in compliance with conditions of quorum and majority required for Extraordinary General Meetings of Shareholders:

- ❖ delegates to the Board of Directors, for the duration of 24 months, commencing as of the date of this AGM, with the faculty of sub-delegation, in compliance with legislative provisions, its authority to proceed - whether through a public issue or not, in one or several operations, in the proportion and at the time it deems most opportune, whether in France or another country, in euros or any other currency or unit of account fixed in reference to several currencies, with pre-emptive shareholder subscription rights - with the issue of ordinary shares and/or securities providing access immediately or when due, to Company shares or to shares in a company in which it directly or indirectly holds more than half the capital stock, or to securities that give the right to the allotment of debt securities, and which may be subscribed to either in cash, or by compensation of receivables. The present delegation can be used for one or several issues in application of article L.228-93 of the French Commercial Code.
- Any preferential share and security issues providing access by any means, immediately or when due, to preferential shares, are excluded from the present delegation.
- ❖ decides that the nominal amount for any increases in the capital stock that are immediate and/or at a due date, and that are liable to result from the present delegation cannot be greater than 300 million euros, to which may be added, where appropriate, and in compliance with applicable regulatory and legislative provisions, and with any contractual stipulations allowing for other cases of adjustment, the nominal amount of extra shares issued to preserve the rights of the bearers of securities that grant rights to the Company's shares, on condition that the global limit fixed in the nineteenth resolution be respected.
 - ❖ decides that the securities issued providing access to ordinary shares in the Company may, in particular, consist in debt securities, or be associated to the issue of such securities.
In particular they may take the form of perpetual or non-perpetual floating rate notes, and be issued either in euros, or any other currency or unit of account fixed in reference to several currencies.
- The nominal amount for any such issued debt securities shall not exceed 300 million euros or the equivalent of this sum if issued in a foreign currency at the date of the decision to issue.
- ❖ decides that in the conditions stipulated by law, the shareholders may exercise their pre-emptive right to subscription, without reduction. Moreover the Board of Directors may institute, for the benefit of the shareholders, a pre-emptive subscription right with deduction which may be exercised proportionately to their rights and within the limit of the number requested.
- If subscriptions without reduction, and where appropriate with reduction, have not absorbed all the issue of shares or securities providing access to the capital stock as defined above, the Board of Directors may, in any order it may consider to be efficient, make use of the faculties offered by article L.225-134 of the French Commercial Code, and in particular the faculty of proposing to the public all or part of the unsubscribed shares or securities.
- ❖ decides that the Board of Directors may not, without prior authorization from the General Meeting of Shareholders, make use of this delegation of authority from the filing by a third party of a proposed takeover bid for the Company's shares until the end of the offer period.
 - ❖ acknowledges that the present delegation gives full preference to bearers of securities issued that provide access to the Company's capital stock, if the shareholders renounce their pre-emptive right to subscribe the ordinary shares to which these securities otherwise give the right.
 - ❖ decides that stock purchase warrants in the Company may be issued either by subscription offers, or by free allotment to those who already hold shares.
- Where autonomous stock subscription warrants are allocated free, the Board of Directors will be entitled to stipulate that any odd lots of allotment rights are not negotiable, and that the corresponding securities may be sold.



- ❖ grants full powers to the Board of Directors to implement this delegation, with the faculty of sub-delegation, and in compliance with legislation, and in particular with the possibility of determining the dates and methods of issues, and the forms and characteristics of the securities to be created, to decide on the prices and conditions of the issues, to fix the amount to issue and the date of entitlement, albeit retroactive, of the securities to be issued, to determine how the ordinary shares or other issued securities are to be paid up, and the conditions in which these securities procure the right to ordinary shares in the Company, and to determine how, where relevant, they can be bought back on the stock market, how they can be cancelled and the possibility of suspending the exercise of rights to allocate ordinary shares associated to securities to be issued, and determine how to protect the interests of the holders of securities that, upon maturity, provide access to the capital stock, in compliance with legislative and regulatory provisions.
- ❖ decides, furthermore, that when securities for issue consist in, or are associated to, debt securities, the Board of Directors will also have full powers, with the faculty of sub-delegation, to decide whether they are perpetual or not, their remuneration, and, where relevant, mandatory or optional cases of suspension or non-payment of interest, their duration, the possibility of reducing or increasing the nominal value of the securities and other methods of issue and amortization.
- ❖ decides that the Board of Directors may also, with the faculty of sub-delegation, and upon its own initiative, deduct capital increase costs from the amount of premiums associated to this increase, and also deduct from this amount the legal reserves required, and take all necessary measures, and reach any agreements to ensure the successful conclusion of the issues envisaged, and to record any capital increases that result from any issue made through this delegation and modify the by-laws accordingly.
- ❖ finally, decides that this delegation supersedes any previous delegation with the same object, for any unused sums.

If the Board of Directors uses the delegation granted in this resolution, it must report back to the following Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.

Seventeenth resolution

Delegation of authority to issue, without pre-emptive subscription rights by public offer, of ordinary shares and/or securities providing access immediately or when due, to company shares or shares in a company in which it directly or indirectly holds more than half the capital stock, or debt securities in particular such as bonds with an option of conversion and/or exchange for new or existing shares

After acknowledging the report of the Board of Directors and the special report of the Statutory Auditors and in compliance with the provisions of article L.225-129 et seq. of the French Commercial Code, and in particular articles L.225-129-2, L.225-135, L.225-136, L.228-91 to L.228-93, the AGM, deliberating in compliance with conditions of quorum and majority required for Extraordinary General Meetings of Shareholders:

- ❖ delegates to the Board of Directors, for the duration of 24 months, commencing as of the date of this AGM, with the faculty of sub-delegation, in compliance with legislative provisions, its authority to proceed - whether through a public issue or not, in one or several operations, in the proportion and at the time it deems most opportune, whether in France or another country, in euros or any other currency or unit of account fixed in reference to several currencies, without pre-emptive shareholder subscription rights - with the issue of ordinary shares and securities providing access immediately or when due, to Company shares or to shares in a company in which it directly or indirectly holds more than half the capital stock, or to securities that give the right to the allotment of debt securities, and which may be subscribed to either in cash, or by compensation of receivables. The present delegation can be used for one or several issues in application of article L.228-93 of the French Commercial Code.

Any preferential shares and security issues providing access by any means, immediately or when due, to preferential shares, are excluded from the present delegation.

- ❖ decides that the nominal amount for any increases in the capital stock that are immediate and/or at a due date, and that are liable to result from the present delegation, cannot be greater than 200 million euros, to which may be added, where appropriate, and in compliance with applicable regulatory and legislative provisions, and with any contractual stipulations allowing for other cases of adjustment, the nominal amount of extra shares issued to preserve the rights of the bearers of securities that grant rights to the Company's shares, on condition that the global limit fixed in the nineteenth resolution be respected.

- ❖ decides that the securities issued providing access to ordinary shares in the Company may, in particular, consist in debt securities, or be associated to the issue of such securities. In particular they may take the form of perpetual or non-perpetual floating rate notes, and be issued either in euros, or any other currency or unit of account fixed in reference to several currencies.
The nominal amount for any such issued debt securities shall not exceed 200 million euros or the equivalent of this sum if issued in a foreign currency at the date of the decision to issue.
 - ❖ acknowledges that the present delegation gives full preference to others if the shareholders renounce their pre-emptive right to subscribe the ordinary shares in the Company to which these securities, on the basis of this delegation, otherwise give the right.
 - ❖ decides to cancel pre-emptive subscription rights of shareholders to securities concerned by this resolution, while granting the Board of Directors the powers to institute, for the benefit of the shareholders, a pre-emptive subscription right with or without deduction which does not grant the right to the creation of negotiable rights.
 - ❖ decides that the issue price of the new shares issued will at least be equal to the minimum set in regulatory provisions applied on the date of issue, which today is the weighted average of the quoted price of the Company's shares for the last three sessions of the Euronext Paris stock market preceding the date this price is fixed, reduced where necessary by the maximum discount of 5% stipulated by legislation in force.
 - ❖ decides that the Board of Directors will be responsible, with the faculty of sub-delegation, for fixing the price of issuing ordinary shares or securities granting the right to the Company's capital stock.
 - ❖ decides that if the subscriptions of shareholders and the public have not absorbed all the issue of shares or securities as defined above, the Board of Directors may, in any order it may consider to be efficient, make use of the faculties offered by article L.225-134 of the French Commercial Code, and in particular the faculty of proposing to the public all or part of the unsubscribed shares or securities.
 - ❖ decides that the Board of Directors may not, without prior authorization from the General Meeting of Shareholders, make use of this delegation of authority from the filing by a third party of a proposed takeover bid for the Company's shares until the end of the offer period.
 - ❖ grants full powers to the Board of Directors to implement this delegation, with the faculty of sub-delegation, and in compliance with legislation, and in particular with the possibility of determining the dates and methods of issues, and the forms and characteristics of the securities to be created, to decide on the prices and conditions of the issues, to fix the amount to issue and the date of entitlement, albeit retroactive, of the securities to be issued, to determine how the ordinary shares or other issued securities are to be paid up, and the conditions in which these securities procure the right to ordinary shares in the Company, and to determine how, where relevant, they can be bought back on the Paris stock market, how they can be cancelled and the possibility of suspending the exercise of rights to allot ordinary shares associated to securities to be issued, and determine how to protect the interests of the holders of securities that, upon maturity, provide access to the capital stock, in compliance with legislative and regulatory provisions.
 - ❖ decides, furthermore, that when securities for issue consist in, or are associated to debt securities, the Board of Directors will have full powers, with the faculty of sub-delegation, to decide whether they are perpetual or not, their remuneration, and, where relevant, mandatory or facultative cases of suspension or non-payment of interest, their duration, the possibility of reducing or increasing the nominal value of the securities and other methods of issue and amortization.

When securities for issue consist in, or are associated, to debt securities, the Board of Directors will decide whether they are subordinated or not, will fix their rate of interest and how this interest is to be paid, whether they are perpetual floating or not, their fixed or variable price of redemption, with or without premium, the possibility of reducing or increasing the par value of the securities, and all other methods of issue and amortization according, in particular, to market conditions and the conditions in which these securities grant the right to shares in the Company.
Where appropriate, the securities to be issued may be associated with warrants granting the right to the allotment, acquisition or subscription of bonds or other debt securities, or may stipulate that the Company may issue debt securities, whether fungible treasury bonds or not, to pay for interest that has been suspended by the Company, or take the form of complex bonds as defined by the stock market authorities.

The Board of Directors may decide, during the life cycle of the securities concerned, to modify the provisions presented above, on condition that applicable formalities are respected.
 - ❖ decides that the Board of Directors may also, with the faculty of sub-delegation, and upon its own initiative, deduct capital increase costs from the amount of premiums associated to this increase, and also deduct from this amount the legal reserves required, and take all necessary measures, and reach any agreements to ensure the successful conclusion of the issues envisaged and to record any capital increases that result from any issue made through this delegation and modify the by-laws accordingly.
 - ❖ finally, decides that this delegation supersedes any previous delegation with the same object, for any unused sums.
- If the Board of Directors uses the delegation granted in this resolution, it must report back to the following Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.



Eighteenth resolution

Delegation of authority to issue, without pre-emptive subscription rights, of ordinary shares and/or securities providing access immediately or when due, to company shares or shares in a company in which it directly or indirectly holds more than half the capital stock, by private placement under article L.411-2, II of the French Monetary and Financial Code

After acknowledging the report of the Board of Directors and special report of the Statutory Auditors and in compliance with provisions of article L.225-129 et seq. of the French Commercial Code, and in particular articles L.225-129-2, L.225-135, L.225-136, and L.228-91 et seq., the AGM, deliberating in compliance with conditions of quorum and majority required for Extraordinary General Meetings of Shareholders:

- ❖ delegates to the Board of Directors, with the faculty of sub-delegation, in compliance with legislative provisions, its authority to proceed with an increase in capital stock, in one or several operations, in the proportion and at the time it deems most opportune, respecting the provisions of article L.233-32 of the French Commercial Code, whether in France or another country, by private placement under article L.411-2, II of the French Monetary and Financial Code, in euros or any other currency or unit of account fixed in reference to several currencies, with the issue of ordinary shares or securities providing access immediately and/or when due to the Company's capital stock, as governed by articles L.228-91 et seq. of the French Commercial Code and which may be subscribed to either in cash, or by compensation of receivables.

Any preferential shares and security issues providing access by any means, immediately or when due, to preferential shares, are excluded from the present delegation.

- ❖ delegates to the Board of Directors, with the faculty of sub-delegation, in conditions fixed by the law, its authority to proceed with the issue of securities providing access immediately and/or when due to existing or new ordinary shares and/or debt securities of a company in which the Company directly or indirectly holds more than half the capital stock, or which directly or indirectly holds more than half the capital stock of the company, on condition that the issues of securities have been approved by the company in which the rights are exercised.
- ❖ decides that the maximum nominal amount for capital stock increases that may be effected immediately or when due by virtue of this delegation is 20% of the capital stock on the day of the decision by the Board of Directors. This amount will be included in the amount of the total ceiling provided for in the nineteenth resolution, or, where relevant, in the total amount of ceilings provided for in resolutions of the same nature which might possibly follow these resolutions during the validity of the present delegation. The nominal amount of shares that are liable to be issued in the case of new financial operations will be added to these ceilings, to preserve the rights of bearers of securities that provide access to the capital stock. In all cases, issues of securities by virtue of the present delegation are legally limited to 20% of the capital stock every year.

- ❖ fixes the duration of the validity of the delegation of authority concerned by the present resolution to twenty-six (26) months, starting from the day of this AGM.
- ❖ decides to cancel the shareholders' preferential subscription rights to the shares covered by this resolution.
- ❖ acknowledges that if subscriptions have not absorbed the entire issue, the Board of Directors will be able to limit the amount of the operation to the amount of subscriptions received, on condition that this amount reaches at least three-quarters of the issue initially declared.
- ❖ acknowledges that the present delegation gives full preference to bearers of securities issued that provide access to the Company's capital stock, if the shareholders renounce their pre-emptive right to subscribe the shares to which these securities otherwise give the right.
- ❖ decides that the price for the subscription of shares and/or securities issued by virtue of the present delegation will be determined in compliance with the provisions of articles L.225-136 and R.225-119 of the French Commercial Code.
- ❖ decides that the Board of Directors, with the faculty of sub-delegation, and in compliance with legislative provisions, will have full powers to exercise the present delegation, in particular to determine the issue dates and conditions, and the form and characteristics of the securities to be created, to fix the issue prices and conditions, to fix the amounts to be issued, to fix the date of entitlement, albeit retroactive, for the securities to be issued, to determine how the issued ordinary shares or other securities should be paid up, and the conditions in which these securities will grant a right to the Company's ordinary shares, to set the conditions where appropriate, for their buyback on the Paris stock market and their possible cancellation, to anticipate the possibility to suspend the exercise of ordinary share allotment rights attached to the securities to be issued and to fix the mechanism for the protection of the interests of holders of securities providing future access to the share capital, in compliance with all legal and regulatory provisions.
- ❖ decides, moreover, that when the securities to be issued comprise, or are associated with, debt securities, the Board of Directors will also have full powers, with the faculty of sub-delegation, to determine whether they are perpetual floating or not, their remuneration and, where applicable, the compulsory or optional events of suspension or non-payment of interest, their duration and the possibility of a reduction or increase in the nominal value of the securities, and the other issue and amortization methods.
- ❖ decides that the Board of Directors may also, with the faculty of sub-delegation, and upon its own initiative, deduct capital increase costs from the amount of premiums associated to this increase, and also deduct from this amount the legal reserves required, and take all necessary measures, and reach any agreements to insure the successful conclusion of the issues envisaged, and to record any capital increases that result from any issue made through this delegation and modify the by-laws accordingly.

- ❖ decides that the Board of Directors may also, with the faculty of sub-delegation, acknowledge the completion of each share capital increase and make any related amendments, and generally enter into any agreement in particular to successfully complete the proposed issues envisaged, taking all steps necessary to carry out any formalities for the issue, the quotation, and for the financial servicing of securities issued pursuant to this delegation and for the exercise of the rights attached thereto.
- ❖ finally decides that this delegation cancels and replaces the unused portion of any earlier delegations to the same object.

If the Board of Directors uses the delegation granted in this resolution, it must report back to the following Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.

Nineteenth resolution

Global limit of the total amount to be issued

After acknowledging the report of the Board of Directors, the AGM decides that any capital increases resulting from the use of delegations involving the authorization to issue shares and other securities granted in the sixteenth, seventeenth and eighteenth resolutions above, whether immediate, deferred or potential, and also any issue of securities according to the provisions of the twelfth resolution above, shall not globally exceed the total nominal value of 500 million euros, or the equivalent of this sum if issued in a foreign currency, or in a unit of account fixed in reference to several currencies; to this sum may be added, where relevant for capital increases as described above, the nominal amount of extra shares issued in order to protect the interests of the holders of securities that provide access to the capital stock, in accordance with legal and regulatory provisions.

Twentieth resolution

Delegation of authority given to the Board of Directors to increase the capital stock by issuing ordinary shares and/or securities providing access to the capital stock, without pre-emptive rights, to participants in the Company savings plan, pursuant to articles L.3332-18 et seq. of the French Labor Code

After hearing the reports of the Board of Directors and the Statutory Auditors, the AGM, deliberating within the framework of article L.225-129-6 of the French Commercial Code, decides to increase the capital stock reserved for employees participating in a Company or group savings plan.

The AGM delegates to the Board of Directors the powers necessary to take decisions to proceed with the increase in the capital stock, in one or several operations, in the proportion and at the time it deems most opportune, through the issue of shares in the capital stock or

securities providing access to the Company's capital stock, without pre-emptive rights to the subscription of shares; the capital increase is reserved for the Company's or employees still under contract, or those with work contracts in companies that are associated according to the definition of L.225-180 of the French Commercial Code, that participate in the Company or group savings plan, and that satisfy any conditions that are laid down by the Board of Directors.

The amount of increase in the capital stock liable to be made through the delegation presented above may not exceed 10 millions in nominal value; to this sum may be added, where relevant, the nominal amount of extra shares issued in order to protect the interests of the holders of securities that provide access to these shares, in accordance with legal provisions in force.

The issue price for new shares, to be fixed by the Board of Directors, cannot be lower by more than 20% than the average rate recorded for the Company's shares on the Paris stock market during the legal period and in the conditions laid down by the law in force at the date considered; current legislation states this period to be the twenty days the Paris stock market is open preceding the day of the decision taken by the Board of Directors to fix the date when subscriptions are open.

The Board of Directors is granted full powers, in conditions fixed by the law, to implement this present delegation, or postpone this implementation to a later date, within the limits and methods that it fixes in advance, to:

- ❖ determine the companies whose employees may benefit from the issue subscription offer, for the purposes of the present delegation,
- ❖ fix the conditions of seniority in particular necessary to benefit from these subscription offers,
- ❖ determine the issue dates and methods adopted,
- ❖ fix the issue prices and conditions,
- ❖ fix the amounts to be issued,
- ❖ fix the date of entitlement, albeit retroactive, for the securities to be issued,
- ❖ determine how the shares should be paid up and the time granted to the beneficiaries to pay up their subscription,
- ❖ decide whether the subscriptions can be made directly and/or indirectly through mutual funds,
- ❖ fix, for security issues covered by the present delegation, the methods and conditions of participation in a company or group savings plan, determine their regulations or, for pre-existing plans, and modify their regulations.

Finally, the Board of Directors may, where appropriate, deduct any charges from the premium or premiums associated to capital increases, in particular any costs generated by security issues, and more generally to take any useful measures to reach agreements in order to succeed with such issues, record any stock capital increases resulting from an issue made within the framework of the present delegation, and modify the by-laws accordingly.

The present authorization is granted for the maximum duration of 24 months. It supersedes the authorization previously granted by the AGM of December 9, 2016.



7.4. Draft resolution of an ordinary nature

Twenty-first resolution

Delegation of powers to carry out corporate formalities

The AGM grants full powers to the bearer of a copy or extracts of the minutes recording the present deliberations with the aim of completing all legal and administrative formalities as required.

Under the responsibility of the Board of Directors, it is the responsibility of General Management to define and implement adequate and effective internal control procedures. Pursuant to article L.225-37 of the French Commercial Code, it is my responsibility, as Chairman of the Board of Directors, to report:

- on the conditions for preparing and organizing the work of the Board of Directors,
- on internal control and risk management procedures implemented by the company,
- and, where applicable, the Board of Directors' restrictions on the powers of the Chief Executive Officer and the Chief Executive Officer Delegate.



8

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8.1. Statutory Auditors

8.1.1. Control bodies

8.1.1.1. Incumbent Statutory Auditors

KPMG AUDIT, DÉPARTEMENT DE KPMG SA

2, avenue Gambetta - Tour Eqho - CS 60055

92066 Paris-La Défense Cedex

Represented by Mr. Laurent GENIN

Date of renewal: 2014

Date of expiry of term of office: 2020 (AGM deliberating on the financial statements closing on June 30, 2020)

VISAS 4 COMMISSARIAT

56, boulevard Gustave Flaubert - 63010 Clermont-Ferrand

Represented by Mr. Claude AUBERT

Date of renewal: 2011

Date of expiry of term of office: 2017 (AGM deliberating on the financial statements closing on June 30, 2017)

8.1.1.2. Substitute Statutory Auditors

SALUSTRO REYDEL

2, avenue Gambetta - Tour Eqho - CS 60055

92066 Paris-La Défense Cedex

Date of appointment: 2014

Date of expiry of term of office: 2020 (AGM deliberating on the financial statements closing on June 30, 2020)

Mr. OLIVIER DELARUE

56, boulevard Gustave Flaubert - 63010 Clermont-Ferrand

Date of renewal: 2011

Date of expiry of term of office: 2017 (AGM deliberating on the financial statements closing on June 30, 2017)

8.1.2. Fees of the Statutory Auditors, other auditors and members of their network

In euros	06.30.2017			06.30.2016		
	KPMG	Visas 4	Total	KPMG	Visas 4	Total
Certification and limited half-yearly review of the individual and consolidated financial statements						
Vilmorin & Cie	173,738	44,353	218,091	170,013	37,957	207,970
Globally integrated subsidiaries	804,746	19,757	824,503	782,640	20,000	802,640
Services other than certification of the financial statements						
Legal, fiscal, social	61,289	-	61,289	99,419	-	99,419
Total	1,039,773	64,110	1,103,883	1,052,072	57,957	1,110,029

8.2. Documents available to the general public

Historical financial information, the annual reports, the letters to the Shareholders, the documents of the Annual General Meetings (notice of the meeting, minutes of the AGM) in French, and all the components of the “regulated information” as laid down in article 221-1 of the General Regulations of the Autorité des marchés financiers (in particular press releases, half-yearly and yearly disclosures)

can be consulted on the website **www.vilmorincie.com** in the section Publications. The Company’s by-laws are also available for consultation on Vilmorin & Cie’s website in the section Publications. The documents can also be consulted at the Company’s head office at: 4 Quai de la Mégisserie - F-75001 PARIS.

8.3. Incorporation with reference to historical financial information

Pursuant to article 28 of regulation (CE) No. 809/2004 of the Commission of April 29, 2004, the following information is included with reference to the “document de référence” for 2016-2017:

- ❖ the activity report, Vilmorin & Cie’s consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements for fiscal year 2015-2016 as presented on pages 86 thru 96 and 132 thru 201 of the “document de référence” filed with the Autorité des marchés financiers on October 27, 2016 under the reference No. D.16-0927.

- ❖ the activity report, Vilmorin & Cie’s consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements for fiscal year 2014-2015 as presented on pages 84 thru 95 and 132 thru 207 of the “document de référence” filed with the Autorité des marchés financiers on October 30, 2015 under the reference No. D.15-0984.

The information included in these documents, other than those referred to above, have, where necessary, been replaced and/or updated by information included in the “document de référence” for fiscal year 2016-2017. The documents referred to above, and the Annual Reports in English corresponding to the same fiscal years, are available on the Vilmorin & Cie website, **www.vilmorincie.com**, and that of the Autorité des marchés financiers, www.amf-france.org.

8.4. Glossary

B

Biological fight: The fight against crop pathogens using their natural predators.

Biotechnology: The application of science and engineering to the use of living organisms in their natural or modified forms.

Breeders: Companies and professionals who create new varieties.

C

Character: Item of the description of the phenotype of a living organism or a species.

Criticality: Cumulative effect of the probability of a risk occurring and the gravity of the damage it would cause.

G

Genetic resources: Group of genes from various plant species.

Genetically Modified Organism (GMO): Organism (plant or micro-organism) whose genome has been voluntarily modified by man using a technique, transgenesis, combining in vitro culture and genetic engineering.

Genome: All the genetic material in the chromosomes of a particular organism.

Genomics: The study of genes, their resulting proteins, and the role played by the proteins in the body's biochemical processes.

Germplasm: Genetic heritage.

H

Hybrid: Heterozygous offspring of two genetically different parents. This conventional breeding method involves cross-fertilizing plants (parents) of the same species in order to obtain a plant (hybrid) bearing certain characteristics of the two varieties initially chosen. In theory the hybrid is more robust than its two parents.

I

Inputs: Agricultural inputs involve the different products provided to the soil and crops, including in particular, fertilizers, amendments, chemical products, seeds, etc.

M

Molecular marking: Following the presence or absence of a particular trait in a plant by studying its genome (without the need to grow the plant to check whether the trait is present or absent).

O

Organoleptic: Relating to perception by the use of a sensory organ (for example taste and smell).

P

Plant breeding: Combining selected parental plants to obtain the next generation with the best characteristics.

R

Royalties: The seed company enters into licensing agreements (for Europe mainly with cooperatives) to delegate the production and sale of its certified seed. In return, it receives royalties. The royalties collected by Vilmorin & Cie mainly concern wheat and barley.

S

Sales from proprietary varieties: Sales made on varieties coming out of the research programs of Vilmorin & Cie.

Seed multiplication farmer: Farmer specialized in large-scale multiplication or production of seed, with a view to selling the seed.

Stacking: The process of introducing several traits (not necessarily GM) into one plant or plant type by either selective (human) or natural breeding methods.

T

Think Tank: A group or an institution organized for intensive research and solving of problems, especially in the areas of technology, and social or political strategy.

Traits: The expression of a gene or genes providing the plant with resistance to various aggressions from pests, weed-killers, etc. The phenotype is a description of one or more traits.

Transgenesis: Integration into a living organism of a gene that confers upon the organism a new property that it will transmit to its descendants.

Sources:

- > www.gnis-pedagogie.org
- > www.larousse.fr
- > Wikipedia
- > Internal. Vilmorin & Cie.



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Public limited company with Board of Directors, with a capital of 317,717,005.50 euros.
Company registered with the Registre du Commerce et des Sociétés in Paris, number 377 913 728.