



ANNUAL REPORT 2017-2018

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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 growth relies on strong, permanent investment in research and international development to durably strengthen its competitive positions 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.

Vilmorin & Cie, a single core business of seeds

As the first link in the food chain, seed is a concentrate of solutions to meet food challenges.





A WORLD LEADER IN SEEDS

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



No. **2**
worldwide
**for vegetable
seeds**



No. **6**
worldwide
**for field
seeds**

- An extremely diversified product portfolio with more than 30 crops: tomato, sweet pepper, carrot, melon, summer squash, etc.
- For growers and canners

- 2 strategic global 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



Sales
1,606
**million
euros⁽¹⁾**

Net
income



76.9
million euros
with a group share
of 74.1 million euros



More
than **7,000**
permanent staff⁽¹⁾
throughout
the world



More than
300
seed varieties
created and launched

Worldwide
presence
with subsidiaries in



48
countries



Sales
in almost
150
countries

⁽¹⁾ Integrating 50% of AgReliant (North America. Field Seeds). Bearing in mind application of the standard IFRS 11, certain companies have been recorded in the accounts using the equity method since fiscal year 2014-2015.
Data for 2017-2018.



MESSAGE FROM THE BOARD OF DIRECTORS



From left to right: Miriam MAES, Annick BRUNIER,
Jean-Yves FOUCAULT, Philippe AYMARD, Sébastien VIDAL,
Pascal VIGUIER, Mary DUPONT-MADINIER.

❖ Vilmorin & Cie
is fully confident
in its ability
to return to its
growth trajectory
by 2018-2019 ❖

VILMORIN & CIE CONSOLIDATES ITS COMPETITIVE POSITIONS IN MARKETS THAT ARE TEMPORARILY DIFFICULT

Dear Shareholders,

VILMORIN & CIE POSTED SALES OF MORE THAN 1.3 BILLION EUROS⁽¹⁾, AT THE CLOSE OF A FISCAL YEAR MARKED IN PARTICULAR BY TEMPORARY DIFFICULTIES ON THE VEGETABLE SEEDS MARKETS, AND STILL CHARACTERIZED BY LOW AGRICULTURAL PRODUCTION PRICES. DESPITE THIS GLOOMY ENVIRONMENT, VILMORIN & CIE ENDED FISCAL YEAR 2017-2018 WITH SLIGHT GROWTH IN BUSINESS (+0.7%⁽²⁾) AND MANAGED TO STRENGTHEN ITS COMPETITIVE POSITIONS OVERALL.



- Vegetable Seeds sales are almost stable (-0.4%⁽²⁾), after recording steady, strong growth in recent years. This is directly related to tough vegetable seeds markets throughout the fiscal year. In this context, Vilmorin & Cie has managed to gain market share and make significant progress in Asia and South America. Vilmorin & Cie thus confirms its solid position as world leader and reaffirms, in markets whose fundamentals are in no way altered for the medium term, its confidence in its growth momentum over the coming years.

- Field Seeds recorded a significant increase in activity of more than 2%⁽²⁾ in a still difficult market environment. This very good performance is particularly strong in Europe, where Vilmorin & Cie is gaining market share in corn, sunflower and rapeseed. In the other development areas, activity was down, but had experienced extremely strong growth in 2016-2017. Nevertheless, Vilmorin & Cie strengthened its positions in corn in Brazil.



As a result, and given less dynamic activity than expected, total net income declined significantly to 76.9 million euros.

Beyond the specific difficulties that impacted the fiscal year, Vilmorin & Cie reaffirms its strategic priorities:

- In Vegetable Seeds, Vilmorin & Cie aims to establish itself as the world leader; beyond the consolidation of positions in the most mature markets, this will require strong development in Asia and, in the longer term, in Africa.
- In Field Seeds, Vilmorin & Cie intends to position itself as a global player, with a worldwide dimension for its two strategic crops, corn and wheat. Vilmorin & Cie's ability to continue to forge strategic alliances and partnerships, in particular to complement the range of technologies at its disposal, will be key, as will the acquisition of market share in its most recent development territories: South America, Asia and Africa.



To achieve its ambitions, in a competitive environment whose restructuring is nearing completion, Vilmorin & Cie will continue to rely with conviction on its specific development model: a single core business of seeds, very close proximity to its customers, in particular through its organization into Business Units and a long-term vision of its development.



On the strength of this approach and its assets, Vilmorin & Cie is fully confident in its ability to return to its growth trajectory by 2018-2019 and to offer resilient and sustainable development prospects.



In market environments that are still very volatile, we can rely more than ever on the commitment and skills of our teams, the constant support of Limagrain, our reference shareholder, as well as our loyal Shareholders, committed to the long-term. To thank you for your loyalty, on top of the dividends, Vilmorin & Cie will allocate free shares⁽³⁾ during fiscal year 2018-2019.

Vilmorin & Cie's Board of Directors

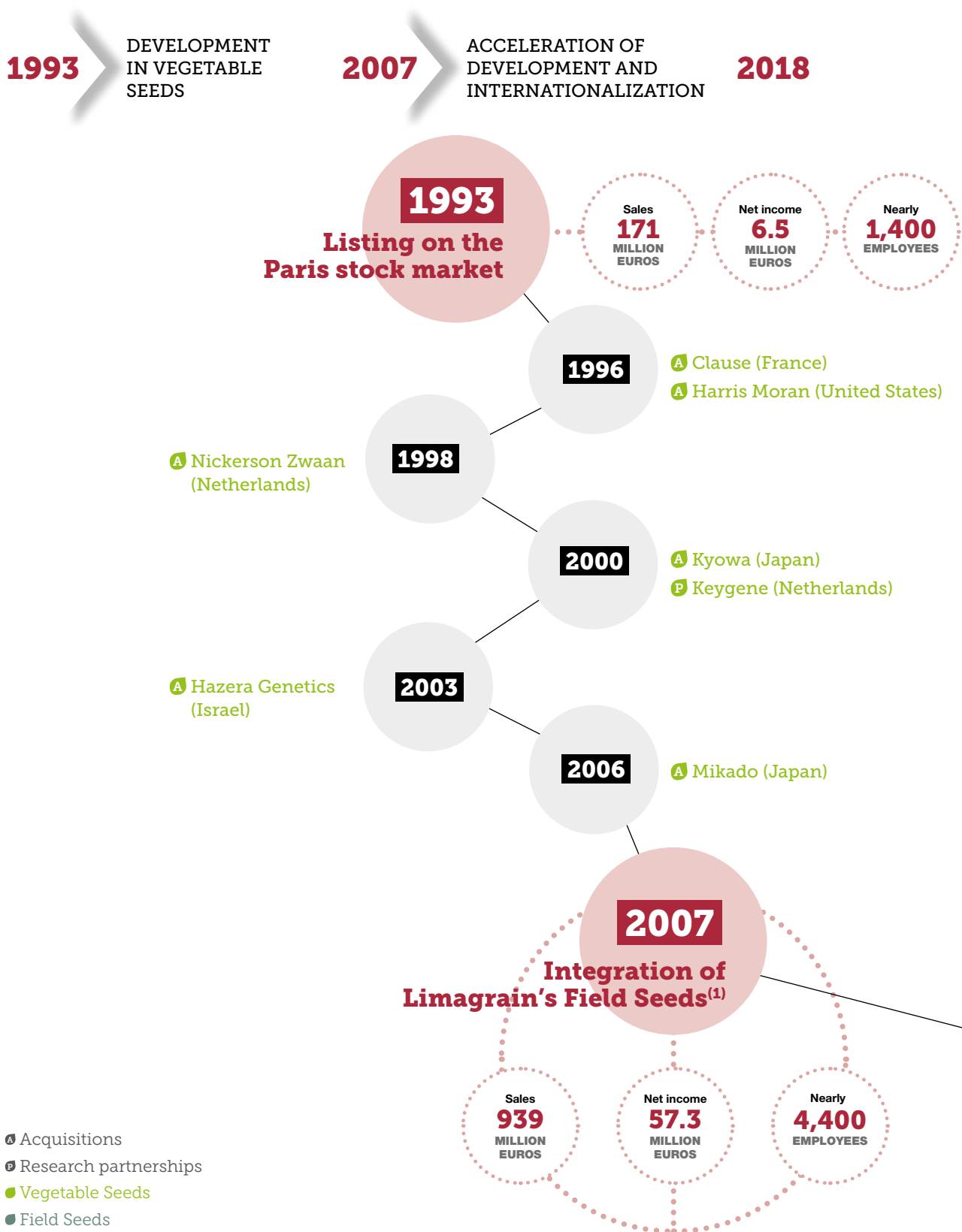
⁽¹⁾ Integrating 50% of the activity of AgReliant (North America. Field Seeds), sales for 2017-2018 came to more than 1.6 billion euros.

⁽²⁾ On a like-for-like basis.

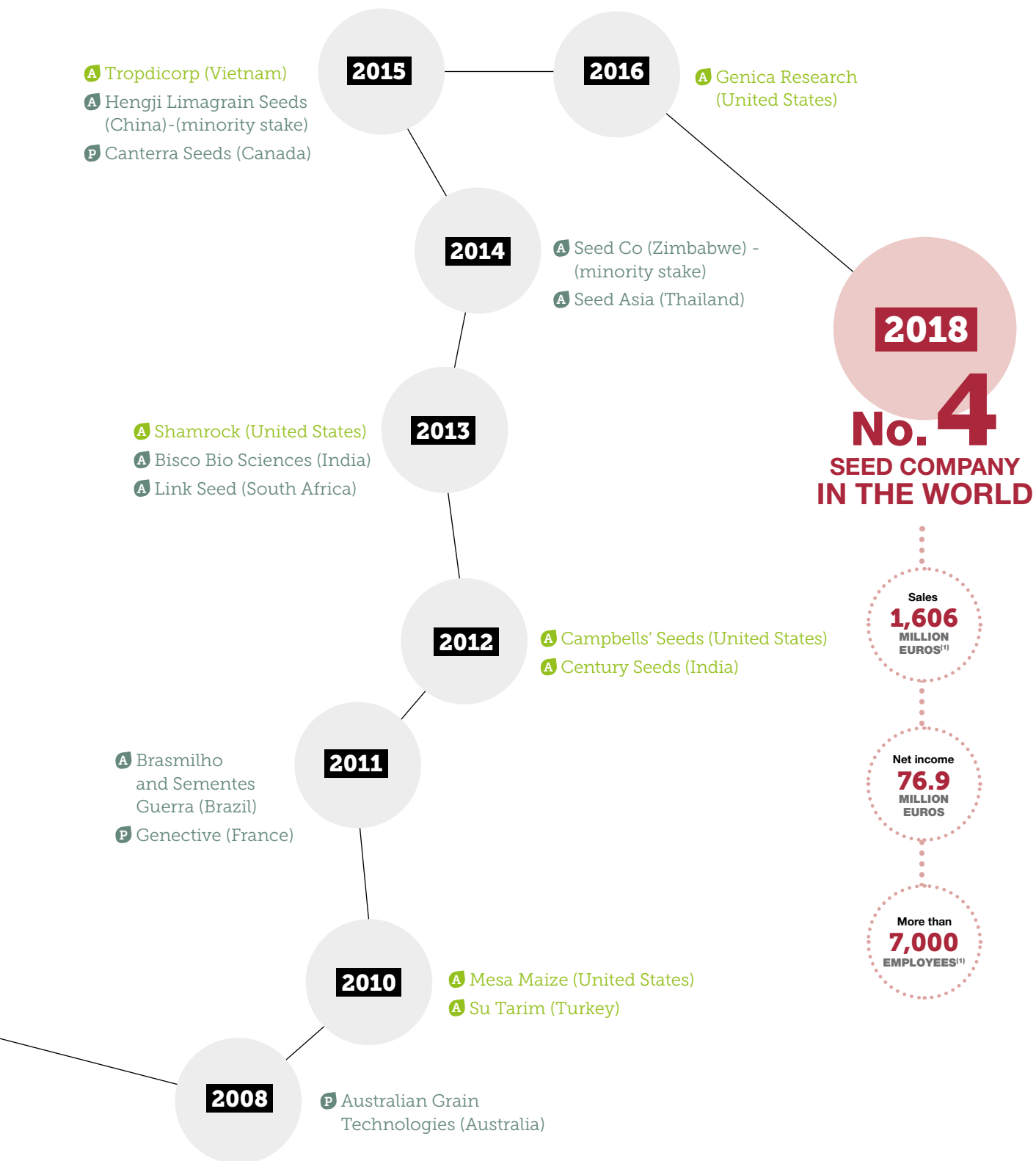
⁽³⁾ Subject to the approval of the resolution concerned to be presented to the General Meeting of December 7, 2018.



THE MAIN STAGES IN DEVELOPMENT



⁽¹⁾ Europe and North America.



⁽¹⁾ Integrating in particular 50% of 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, singular advantages:

A single core business of seeds

Close proximity to its markets

A long-term vision of its development

This 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.

... A SINGLE CORE BUSINESS OF SEEDS ...

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

Vilmorin & Cie focuses its expertise on the creation of new varieties of seeds with higher added value which will enable farmers and growers to produce more and better, thus contributing to meeting global food challenges.

Active 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.



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

**Analyzing
the needs**



**Creating
new seeds
varieties**



**Producing
seeds**



**Distributing
seeds**



**Managing
and enriching
genetic
resources**



Vilmorin & Cie created and launched more than 300 new varieties of vegetable and field seeds during fiscal year 2017-2018.

... CLOSE PROXIMITY TO ITS MARKETS ...

THANKS TO ITS ORGANIZATION MODEL

Vilmorin & Cie has chosen to organize its activities around Business Units, in order to focus on proximity to its customers and its multiple markets. This organization model, specific to Vilmorin & Cie, is a great strength: it provides excellent knowledge of markets that are highly segmented both in terms of products and territories. It also guarantees Vilmorin & Cie an excellent capacity to anticipate and respond.

Vegetable Seeds

3 Business Units
of worldwide vocation

MAIN BRANDS



Field Seeds

6 Business Units
of regional vocation

MAIN BRANDS



Advanta®: brand registered by Advanta Netherlands Holdings BV.

THANKS TO ITS REFERENCE SHAREHOLDER: LIMAGRAIN

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

... 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 challenges by creating high value-added seeds. For this purpose, the Company relies on an ambitious strategy, blending strong, permanent investment in research, strong international growth, and the capacity to combine targeted acquisitions and partnerships, in order to accelerate its expansion and sustainably strengthen its leading world positions on promising world markets.

3 STRATEGIC FOUNDATIONS

1. Strong, permanent 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.



16.2%
of sales
invested in research⁽¹⁾

Almost
310

million euros
invested in research
including funding in the form
of partnerships

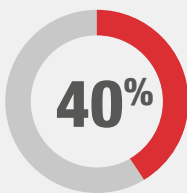


More than
100
research centers
in the world



29%
of headcount
dedicated
to research

2. Strong internationalization of the activities



40%
of sales
for 2017-2018
made outside
Europe

Subsidiaries
in
48
countries

Sales
in almost
150
countries

74
nationalities
represented
among
employees

46%
of employees
based outside
Europe

3. Capacity to combine targeted acquisitions 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**

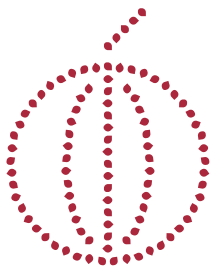


⁽¹⁾ Data calculated on the basis of the sales of seeds intended for professional markets and integrating 50% of the activities of AgReliant (North America. Field Seeds).
Data for 2017-2018.

3

STRATEGIC PRIORITIES

A global market
(5.4 billion USD in 2017)
with high added value,
highly segmented in
terms of products and
production methods



Vegetable seeds

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 and become a leader on all markets with strong ambitions in Asia and all the strategic crops.

OBJECTIVE >
**Reinforce
world
leadership**

Top crop in the world
in value (more than
16 billion USD in 2017)



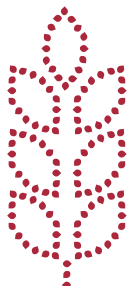
Corn seeds

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**

Top crop in the world
in acreage (almost
220 million hectares
in 2017)



Wheat seeds

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**



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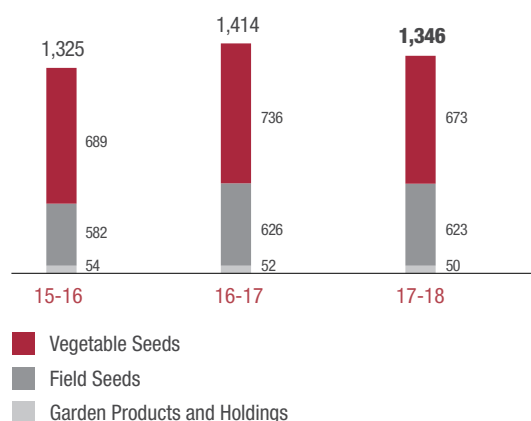
1.1. Key figures

1.1.1. Main indicators



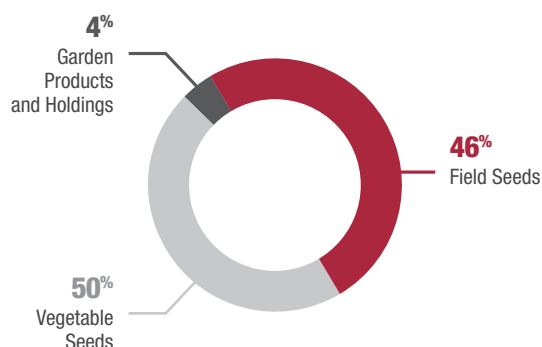
Evolution of sales

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



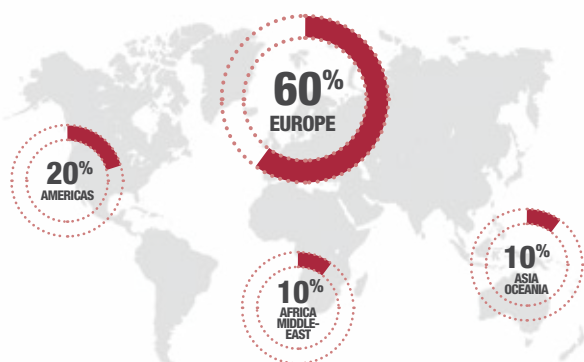
Analysis of sales in 2017-2018 according to activity

(as a %)



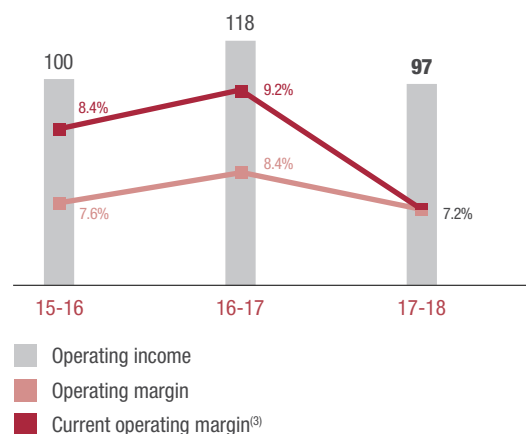
Analysis of sales 2017-2018 according to geographical zone

(as a %)



Evolution of the operating income and the operating margin

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



⁽¹⁾ Integrating 50% of AgReliant (North America. Field Seeds) which is 260 million euros.

Because of the application of the standard IFRS 11, certain companies have been recorded using the equity method since fiscal year 2014-2015.

⁽²⁾ Disclosed data (taking into account the impact of the standard IFRS 11, i.e. excluding AgReliant).

⁽³⁾ The current operating margin is defined as book operating margin, restated for impairments and reorganization costs.

Net
income

76.9

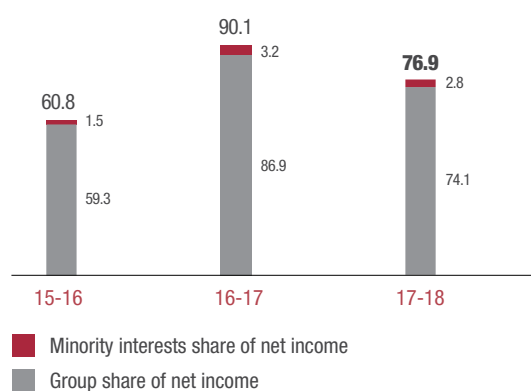
million euros
including a group share
of 74.1 million euros

38%

distribution
rate
of income in 2017-2018

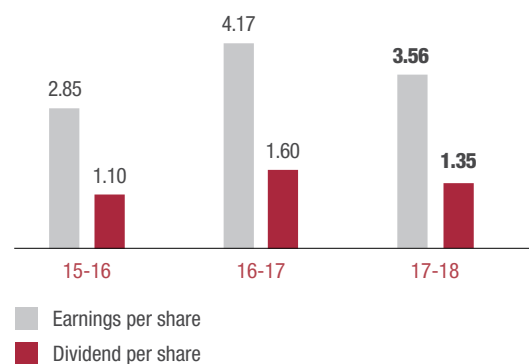
Evolution of net income

(in million of euros)



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

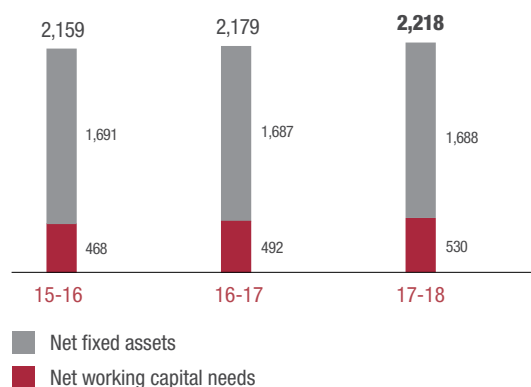
(in euros)



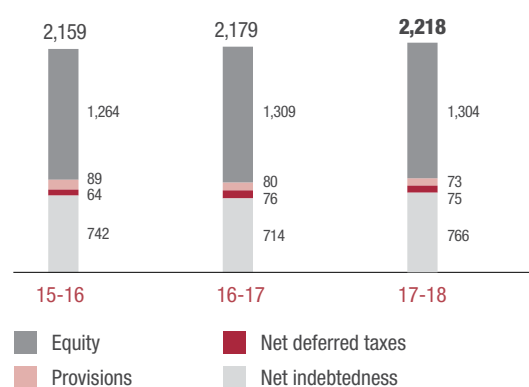
Balance sheet structure on June 30

(in million of euros)

Assets



Liabilities



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

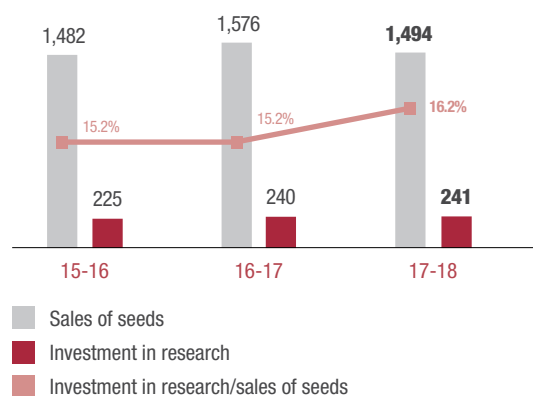


16.2%
of seed sales
2017-2018
invested in research

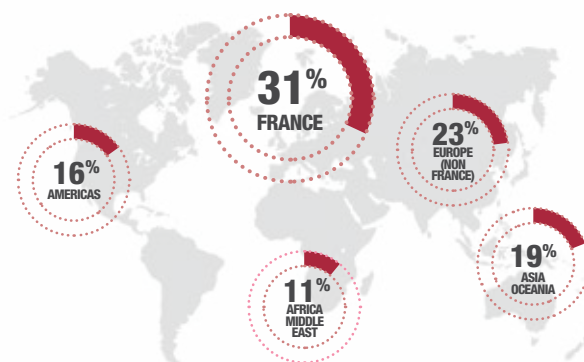


More
than **7,000**
permanent staff ⁽²⁾
in the world
(6,653 employees)⁽³⁾

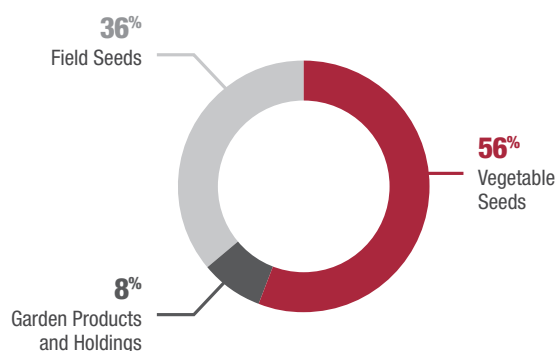
Evolution of investment in research⁽¹⁾ (in million of euros and as a % of sales)



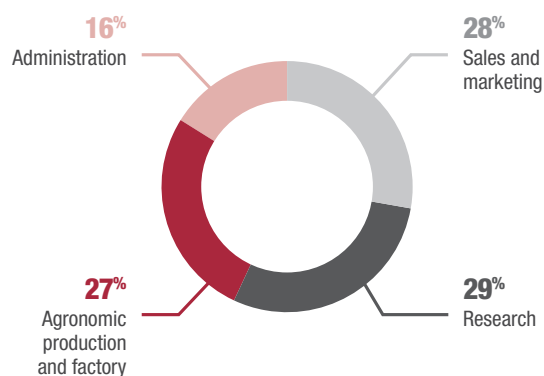
Analysis of permanent staff in 2017-2018 according to geographical zone (as a %)



Analysis of permanent staff in 2017-2018 according to activity (as a %)



Analysis of permanent staff in 2017-2018 according to function (as a %)



⁽¹⁾ Research investment refers to gross research expenditure before recording any research costs as fixed assets and tax relief for research. 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⁾ Integrating 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.

⁽³⁾ Disclosed data (bearing in mind the impact of standard IFRS 11, i.e. excluding AgReliant).

1.1.2. Key indicators 2017-2018 for each activity

Vegetable Seeds

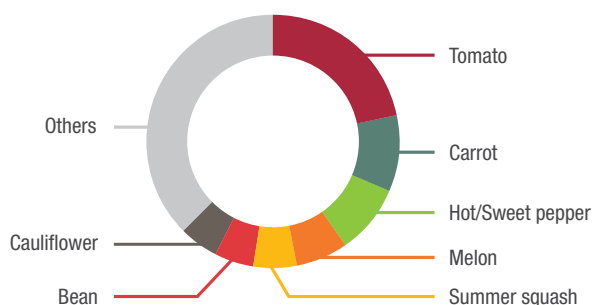
No. **2**
worldwide



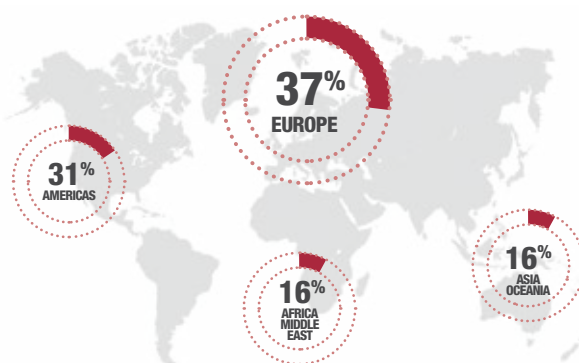
673.1

million euros
of sales contributed to
consolidated sales
(-0.4% on a like-for-like basis)

Analysis of sales according to crop



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



3,714
permanent
staff



33
countries
with locations



More than **95%**
of sales
from proprietary varieties*

Field Seeds⁽¹⁾

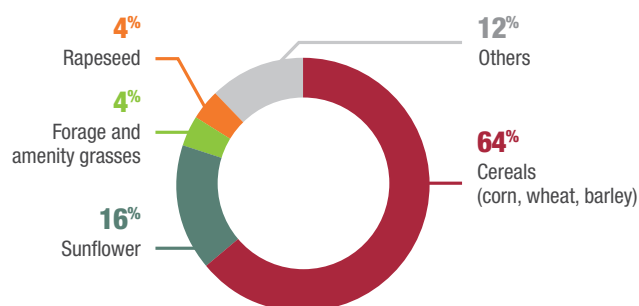
No. 6
worldwide



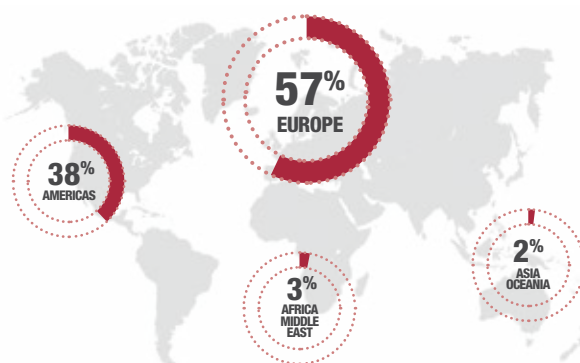
883.6

million euros
of sales contributed
to consolidated sales⁽¹⁾
(-0.1% on a like-for-like basis)

Analysis of sales according to crop (as a %)



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



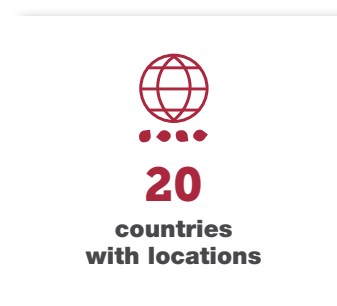
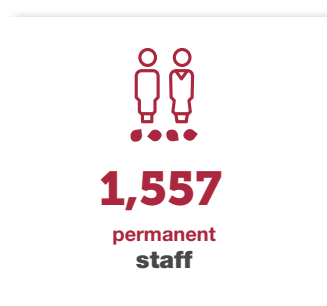
2,871
permanent
staff

33
countries
with locations

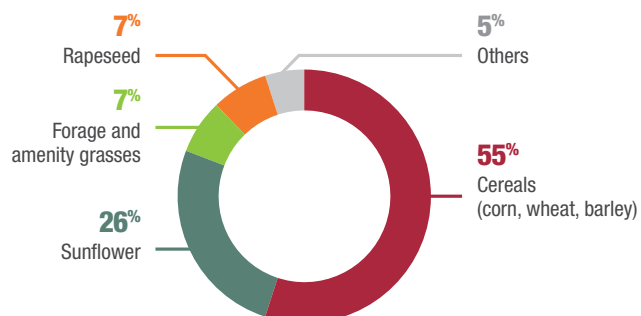
50%
of sales
from proprietary varieties*

⁽¹⁾ Integrating 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.

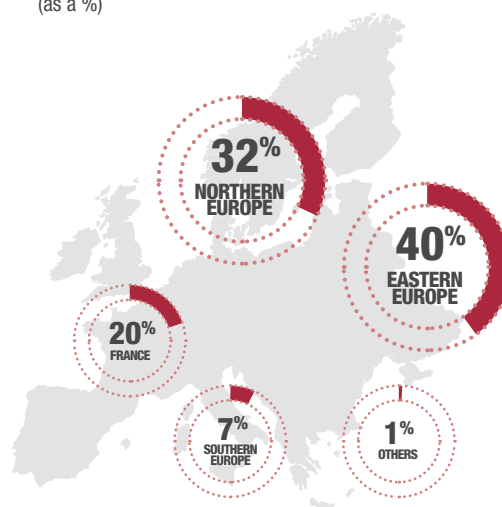
Field Seeds in Europe



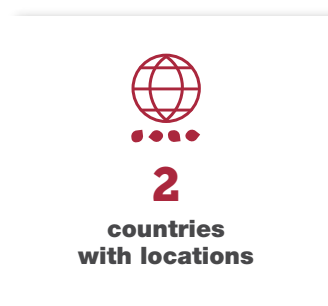
Analysis of sales according to crop (as a %)



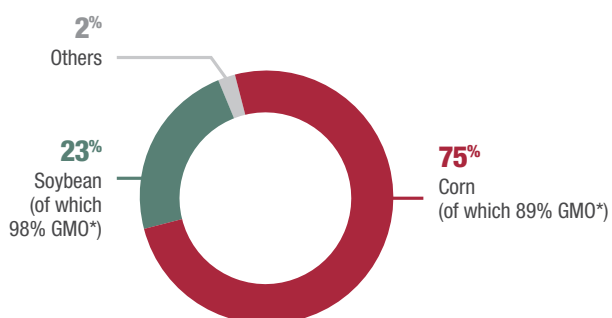
Analysis of sales according to geographical zone (as a %)



Field Seeds in North America



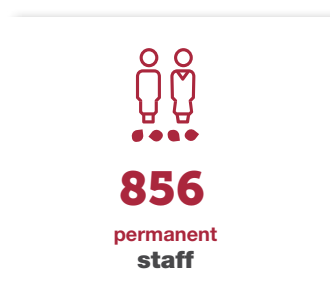
Analysis of sales according to crop (as a %)



⁽¹⁾ Global sales 2017-2018 of AgReliant.

⁽²⁾ Global staff 2017-2018 of AgReliant.

Field Seeds in new development zones⁽³⁾

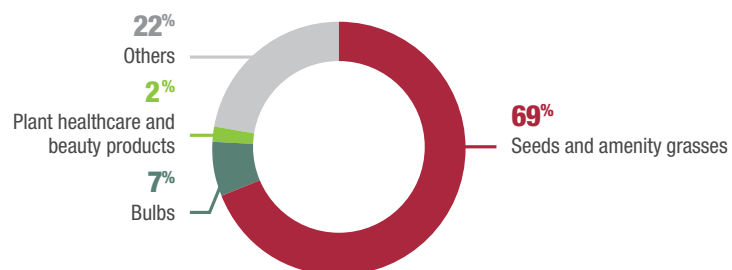


⁽³⁾ Data including wheat seeds activities in North America (sales of €4.6 million).

Garden Products and Holdings



Analysis of sales of Garden Products according to product family (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 275 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 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. 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 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 development of wheat in North America.

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 three 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 Geneactive, in order to develop GM* traits* for corn and allow Vilmorin & Cie to develop a proprietary line-up of seed for genetically modified 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	Japan	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
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

⁽¹⁾ Approbation de la Commission européenne en 2013.

Year	Company name	Country	Nature of the operation	Division
2015	Tropicorp	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
2017	Prime Seed Co	Zimbabwe and Botswana	Minority stake	Vegetable Seeds
2018	Graines Gondian ⁽²⁾	France	Purchase of business activity	Garden Products
	AdvanSeed ⁽²⁾	Denmark	Acquisition	Vegetable Seeds

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

⁽²⁾ Operations closed during fiscal year 2018-2019.

1.3. The seed market

1

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 more than 39 billion USD in 2017 (*Source: Phillips McDougall 2018*), 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.

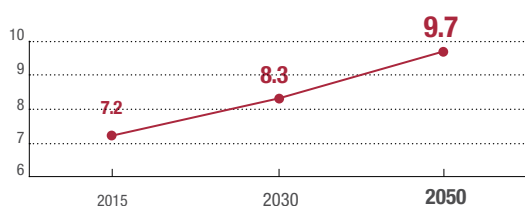
1.3.1. Powerful growth factors

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 billions 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 products

Seeds, the first link in the food chain, are a concentrate of solutions 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 current rate of increase in the world's population is unprecedented in history: each year it grows by an average of more than 82 million inhabitants. Having risen from 1.66 billion to 6 billion inhabitants in the 20th century, the world population is expected to reach nearly 10 billion by 2050. It is the Asian and especially African populations that will contribute most to this increase in the coming decades.

The growth in the world population is accompanied by greater urbanization (in 2050, 2 out of 3 people are expected to live in urban areas) and changing diets that will lead to an overall rise in the consumption of vegetables and meat, and an 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 meet the food needs of humanity (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, etc.

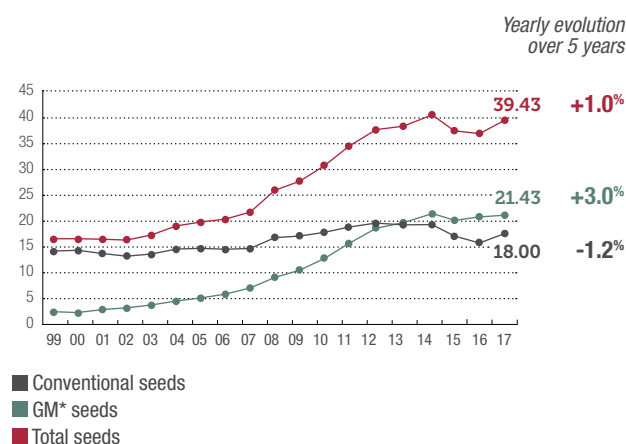
The potential to replace farm seeds by commercial seeds remains significant in several countries where agriculture is in the process of being modernized, and for certain crops in particular, such as wheat. For example, about 50% of the European wheat market is covered by farm seeds; this rate is almost identical on average in the United States, even if it reaches up to 70% in certain 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.

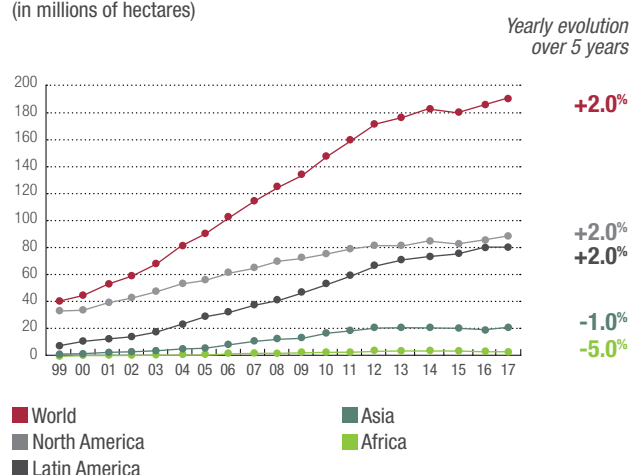
Over the past five years, with average annual growth of 3%, it is GM* field seeds that have continued to drive the seed market.

Evolution of the seed market between 1999 and 2017
(in billions of USD)



Source: Phillips McDougall 2018.

Evolution of the acreage of genetically modified plants between 1999 and 2017
(in millions of hectares)



Source: ISAAA 2018.

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 agrochemical treatment, they indirectly contribute to respecting the environment, and tomorrow they will also make it possible to manage water resources better.

The world regulatory environment for GMOs*

In 2017, GM* seeds represented 189.8 million hectares (an increase of 4.7 million hectares compared to 2016) cultivated by 17 million farmers in 24 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 (spring rape).

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 and product."

A great number of countries have established 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 2018.

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, the United States, Brazil, Argentina and Canada combined represent 85% of world GMO* acreage. In the United States, a precursor, more than 93% of corn acreage is GMO*, 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 89%.

On the other hand, there are markets which remain to be convinced, particularly in Asia and in Africa. In this respect China, which, to date, represents only 1.5% of cultivated GMO* acreage in the world, is a key country for the future development of genetically modified seeds.

However, in certain markets, the prospect of opening up more widely to these technologies today seems less likely; this is the case in Europe, where GM* crops remain marginal, with around 132,000 hectares in 2017. The same is true of India, where the only GM* crop is cotton.

(Source: ISAAA 2018).

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 21 billion USD in 2017 (an average growth of 3% over the past five years) (Source: Phillips McDougall 2018), 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.

More and more frequent trait* stacking

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 2017, stacked traits represented 41% of the market (Source: ISAAA 2018), with this figure being even higher for corn seeds.

The range of traits* on offer is expanding every year, with traits* providing tolerance to different types of herbicides and different modes of action for insect resistance traits*.

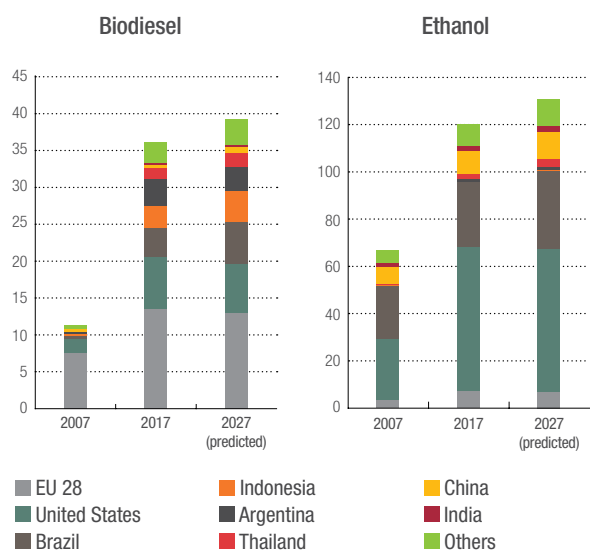
1.3.1.4. The development of non-food needs

Parallel to the market for food, the development of industrial applications that exploit agricultural production can strengthen the potential for growth of the seed market. These applications especially concern:

- plant chemistry – also known as “green chemistry” – including the market for biodegradable plastics,
- and agrofuels, particularly ethanol, produced from corn, and representing 38% of corn applications in the United States.

The expansion of these markets, still modest in size, can have a positive influence on the volume of activity in commercial seeds. Consequently Vilmorin & Cie remains attentive to the evolution of these markets.

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

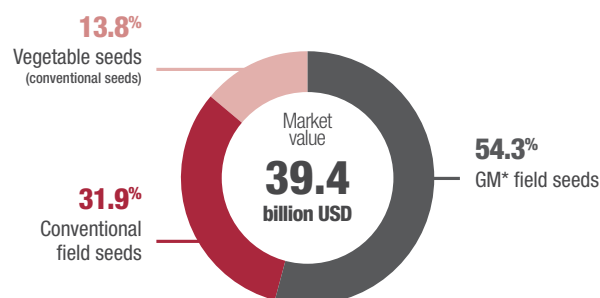


Source: OECD-FAO outlook.

1.3.2. An essentially growing seed market

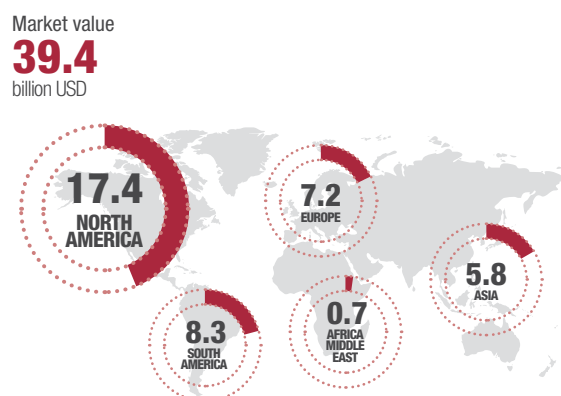
The world market for seeds, the value of which was estimated to be around 39 billion USD in 2017, posted average annual growth of almost 1% over the past 5 years (Source: Phillips McDougall 2018).

World market for commercial seeds 2017



Source: Phillips McDougall 2018.

Analysis of the market (in value) by geographical area (in billions of USD)



1.3.2.1. The vegetable seeds market

The value of the world market for vegetable seeds was estimated to be at around 5.4 billion USD in 2017 (Source: Phillips McDougall 2018). This market was temporarily tougher during fiscal year 2017-2018 in certain regions, because of the impact of several short-term difficulties, especially high inventories with distributors worldwide, particularly in North America.

Nevertheless, this in no way calls into question the fundamentals of this market, the development of which is driven by the regularly increasing world consumption of vegetables. This 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 value-added 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, and in particular by the 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.

In this way, all the sales possibilities can be covered, from production in season to that of counter-season, while responding to the tastes and eating habits of the population.

Some production is highly region-specific, such as Daikon radish in Japan or tomatillo in Mexico, while other vegetables are produced worldwide. This is the case of tomatoes, the most cultivated and consumed vegetable in the world, also the world's leading species in terms of value: tomatoes thus represent nearly a third of the total world acreage devoted to vegetables. Onion, cucumber, pepper, carrot, watermelon, cabbage and melon are also world-leading species in terms of value.

The segmentation of vegetable markets is also due to the wide variety of vegetable production methods (open field, cold or heated shelters and tunnels, plastic greenhouses, glass greenhouses, etc.) as well as the wide geographical dispersion of production areas.

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 also 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 field seeds market

The value of the world field seeds market is estimated to be almost 34 billion USD in 2017 (Source: Phillips McDougall 2018), including more than 21 billion USD for genetically modified seeds.

Corn holds the position of top crop in terms of value, representing more than 16 billion USD, whereas wheat is the most widely cultivated world crop in terms of acreage (217 million hectares in 2017, 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. Soft wheat is used to make bread, biscuits and cakes, whereas hard or durum wheat is used to make pasta and semolina.

The environment for field seeds markets remained difficult over fiscal year 2017-2018. It was 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 2018

(in euros per tonne)



Sources: Marché des céréales, France Agrimer. September 2018.

The field seeds market in Europe

The European market is dominated by corn, straw cereals (wheat, barley), and by rapeseed and sunflower. It has experienced varying trends depending on the crop, and 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 2017-2018, whereas sunflower acreage increased slightly over the same period in greater Europe, driven by the increase in acreage in Ukraine and Russia.

Evolution of cultivated acreage in the European Union 28 (in millions of hectares)

	Acreage 17-18	Evolution over 1 year
Total corn	13.1	-3%
> Grain corn	7.3	-5%
> Forage corn	5.8	+1%
Soft wheat	23.0	-1.5%
Sunflower	3.9 ⁽¹⁾	-7% ⁽¹⁾
Rapeseed	6.2	+1%

Source: internal estimates.

⁽¹⁾ Sunflower acreage in greater Europe reached 20 million hectares in 2018 (+2% compared to the previous year), with Ukraine and Russia representing 14 million hectares.

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 2017 with about 132,000 hectares (mainly in Spain and Portugal). Down by 4% this past year, they remain modest on a world scale, and represent much less than 1% of world acreage (Source: ISAAA 2018).

The market for corn seeds in North America

Cultivated corn acreage in the United States recorded a drop this year of 1% (Source: USDA 2018), covering more than 36 million hectares.

At the same time, acreage planted with soybean also decreased slightly (-1%), reaching 36 million hectares.

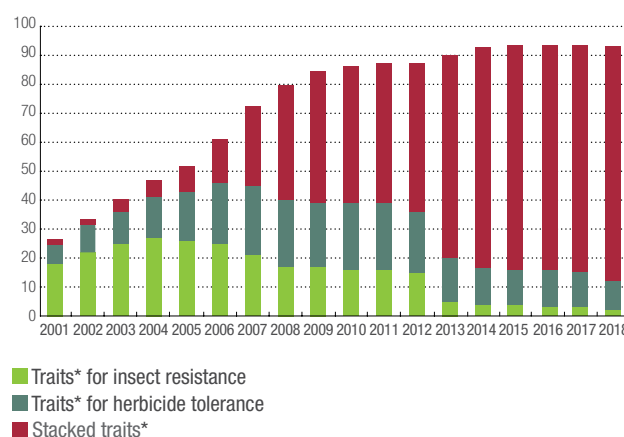
The predominant position of genetically modified plants

Representing 40% of the world acreage for all crops combined (Source: ISAAA 2018), the United States is by far the biggest producer of genetically modified plants. Today they cover 93% of cultivated acreage in corn.

Varieties stacking several resistance traits* represent a significant share of the market, estimated to be 80% of GM* corn acreage (Source: USDA 2018).

Genetically modified seeds enable farmers to reduce their running costs significantly, for example agrochemical treatment, 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 %)



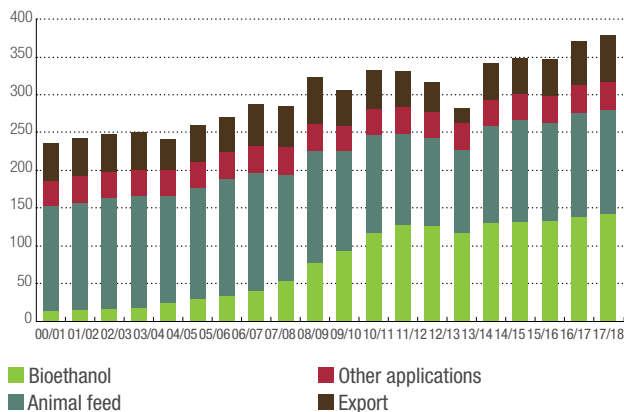
Source: ISAAA 2018.

Agrofuels, a significant outlet for corn production

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

A large proportion of the use of corn in the United States is intended for this market: in 2017-2018, it stood at 38%.

Evolution of the total applications for corn in the United States (in millions of tonnes)



Source: USDA 2018.

The development of precision farming

American farmers today have broad 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, updated and personalized data available to them, through connected objects (connected underground probes, sensors installed in livestock pens, on machines, etc.). The objective is to guide farmers in their decision-making to enable them to better manage their farm and analyze its performances: choice of varieties to be sown according to the characteristics of their plots, sowing density or farming practices. For example, yield maps are used on about 40% of corn and soybean acreage in the United States.

This trend also 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 2017, a total of 8.3 billion USD; it is positioned as the second largest world seeds market in terms of value (Source: Phillips McDougall 2018).

While soybean holds a prominent place, corn is also a widely cultivated crop in South America: more than 25 million hectares were devoted to corn in 2017, including more than 16 million hectares in Brazil (Source: USDA 2018).

Brazil is a special case since, in certain regions, there are two corn harvests per year: "safra" (summer crop) and "safrinha" (winter crop). In 2017-2018, acreage for "safra" and "safrinha" fell significantly, owing to a particularly difficult market context this year for corn, after an extremely dynamic fiscal year 2016-2017.

The country is also characterized by a very high adoption rate of genetically modified varieties, in particular for corn, which stood at 89% in 2017 (up from 88% in 2016). Brazil is therefore the second largest world market in terms of GM* corn acreage (Source: ISAAA 2018).

Asia

With the fourth largest seeds market in the world, Asia represents almost 6 billion USD (Source: Phillips McDougall 2018). 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 rice, vegetables, corn and cotton.

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 seed market is characterized by 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. Chinese players have thus recently achieved a high-ranking position in the seed sector.
- In India, where self-sufficiency in food continues to be a major challenge, the seed market is evolving very fast. It is 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 USD, 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.

Corn is the main crop grown in Africa, and in 2017 represented around 21% of world grain corn acreage, with around 38 million hectares (Source: ISAAA 2018).

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 almost 3 million hectares grown, is also fully focused on innovation. Genetically modified seeds are already widely used by farmers, with an adoption rate of 85% in 2017 for corn (*Sources: ISAAA and USDA 2018*).

1.3.3. Strong barriers preventing entry into the seed market

Any new protagonist entering the seed 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 seed 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 seed 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 seed 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 seed market is indeed one of the most demanding sectors in terms of investment in research. Accordingly, Vilmorin & Cie spent more than 16% of its seed sales on research in 2017-2018.

1.3.4. A concentrated competitive environment undergoing reorganization

In a competitive environment that was already highly concentrated, several mergers have recently been concluded, or are in the process of being finalized. They concern major operators in the seed and agrochemical sectors. As a result, even if market integration remains uneven across zones and species, the top five seed companies now account for more than half of the world's commercial seed market (in terms of seed sales)⁽¹⁾.

These movements highlight a tendency for companies in the agrochemical sector to consolidate their portfolio of assets by integrating or strengthening seeds, as a response to the difficulties of an agrochemical market affected by farmers' economic difficulties and by the growing reluctance to use plant protection products in several countries. In the seed business, however, these mergers do not significantly change the size of the main operators.

⁽¹⁾ Sources: corporate disclosures, internal, Phillips McDougall 2018.

On the other hand, the geopolitical distribution of the major players in the sector has been significantly modified by these operations, highlighting in particular the emergence of Chinese players in world agriculture. Of the world's ten largest seed companies, three are German, two are Chinese, and one is American.

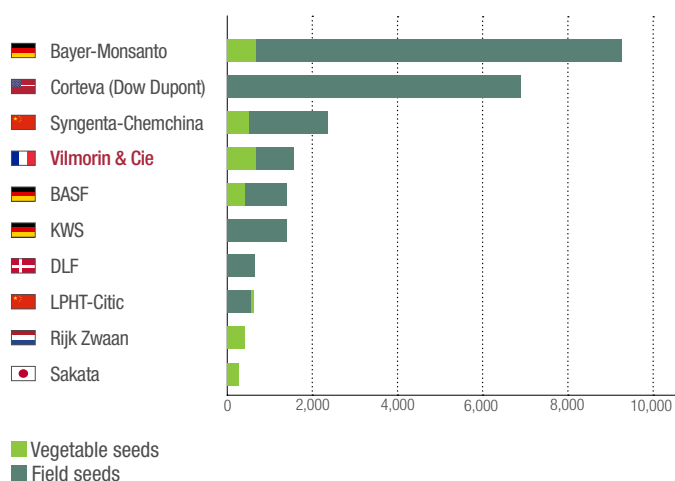
In this new global seed landscape, Vilmorin & Cie maintains its competitive position as the 4th largest player worldwide. Solidly implanted as No. 2 worldwide for vegetable seeds, the Company is positioned as a top world player in wheat seeds and a dynamic challenger in corn seeds.

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 specific development model – whose single core business is seeds – or its strategy, which is based on three major focuses: vegetable seeds, corn seeds and wheat seeds.

Vilmorin & Cie's development model is set out from page 33 and its strategy from page 37.

Global competitive panorama (Seed business)

(Sales in millions of euros)



Data for 2017 except for KWS data for 2016-2017, Monsanto data for 2016-2017, Rijk Zwaan data for 2016-2017, DLF data for 2016-2017, Sakata data for 2017-2018, Vilmorin & Cie data for 2017-2018 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.

1.4. Activities

A world leader in seeds

Vilmorin & Cie is one of the world leaders of the seed 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 2017-2018, Vilmorin & Cie made consolidated sales for the fiscal year of 1,346 million euros, down by 4.8% with current data compared with the previous fiscal year.
On a like-for-like basis they progressed by 0.7%.



Vegetable Seeds

50%
of sales
for 2017-2018

3 Business Units

- HM.CLAUSE
- Hazera
- Vilmorin-Mikado

Field Seeds

46%
of sales
for 2017-2018

6 Business Units

- Limagrain Europe
- Limagrain South America
- Limagrain Cereal Seeds
- Limagrain Asia-Pacific
- Limagrain Africa
- AgReliant⁽¹⁾

Garden Products

4%
of sales
for 2017-2018⁽²⁾

1 Business Unit

- 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⁽³⁾.

⁽¹⁾ 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.

⁽²⁾ Including the Holdings.

⁽³⁾ 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 2017-2018

673.1

million euros
(-0.4% 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 and summer squash, No. 2 in bean, 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 heavily in research to develop seeds that meet the performance demands of vegetable growers and processors: increase in productivity, resistance to diseases and insects, tolerance to climatic stress, perfect adaptation to growing and processing conditions, preservation, etc.

The varieties sold must also anticipate and meet consumer expectations (nutritional qualities, taste, appearance, 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: HM.CLAUSE, Hazera and Vilmorin-Mikado.

The global strategy for Vegetable Seeds is defined by the divisional management, particularly through two global functions:

- research, which defines and manages upstream research projects (genetic resources management*, development of breeding* tools); these shared resources and tools are made available to the Business Units;

- strategic marketing, which provides global analysis and a forward-looking view of crops and markets.

Each of the Business Units is responsible for its own operational management. Structured around international and multicultural teams, each division has a sales organization specifically adapted to its areas of influence. This structure thus promotes close proximity to world markets, from research to distribution. The Business Units work in close coordination to best combine their product portfolios, brands, sales forces and distribution networks.

Set up ten years ago, this organization, which combines a global vision and a local approach, makes it possible to adapt to the specificity of vegetable markets, which are extremely fragmented. It also makes it possible to cover a large number of highly profitable local markets, or niches, and to be very responsive to the needs of growers and consumers, thereby maximizing market share.

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 2017-2018: stable activity in a temporarily weaker market context

Sales for the Vegetable Seeds activity on June 30, 2018 stood at 673.1 million euros, a decrease of 8.5% with current data and 0.4% on a like-for-like basis compared with fiscal year 2016-2017.

Vegetable Seeds, which in recent years had repeatedly recorded sustained growth in activity, had a more difficult year. This is directly linked to more contrasting markets this year, due to several temporary difficulties: high inventory levels among distributors, particularly in North America, logistical problems related to phytosanitary regulations, and a one-off decline in certain market segments.

In this context, as illustrated by the increase in its sales of carrot seeds, Vilmorin & Cie has nevertheless demonstrated operational agility in the face of increasingly complex plant health regulations.

Moreover, the programmed withdrawal from the distribution of agricultural supplies in Japan by the Business Unit Vilmorin-Mikado was deployed swiftly during the year and had a total negative impact on sales of more than 22 million euros over 2017-2018. The residual impact on revenue will be in the order of 7 million euros for fiscal year 2018-2019.

On vegetable markets where the fundamentals are in no way called into question, Vilmorin & Cie succeeded in gaining market share during the fiscal year. In particular, business growth was sustained in several high-potential regions, particularly in Asia (China and India) and South America (Brazil and Argentina). Vegetable Seeds also performed well in several regional crops, such as witloof chicory and corn salad, for which it has developed leading positions. Vilmorin & Cie can thus confirm its world leadership in the vegetable seeds market.

1.4.1.3. Highlights in 2017-2018

Targeted operation to consolidate competitive positions

- ✚ Acquisitions and new facilities established in recent years in key geographical areas (Tunisia, India, South Korea, etc.) and strategic crops (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, provided Vilmorin & Cie with access to complementary proprietary genetic resources* of high quality, and to a pipeline of very rich products, while strengthening its different approaches to distribution. In coming years Vilmorin & Cie will therefore 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.

- ✚ In line with this targeted external growth policy, at the beginning of fiscal year 2018-2019, Vilmorin & Cie finalized the acquisition of the Danish company AdvanSeed, which specializes in the breeding*, production and distribution of hybrid* spinach seeds and leafy vegetables.

Founded in 2005, AdvanSeed has, for several years, achieved very strong development of its business activity. Present commercially in 23 countries (mainly in Asia, the Middle East,

South America and Europe), in 2017-2018 the company posted sales of about 3 million euros.

Through this acquisition, Vilmorin & Cie has complemented its product portfolio, with a new business position for spinach, a crop which it has not worked on until now, and has thus strengthened its global presence in leafy vegetables. Moreover, this operation will allow Vilmorin & Cie to capitalize on the genetic resources* of AdvanSeed, exploiting them in the main commercial basins, particularly in California, Europe, China and Japan.

Accelerating innovation and proximity to markets

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

Fiscal year 2017-2018 was marked by ongoing investments in research facilities. During the fiscal year, the Business Unit Hazera inaugurated its research center based in Warmerhuizen (Netherlands). Dedicated to research on brassica and radish, this new center, which replaces the one located in Tuitjenhorn (Netherlands), is equipped with the latest technological tools. Hazera is thus completing the modernization of its research and development infrastructures.

Similarly, in France, the Business Unit Vilmorin-Mikado opened a pathology laboratory this year in La Ménitrie, while the Business Unit HM.CLAUSE opened a new laboratory dedicated to cell biology at its site in Maninet.

Finally, a research center was created during the fiscal year in Thailand; HM.CLAUSE inaugurated this facility based in Khon Kaen, in the northeast of the country, in January 2018. It is particularly dedicated to breeding* tomato, pepper, cucumber, watermelon and melon for markets in hot and humid climates. Benefitting from state-of-the-art equipment for greenhouse production, it aims to provide high-quality vegetable seeds, perfectly adapted to the markets of Southeast Asia and more specifically to Thailand. As HM.CLAUSE's main research center for Southeast Asia, it also reflects Vilmorin & Cie's strong ambition in all of Asia.

These new state-of-the-art research sites contribute to consolidating Vilmorin & Cie's capacity for innovation.

In addition, Vilmorin & Cie is continuing to optimize its organization to ensure maximum proximity to its markets: thus, the commercial organization in China is evolving, with the Vilmorin-Mikado and HM.CLAUSE sales teams joining forces in order to address this major market more effectively, while Hazera has launched the reorganization of its research management, in particular to benefit from global management of breeding* activities for each crop.

1.4.1.4. Competitive position

The competitive landscape of vegetable seeds is characterized by a great diversity of players: global companies active in both seeds and agrochemicals, regional or specialized companies, as well as a multitude of local players.

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
No. 1	Bayer-Monsanto	Germany
No. 2	Vilmorin & Cie	France
No. 3	Syngenta-Chemchina	China
No. 4	BASF	Germany
No. 5	Rijk Zwaan	Netherlands

Sources: internal estimates and corporate disclosures.

1.4.2. Field Seeds



Field Seeds sales
for 2017-2018

883.6

million euros
(-0.1% on a like-for-like basis)

No. 6 worldwide in field seeds, 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 seeds for 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-Pacific⁽¹⁾ (India, China and Southeast Asia) and Limagrain Africa;

- wheat seeds in North America, grouped within the Business Unit Limagrain Cereal Seeds.

In 2017-2018, the Field Seeds division posted sales of 623.3 million euros, up 2.3% on a like-for-like basis compared with fiscal year 2016-2017, 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 883.6 million euros, stable on a like-for-like basis compared with 2016-2017.

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.

⁽¹⁾ On July 1, 2017, the Australian company Australian Grain Technologies, in which Vilmorin & Cie holds a minority stake, joined the Business Unit Limagrain Asia-Pacific.

⁽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.

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, meeting farmers' needs even more extensively (higher yields, disease resistances).

✚ 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 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. The objective is to develop varieties with higher and more consistent yields, better drought resistance and nitrogen uptake, while being adapted to different industrial outlets. Opportunities for the creation of value also involve the development of hybrid* wheat in the long term. This is a strategic development for Vilmorin & Cie and is presented on page 48.

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. Vilmorin & Cie's breeding program* focuses mainly on yield, stress resistance and the introduction of disease and pest resistance traits* (including broomrape, a parasite that is prevalent in Europe). Sunflower 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. Research programs include yield, oil content, pod-shattering resistance and disease resistance.

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.).

Moreover, attentive to the needs of farmers, beyond the product Vilmorin & Cie provides them with agronomic expertise and tailor-made support to enhance the full genetic potential of the seeds. For example, under its LG brand, Vilmorin & Cie has developed customized management tools to assist farmers in managing their farms. These various tools guide farmers and advise them on the choice of varieties, sowing, irrigation and harvesting.

Finally, 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 2017-2018:

Fine business growth in spite of an environment that remains difficult

For fiscal year 2017-2018 Vilmorin & Cie, posted a marked increase in its sales in Europe, which stood at 542 million euros on June 30, 2018, up 3.6 % on a like-for-like basis.

Business grew well, in spite of a market context that remained difficult, characterized by a low level of prices for agricultural production. Furthermore, the spring campaign was late taking off this year because of the weather conditions in Western Europe.

✚ In corn seeds, Vilmorin & Cie posted an increase in sales. This increase was strong in Eastern Europe (particularly in Ukraine and Russia), while in Western Europe, Vilmorin & Cie managed to maintain stable sales volumes, despite the decline in cultivated acreage (-3% in the EU-28 and -5% in greater Europe. *Internal source*). By the close of this past fiscal year, Vilmorin & Cie had gained market share and confirmed its position as No. 4 in Europe for corn seeds.

✚ In straw cereals (wheat and barley), certified 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. This drop in the market for commercial seeds concerned France in particular. Delegation of straw seed varieties (the so-called short channel) posted a slight drop in comparison to the previous year; it contributed to generating 31.5 million euros in royalties*.

✚ In sunflower, Vilmorin & Cie achieved a very high-quality campaign, winning new market shares once again this year. The performance was particularly solid in Ukraine and Russia, two key countries for growing sunflower – Ukraine and Russia represent more than half the cultivated acreage in the world for this crop. This business growth was built on a very good match of germplasm to these markets, a quality product portfolio, and a highly efficient distribution network.

✚ In oilseed rape, the sales campaign for 2017-2018 once again ended with excellent growth. Benefitting from a globally positive market trend as hybrid* seeds continue to be adopted, this strong growth is also supported by a portfolio of technically high-performance products. Growth was particularly marked in Central Europe, France and the United Kingdom, Vilmorin & Cie is winning significant market shares, thus confirming its position as a top rate European player.

In addition, during fiscal year 2017-2018, Vilmorin & Cie deployed the reorientation of its European research set-up. The objective of this reorganization of research sites is to optimize existing infrastructures and rebalance the siting of research centers.

The aim is to have a research organization that is better adapted to the evolution of field crop markets in Europe, by optimizing the set-up in Western Europe and developing it in Eastern Europe. In addition, in the long term, the creation of centers of expertise will make it possible to take full advantage of opportunities for synergies between the different crops.

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	RAGT	Corteva Agriscience	Syngenta-Chemchina
No. 2	KWS	Bayer-Monsanto	Corteva Agriscience
No. 3	Vilmorin & Cie	KWS	Vilmorin & Cie
No. 4	Syngenta-Chemchina	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, develops, produces and sells corn and soybean seeds in the United States and Canada. These are the two main crops grown in North America.

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 value-added seeds

AgReliant offers North American farmers high-quality germplasm, which, when combined with technological options, enables adapting seeds to their most specific needs.

In particular, these options include 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.

⁽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.

The seeds offered by AgReliant thus combine yield and adaptation to their environment. This offer is accompanied by a personalized agronomic roadmap, adapted to the genetic characteristics of each seed variety.

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.

Farmers can thus have access to AgReliant's seeds, regardless of their location or the size of their farm, allowing the company to penetrate most of the North American market.

In addition, during this past fiscal year AgReliant initiated its new commercial strategy, with a reorganization of its brands. In the United States, AgReliant will now be supported by two strong brands with a national focus: a brand for direct sales to farmers (AgriGold), and a brand dedicated to distributors and farmer-dealer networks (LG Seeds) bringing together the six regional brands. The Pride Seeds brand is retained for the Canadian market. AgReliant will continue as follows to provide very broad coverage of the Corn Belt, the heart of the North American market, as well as the Canadian market.

The objective of this strategy, which will be finalized in fiscal year 2018-2019, is to encourage innovation, optimize efficiency while fostering a strong relationship of proximity with customers, with the deployment of new tools to support their development, foremost among which is the "Advantage Acre®" platform.

"Advantage Acre®" is a novel tool for precision farming, developed in conjunction with Spensa Technologies⁽¹⁾. This digital platform will allow farmers to fill in their own data from their farms, plot by plot, 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.

Field Seeds in North America

Main brands



Performances and highlights in 2017-2018: a year in decline in an unfavorable market environment

For fiscal year 2017-2018, AgReliant posted sales of 520.5 million euros (100% data), a drop of 5.7% on a like-for-like basis.

Volumes of marketed corn seeds were down, in an environment marked by a slight drop in cultivated acreage for this crop (-1%. *Source: USDA*) and persistent pressure on prices.

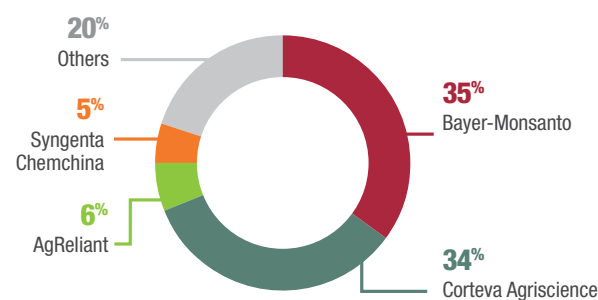
At the end of the fiscal year, AgReliant remained in No. 3 position on the North American market for corn seeds.

At the same time, volumes of marketed soybean seeds increased significantly, while the acreage devoted to this crop dropped slightly (-1%. *Source: USDA*). They also benefitted from the introduction, during the previous fiscal year, from soybean seeds sold under the AgriGold brand.

Competitive position

With a particularly concentrated competitive environment (80% of the market being held by four players), AgReliant is positioned as the 3rd largest player on the corn market in North America.

Estimate of market shares in corn seeds in North America (Spring 2018)



Source: internal estimates.

1.4.2.3. Field seeds in new development zones

To go beyond its positions in Europe and North America, Vilmorin & Cie made the strategic choice in 2010 to internationalize its corn activities on new markets with strong potential for development: South America, Asia and Africa.

⁽¹⁾ American company specialized in the development of precision farming systems.

Performances and highlights in 2017-2018

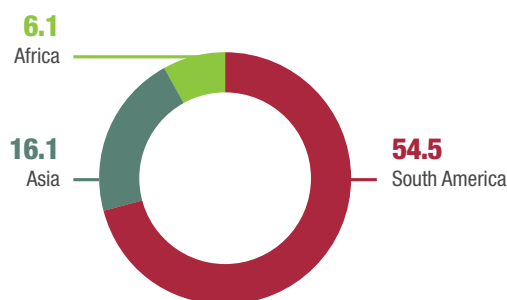
In its new development zones for field seeds, Vilmorin & Cie made sales of almost 77 million euros in 2017-2018⁽¹⁾, a decrease of 7.9% on a like-for-like basis compared with 2016-2017.

These regions therefore experienced a decline in activity over the past year, after experiencing an increase of more than 50% on a like-for-like basis in the previous fiscal year. But this past fiscal year does not call into question the growth trend of Vilmorin & Cie's field seeds activities internationally since their deployment began in 2010, although revenue is still modest on a group-scale basis.

Field seeds in new development zones

Analysis of business on June 30, 2018

(in million of euros)



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

South America

In South America, Vilmorin & Cie posted a 4% decline in business on a like-for-like basis on June 30, 2018. After a fiscal year 2016-2017 that saw extremely strong business growth benefitting from a very dynamic market, the market environment proved particularly difficult this year in Brazil. It was impacted by a significant reduction in the acreage dedicated to corn, significant competitive pressure on pricing policies and the choice of Brazilian farmers in favor of varieties with lower added value.

In this context, however, Vilmorin & Cie succeeded in stabilizing the volumes of corn seed marketed, and consequently increased its market shares.

Sales of soybean seeds have shown strong growth, reflecting Vilmorin & Cie's desire to strengthen its positions in this major crop in South America. Vilmorin & Cie has been distributing soybean seeds since fiscal year 2015-2016; this expansion of its commercial offer aims 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 Goiânia (state of Goiás), Sorriso (state of Mato Grosso) and Londrina (state of Paraná), 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

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-Pacific, based mainly in Hyderabad (India), Beijing (China) and Bangkok (Thailand).

In this region, Vilmorin & Cie's performances were varied according to the country over the course of fiscal year 2017-2018, with business growing in India, and a disappointing campaign in Southeast Asia.

✦ 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 6% 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). 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 Southeast Asia, Vilmorin & Cie structures its activities around the Thai company Seed Asia, acquired in March 2014 and whose commercial presence extends beyond Thailand.

✦ In China, Vilmorin & Cie's commercial presence is ensured through the joint venture for the production and distribution of corn seeds Hengji Limagrain Seeds, 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

⁽¹⁾ Excluding wheat seeds in North America.

(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. As a result of this work, Hengji Limagrain Seeds' business grew strongly during the fiscal year, with sales growth mainly in northern China in the temperate corn segment.

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 2017-2018 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 (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, and held 29.45% of the company's capital stock at the end of June 2018. 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, 2018, Seed Co closed a high-quality fiscal year 2017-2018 that exceeded the objectives initially set, despite the decline in its sales (129 million USD⁽¹⁾, or -4.4%) related to a sharp increase at the end of the previous financial year.

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.

After creating a joint venture dedicated to vegetable seeds during the course of fiscal year 2016-2017, Vilmorin & Cie is continuing to accompany Seed Co in its development projects.

At the end of August 2018⁽²⁾, Seed Co decided to reorganize its activities through a partial demerger resulting in a separate listing of its holding structure Seed Co International (SCIL), based in Botswana, which groups all its international activities (apart from Zimbabwe); the objective is to ensure its continuous expansion over the continent, particularly through access to new financial resources. Consequently, Vilmorin & Cie participated in the reserved capital stock increase of Seed Co International, which is now listed on the Stock Exchanges of Gaborone (Botswana) and Harare (Zimbabwe). Vilmorin & Cie, now the main shareholder of Seed Co International, is working closely with Seed Co, through a

shareholders' agreement, in the definition of the strategic ambitions of the new structure and in their implementation. Through this operation, Vilmorin & Cie is demonstrating its desire to significantly accelerate its expansion in Africa.

In addition, the creation of a dedicated entity in West Africa is planned, in partnership with Seed Co, to specifically address this part of the continent, on the white corn segment but also on the yellow corn segment, which is experiencing strong growth in West Africa.

1.4.2.4. Wheat seeds in North America

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⁽³⁾, 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 North American activities. This 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 market that remains undervalued today, is a key factor for future success.

Performances and highlights in 2017-2018

- In spite of a market environment that remains difficult, leading farmers to widely adopt farm seeds, wheat acreage rose this past year in the United States (+4 %. *Source: USDA 2018*), after recording decreases for several consecutive years. In this context, the Business Unit Limagrain Cereal Seeds achieved a strong increase in sales on June 30, 2018 (4.6 million euros), i.e. +61.6% on a like-for-like basis compared with June 30, 2017). Growth, which particularly concerns the Pacific North West area, relies on a quality product offer. The level of business nevertheless remains modest on the group scale.

⁽¹⁾ Annual data at 100%.

⁽²⁾ The decision was approved at Seed Co's Annual General Meeting, which was held on August 9, 2018.

⁽³⁾ Over fiscal year 2017-2018, Australian Grain Technologies posted sales of 24 million euros. On July 1, 2017, Australian Grain Technologies joined the Business Unit Limagrain Asia-Pacific.

- 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⁽¹⁾ 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 new, 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⁽²⁾, specialized in the development and breeding* of 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.

1.4.3. Garden Products



Garden Products
sales in 2017-2018

48.7

million euros
(-4.2% on a like-for-like basis)

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.

Vilmorin & Cie's commercial offer was expanded and diversified in

2017-2018, illustrating the reorientation of the marketing strategy initiated during the previous financial year. Vilmorin & Cie's objective is to become the partner of all gardeners in their garden experience. The Garden Products division's customers comprise all the garden product distribution networks: garden centers, home improvement 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 structured around the Business Unit Vilmorin Jardin.

1.4.3.1. Key advantages: solid expertise and a strong brand, Vilmorin

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.

Drawing on its expertise and its emblematic Vilmorin brand, the Garden Products division expanded its commercial offer during the year, for example offering plants marketed under the Vilmorin brand, a specific range for balconies and terraces and indoor gardens dedicated to small spaces. Vilmorin & Cie is thus strengthening its presence in all the solutions offered to home gardeners, around its Vilmorin brand.

Moreover, the Garden Products division relies on the technical expertise of the Vegetable Seeds division to succeed in its strategy of innovation.

Garden Products

Main brands



1.4.3.2. Performances and highlights in 2017-2018: a fiscal year with results down on a market for seed packets in decline

Sales for the Garden Products division came to 48.7 million euros on June 30, 2018, down by 4.2% on a like-for-like basis. The Garden Products division thus once again had a difficult year. The decline in seed packet sales was marked, largely impacted by a bearish market environment: the market for seed packets for home gardeners has been in continuous erosion for several years.

On the other hand, Vilmorin & Cie recorded very strong growth in amenity grass seed sales as a result of the revamping of the Vilmorin branded range and the acquisition of private label market shares. The year was also difficult in Poland and the Netherlands, but the Garden Products division nevertheless achieved a very good commercial performance in Turkey in 2017-2018.

⁽¹⁾ Company specialized in generic products for plant production.

⁽²⁾ A joint venture located in Saskatoon (Province of Saskatchewan, Canada) and held 70% by Vilmorin & Cie and 30% by Canterra Seeds. Furthermore Vilmorin & Cie holds 30% of the capital stock of the company Canterra Seeds.

The Job Protection Plan affecting about 20 jobs was finalized over the fiscal year with the objective of downsizing in order to deal with a contracting market. Vilmorin & Cie also continued to deploy its action plan to ensure better control over overheads, particularly operating costs.

The year was also devoted to the implementation of the reorientation of the marketing strategy, to respond to the decline in the market for seed packets. Vilmorin & Cie is thus diversifying its commercial offer around its flagship brand Vilmorin, while continuing to rely on its historical activity of selling seed packets. Its ambition is to keep up with the evolution of the practices of home gardeners, and become the privileged partner for all gardens and gardeners, whether they are experts or novices.

This diversification will continue over the next fiscal year, with the launch of a new range of Vilmorin branded seeds for vegetable plots and the launch of an application and its sensor designed to support the consumer with practical and easy tips for a successful garden. The objective is to recruit new gardeners, including novices. Vilmorin & Cie's offer may also eventually include services dedicated to home gardeners.

Finally, Vilmorin & Cie acquired the business of the French company Graines Gondian. The 3rd largest player on the French market, Graines Gondian produces and markets vegetable and floral seeds as well as amenity grass seeds for home gardeners in all distribution channels. Graines Gondian generated sales of around 7 million euros in 2017.

This acquisition, which was finalized at the beginning of fiscal year 2018-2019, will enable Vilmorin & Cie, in addition to its diversification strategy, to significantly consolidate its positions on the market for seed packets for home gardeners. Vilmorin & Cie will build on the strong complementarities and synergies between Vilmorin Jardin and Graines Gondian, particularly in terms of product offerings and customer portfolio.

1.4.3.3. Competitive position

No.1 in France for seed packets, Vilmorin & Cie remains one of the European leaders on the seed market for home gardeners.

1.5. Development model

1

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

Close proximity 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 strong, permanent 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.

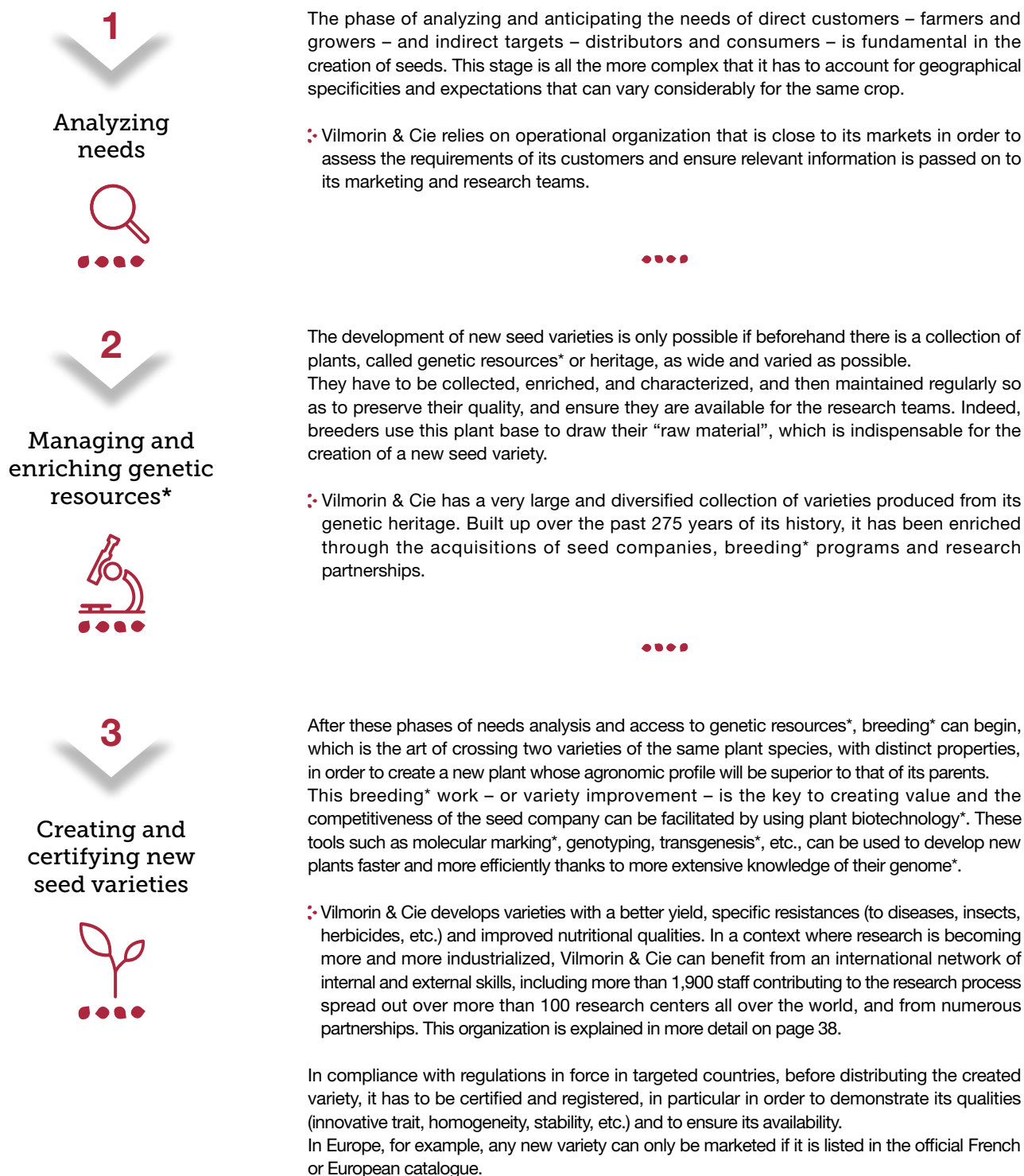
1.5.1. A single core business: seeds

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

Vilmorin & Cie focuses its expertise on the creation of new varieties of seeds with higher added value, which will enable farmers and growers to produce more and better, thus contributing to meeting global food challenges.

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:



4

Producing
seeds

⚡ 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. Vilmorin & Cie also has its own production farms, particularly for the production of high value-added seeds.

⚡ Optimizing seed quality in the factory

Seed production also involves an industrial valorization phase. During this stage, the seed is first prepared – i.e. sorted, cleaned, dried and calibrated – then treated or pelleted to facilitate sowing. This stage also integrates packaging and storage.

In addition, throughout this industrial process, quality controls are carried out to guarantee the conformity of the seeds (germination, sanitary state, specific and varietal purity).

- Vilmorin & Cie makes full use of the strong expertise of its teams, modern industrial equipment, and standardized controls to guarantee the high quality of the seeds.



5

Distributing
seeds

Finally, after a product development phase that makes it possible to initiate the marketing of the seeds to growers and farmers, the seeds are distributed as widely as possible on the markets.

- ⚡ In order to remain in close contact with its customers, almost all Vilmorin & Cie's subsidiaries sell seeds through distributors, cooperatives and sometimes directly to the end users. These networks are selected according to the specific nature of each geographical zone. Sales teams represent about 28% of the total headcount in the Company. Vilmorin & Cie relies on a portfolio of prestigious brands, each with specific positioning.



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

1.5.2. Close proximity to its markets

1.5.2.1. Thanks to its organization model

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/geographical 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 22.

1.5.2.2. Thanks to its reference shareholder: Limagrain

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. 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.

1.5.3. 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 in 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 its source partly 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

1

A strategy of winning market shares

Vilmorin & Cie's aim is to contribute to meeting the world's food challenges by creating high value-added seeds.

For this purpose, the Company relies on an ambitious strategy, blending strong investment in research, strong international growth, and the capacity to combine external growth and partnerships, in order to accelerate its expansion and strengthen its competitive positions sustainably on promising world markets.

... 3 STRATEGIC FOUNDATIONS ...

1. Strong, permanent 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.



16.2%
of sales
invested in research⁽¹⁾

Almost
310

million euros
invested in research
including funding in
the form of partnerships



More than
100
research centers
in the world



29%
of headcount
dedicated
to research

2. Strong internationalization of activities



40%
of sales
for 2017-2018
made outside
Europe

Subsidiaries
in
48
countries

Sales
in almost
150
countries

74
nationalities
represented
among
employees

46%
of employees
outside Europe

3. Capacity to combine targeted acquisitions 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

⁽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).

1.6.1. Strong, permanent investment in research

1.6.1.1. Research, the key to performance

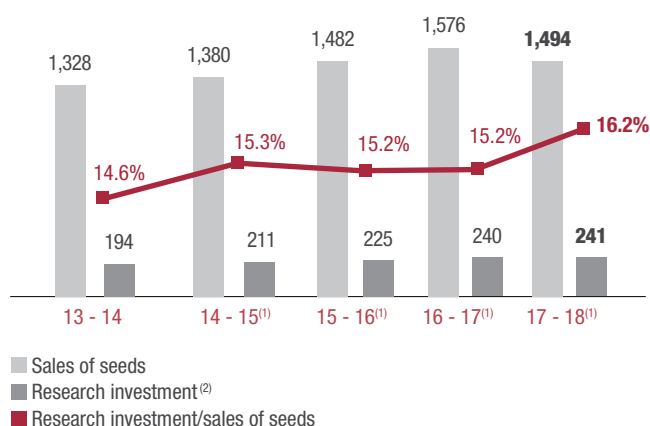
As the main source of value creation, research ensures tomorrow's growth and is at the heart of business development challenges. Its mission is to find new varieties as quickly as possible to meet the needs of the different players in the sector, and must therefore:

- ❖ 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.

Evolution of investment in research

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



Key indicators for research 2017-2018

- ❖ 16.2% of sales invested in research⁽¹⁾ – including about 86% devoted to conventional research, and 14% devoted to biotechnology*
- ❖ 241 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 Seeds* varieties: more than 95%
- ❖ Proportion of sales from proprietary* Field Seeds varieties: more than 50%

1.6.1.2. The means to succeed

A comprehensive internal research organization

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

In 2017-2018, more than 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 new technologies. 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 and Innovation Department focuses, with complementarity, on certain strategic projects, prospective science, technology and regulations, and the pooling of support in expertise. One of the key topics at the moment concerns the evolution of precision farming.

⁽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 and tax relief for research.

Vilmorin & Cie is currently working to develop innovative, comprehensive solutions for farmers to manage their crops, from sowing to harvesting, and best exploiting the potential of each seed variety. 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 108.

Organization of Vilmorin & Cie's 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 sustainable seed production.

Vilmorin & Cie has a very large and diversified collection of varieties, developed over its 275 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 or modernization of research centers and a steadfast policy in terms of external growth and partnerships.

Accelerating the breeding process by using plant biotechnology*

Breeders* today still use the same methods that have been improved over time to domesticate wild plants, which are the essence of today's food. They observe plants, select those that best match the desired qualities, and cross them. Field experimentation is an essential step in assessing new varieties under real conditions.

However, today, new breeding* methods and techniques – plant biotechnology* – allow them to develop new plants more quickly and efficiently, by accurately describing plants and predicting some of their characteristics.

Breeders* thus save valuable time by identifying plants of interest more effectively and earlier depending on their breeding* objectives. Thanks to their use, over a varietal creation cycle that requires 7 to 10 years, 2 to 3 years of development are on average saved, guaranteeing a quicker response of research to changes in demand.

For Vilmorin & Cie, which has made the acceleration of its plant breeding cycle a major focus of its research strategy, mastering plant biotechnology* therefore plays a major role. Today representing 14% of the research budget, the investment allocated to biotechnology* will increase in the coming years, while taking into account the need to preserve the company's financial profile.

Plant biotechnology* today includes a wide range of tools that have been considerably extended over several decades (molecular marking*, cellular biology, etc.). This palette of tools also includes new techniques for plant improvement. The generic term "New Breeding Techniques" (NBT) covers a number of biotechnologies* applied to plants. These have been developed since the late 1990s on the basis of pre-existing techniques.

Among these techniques, which are very diverse, genome* editing techniques are particularly promising, as they can make it possible, in a very precise and effective way using "molecular scissors", to intervene on the plant's genome* in order to silence or modify the expression of one or more genes, without adding foreign DNA.

For seed companies, these new techniques represent complementary tools capable of providing new solutions, in some cases where plant improvement is difficult to achieve, in terms of time and costs. They expand the possibilities for using genetic diversity with even greater precision, but without fundamentally changing the breeder's* way of working.

In this respect, at the beginning of fiscal year 2018-2019, Vilmorin & Cie signed an agreement enabling it to broaden its range of technologies, by accessing the CRISPR genome editing technique*, in order to use it in all its breeding* work, both for Vegetable Seeds and Field Seeds.

For this purpose, Vilmorin & Cie signed an agreement with the Broad Institute of MIT (Massachusetts Institute of Technology) and Harvard biomedical and genomics* research center located in Cambridge in the United States. This agreement grants Vilmorin & Cie access to the techniques known as CRISPR-Cpf1; it covers uses both for purposes of research and for potential commercial applications.

By completing the range of technologies at its disposal, Vilmorin & Cie will now be able to increase the efficiency of its research and its capacity to develop varieties that are capable of meeting tomorrow's agricultural challenges.

Vilmorin & Cie will use these techniques in strict compliance with the laws and regulations applicable in various countries. In Europe, the decision of the European Court of Justice made in July 2018 on the regulatory status of plants obtained with new directed mutagenesis techniques (CRISPR type) considers that varieties resulting from these new methods should be subject to the same European legal regulations as GMOs*.

This legal status governs the possibilities of using these technologies for products intended for European markets. Vilmorin & Cie will continue to invest in these technologies and continue to develop its research programs in this field, in accordance with each local regulatory context.

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:

✚ 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. 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 (Sofiprotéol - Avril group) and cereal chain (Arvalis).

Biogemma has announced a plan to split its oilseeds (rape and sunflower) and cereals (wheat and corn) businesses. According to this plan, oilseed research will be integrated into a new structure with Vilmorin & Cie, Euralis, RAGT and Sofiprotéol (Avril group) all being equal shareholders; wheat and corn research will be exclusively held by Vilmorin & Cie. This plan, which is subject to all the social and legal procedures and approvals, should be implemented by the end of 2018.

✚ 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) – 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), Volcani Center (Israel), CSIRO (Australia), University of Wageningen (Netherlands), University of Chiba (Japan), etc.

Through this research organization, every year Vilmorin & Cie is able to create several hundred new varieties, and thus achieve a significant share of its sales from products that come out of its own research programs: in 2017-2018, more than 95% of Vegetable Seed sales and more than 50% of Field Seeds sales originated in seed varieties created by Vilmorin & Cie.

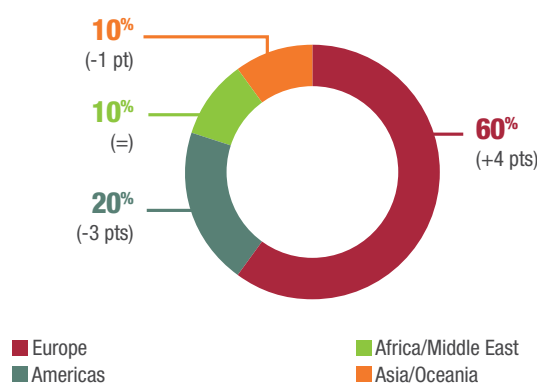
1.6.2. Strong internationalization of activities

In a global seed market, the internationalization of Vilmorin & Cie's activities is the driving force behind its development. All stages of seed development have an international dimension: research sites are distributed worldwide; seed production takes place in both hemispheres, while product distribution is carried out in the main areas of seed use.

In line with a strong segmentation strategy, targeted by region and crop, internationalization of the business combines organic and external growth and involves acquisitions, strategic alliances and partnerships on a recurring basis. Based on a solid financial structure, Vilmorin & Cie is pursuing its development plan in both the vegetable seeds and field seeds markets.

1.6.2.1. Significant business outside Europe

Analysis of sales by geographical area compared to 2016-2017



1.6.2.2. North America: a major market

A leading region for vegetable and corn seeds

In the United States, Vilmorin & Cie holds strong positions and is in the top three players that share 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 this major market, even though the market for vegetable seeds went through a temporarily difficult period. This information is presented in detail on page 23.

Representing 44% of the global market for seeds, North America is the largest seed market in the world in value. (*Source: Phillips McDougall 2018*).

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. Dominated, particularly in certain southern states, 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 seeds guaranteeing a better performance, especially in yield, 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.

1.6.2.3. 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: an essential development area

With the continuous growth in population and the evolution of consumption habits, the Asian market is growing regularly and today represents almost 15% of the world market in value (*Source: Phillips McDougall 2018*). Asia represented about 8% of Vilmorin & Cie's sales in 2017-2018, achieved mainly in Japan, 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 long-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 2017 (*Source: Phillips McDougall 2018*) and offers very significant potential for development. However, after making strong progress during fiscal year 2016-2017, particularly in Brazil, the market environment proved particularly difficult this year for corn seeds. This information is presented in detail on page 29. In this context, Vilmorin & Cie made sales of more than 110 million euros on this continent⁽¹⁾, as opposed to more than 120 million euros the previous fiscal year and more than 80 million euros in 2015-2016.

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.

1.6.2.4. Africa: a market with potential

Even though the market for seeds in Africa today represents less than one billion USD (*Sources: Phillips McDougall and ISAAA 2018*), 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 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, 2018, this stake stood at 29.45% of Seed Co's capital stock.

⁽¹⁾ Mexico excluded.

Over the course of fiscal year 2017-2018, Vilmorin & Cie continued to accompany Seed Co in its development projects. In August 2018⁽¹⁾, Seed Co decided to reorganize its activities, through a partial demerger resulting in the separate listing of its holding Seed Co International (SCIL), based in Botswana, which groups all its international activities (except for Zimbabwe). Consequently, Vilmorin & Cie participated in the reserved capital stock increase of Seed Co International, which is now listed on the Stock Exchanges of Gaborone (Botswana) and Harare (Zimbabwe). Through this operation, Vilmorin & Cie is demonstrating its desire to significantly accelerate its expansion in Africa.

This information is presented in detail on page 30.

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.

1.6.3. The capacity to combine targeted acquisitions and partnerships

1.6.3.1. Priority focuses for acquisitions

Vilmorin & Cie runs a policy of targeted acquisitions aiming 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.

1.6.3.2. 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 cultures and specificities. As a result of this highly specific model, Vilmorin & Cie is very much involved in the territories where it works.

1.6.3.3. The capacity to work in partnership

Vilmorin & Cie has established numerous collaboration agreements all over the world, whether scientific, industrial or commercial. The Company thus relies on several scientific partnerships with public or private research laboratories, universities, start-ups, etc. These are presented in detail on page 40.

For example, Vilmorin & Cie built a partnership with the University of California in Davis to create a start-up incubator and investigate new forms of open innovation.

In addition to these partnerships, there have also been investments in companies or co-creations of companies, such as AgReliant, a joint venture created in 2000 with the German seed company KWS, which is now number 3 on the North American corn market, and Genective, a joint venture also founded with KWS, for the development of GMO* corn traits*.

Vilmorin & Cie has also created joint ventures and acquired significant stakes throughout the world: Seed Co in Africa, Hengji Limagrain Seeds in China, AGT in Australia, Canterra Seeds in Canada, etc., which open up new avenues for the breeding*, production and distribution of seeds.

1.6.4. Three strategic priorities

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

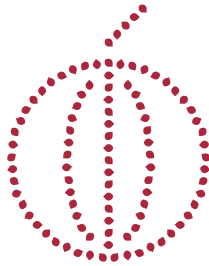
- ✦ consolidation of world leadership in vegetable seeds is an immediate priority;
- ✦ the objective of becoming a global player in corn seeds is a mid-term aim;
- ✦ internationalization of leadership in wheat seeds is on the long-term horizon.

⁽¹⁾ The decision was approved by Seed Co's Annual General Meeting held on August 9, 2018.

3

STRATEGIC PRIORITIES

A global market
(5.4 billion USD in 2017)
with high added value,
highly segmented in terms
of products and production
methods



Vegetable seeds

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 and become a leader on all markets with strong ambitions in Asia and all the strategic crops.

OBJECTIVE >
**Reinforce
world
leadership**

Top crop in the world
in value (more than
16 billion USD in 2017)



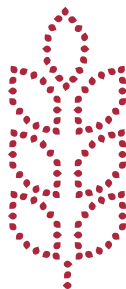
Corn seeds

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**

Top crop in the world
in acreage (almost
220 million hectares
in 2017)



Wheat seeds

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: reinforce world leadership

Vilmorin & Cie's objective in this mature business, where it is solidly positioned as No. 2 worldwide, is to consolidate its positions in the most mature markets (Europe, Middle East, North America) while expanding in emerging regions, particularly in Asia and Africa. Vilmorin & Cie thus aims to become a leader in all markets and for all the main crops.

To do so, Vilmorin & Cie's strategy is based on a combination of organic growth, driven by a regular flow of innovations, close proximity to markets and external growth, through targeted operations.

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

Concentrating on its core business of seeds, Vilmorin & Cie decided on the withdrawal by the Business Unit Vilmorin-Mikado from the activity of distributing agricultural supplies in Japan. This information is presented in detail on page 23.

Combining organic growth with external growth

Maintaining 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 seeds 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*, cellular biology, etc.), are now vital tools for breeders*, since they contribute directly to the acceleration of plant breeding. Therefore, research investment allocated to these tools continues to be high.

Upstream Vegetable Seed research is organized in a mutualized and cross-cutting way, via centers of expertise dedicated to all Business Units, and sometimes also used for the group's other activities. For example, the Business Unit Vilmorin-Mikado has developed very specialized expertise in image processing and in 2007 created an "artificial vision" unit, based in La Ménétré (France). This unit has developed cutting edge tools to obtain and analyze information automatically on seeds, seedlings, fruit and the finished product. These tools are used in numerous fields (research, quality control).

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.

At the same time, investment in the sites which run this research is increasing.

For example, during fiscal year 2017-2018, the Business Unit Hazera continued to upgrade its research and development infrastructures, with the inauguration of one of its major research sites in the Netherlands. Similarly, in France, the Business Unit Vilmorin-Mikado opened a pathology laboratory this year in La Ménétré, while the Business Unit HM.CLAUSE opened a new laboratory dedicated to cell biology at its site in Maninet.

✦ 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.

At the same time, organization in Business Units, set up 10 years ago, also guarantees close proximity to customers. The three Business Units, which work in close coordination, have a global vocation and have built teams that are as close as possible to the markets, from plant breeding* to marketing and product development. This organization, which combines a global vision and a local approach, provides much finer knowledge of customer needs in markets that are highly fragmented.

Strengthening positions by targeted external growth operation

Vilmorin & Cie has pursued targeted external growth operations to consolidate the current geographical set-up, and solidify the key territories and crops that are less prominent in the line-ups in the Business Units; such operations will continue in the years to come.

As such, the acquisition of the Danish company AdvanSeed, which specializes in hybrid* spinach and leafy vegetable seeds, was completed at the beginning of fiscal year 2018-2019.

It allows Vilmorin & Cie to complement its product portfolio, with a new business position for spinach, a crop which it has not worked on until now, and to strengthen its global presence in leafy vegetables, while capitalizing on AdvanSeed's genetic resources. This information is presented in detail on page 24.

Similarly, the acquisition, in February 2016, of the company Genica Research, based in the United States, has enabled Vilmorin & Cie to strengthen its positions in 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.

Become a leader in all markets and for all strategic crops

Vilmorin & Cie's objective is to become a leader in all markets and for all major crops. Already firmly established in the most mature regions, Vilmorin & Cie has a strong ambition in emerging regions, first and foremost Asia.

In addition to its strong foothold in Japan, Vilmorin & Cie's strategy aims to significantly strengthen its presence on this continent (Southeast Asia, South Korea, China, etc.), through organic growth as well as through equity investments, acquisitions or partnerships, with the objective of accelerating its expansion there. The Company has therefore decided to dedicate specific resources to ensure its development in this high-potential area.

In this respect, the acquisition of the Vietnamese company Tropicorp, finalized during fiscal year 2014-2015, illustrates this objective, and enabled Vilmorin & Cie to strengthen its presence in Southeast Asia.

Similarly, the creation of a research center in Thailand during fiscal year 2017-2018, benefiting from state-of-the-art equipment for greenhouse production, reflects Vilmorin & Cie's strategic ambition in Asia. This site, which aims to provide high-quality vegetable seeds that are perfectly adapted to the markets of Southeast Asia, is the main research center of the Business Unit HM.CLAUSE in this region.

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, and through sales teams that will be combined to represent the Business Units Vilmorin-Mikado and HM.CLAUSE in order to address the Chinese market more effectively.

Africa will also be a key development territory for Vilmorin & Cie. Its expansion on the continent will be based in particular on the Prime Seed Co International joint venture, created in 2016-2017 with Seed Co. Carried out as part of the partnership between the two companies⁽¹⁾, this joint venture has been operationally established between the Business Unit HM.CLAUSE and Seed Co. HM.CLAUSE provides this structure with its know-how in terms of the development of new varieties while Seed Co provides it with its knowledge of distribution networks on the African continent. Prime Seed Co International will initiate, in the coming years, a vegetable breeding* program specific to Africa. Vilmorin & Cie will thus gradually enter the sub-Saharan African market, whose potential is very promising.

1.6.4.2. Corn seeds: become a global player

As the largest seeds market in the world in terms of value, (more than 16 billion USD, or more than 40% of the global market for commercial seeds) and representing more than 190 million hectares in 2017 (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 seeds markets, due to the low level of prices for agricultural production, Vilmorin & Cie is pursuing the implementation of its strategic plan to become a global player for this crop. Its 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. Therefore, the genetic resource* flows between the tropical and temperate zones of the world 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 on the forage corn segment by developing new varieties that offer improved qualities (yield, nutritional qualities) 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 on Eastern Europe (Ukraine and Russia), which today represents a very interesting market.

In North America, AgReliant's 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 27.

⁽¹⁾ On June 30, 2018, Vilmorin & Cie held 29.45% of the capital stock of Seed Co, the largest seed company in Africa.

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 set itself 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 also 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 over 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, even though sales dropped during the course of 2017-2018, after extremely strong growth in 2016-2017. This information is presented on page 29.

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 focus 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.

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 prefers a gradual approach to its development in South America, with the initial aim of reinforcing its presence on the key market of Brazil, while developing its research activities on the Argentinian market, the fourth largest field seeds market in the world, and whose temperate corn germplasm provides synergies with the genetic resources* of Europe, North America and southern Africa.

Asia

In Asia, the largest geographical continent for corn acreage, with around 57 million hectares in 2017 (*Source: USDA*), 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, which has a market share of around 6% in corn seeds, has set the objective of extending its cover and continuing 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 for research and production, reinforced through an extensive distribution 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.

In addition, since the participation of foreign companies in the capital stock of Chinese seed companies is currently limited by law to minority positions, access to, and conditions of use of genetic resources* must be assessed very precisely before any investment is made. In this context, direct locations and partnerships with major local seed companies remain the two main focuses of Vilmorin & Cie's development policy in this area. 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, 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 ultimately has considerable potential for growth. About 38 million hectares of corn were grown there in 2017, representing about 21% of world acreage for grain corn (*Source: ISAAA 2018*).

Vilmorin & Cie first set up business on this continent in fiscal year 2012-2013, through the acquisition of the seed company Link Seed in South Africa. In 2013-2014, Vilmorin & Cie purchased a minority stake in Seed Co, the largest seed company in Africa; on June 30, 2018, this participation stood at 29.45% of Seed Co's capital stock.

Seed Co, which owns an extensive base of infrastructures (six production factories and nine 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 continues to accompany Seed Co in its development projects. In August 2018⁽¹⁾, Seed Co decided to reorganize its activities through a partial demerger, resulting in the separate listing of its holding Seed Co International (SCIL), based in Botswana, which groups all its international activities (except for Zimbabwe); the objective is to ensure its continuous expansion over the continent, particularly through access to new financial resources. Consequently, Vilmorin & Cie participated in the reserved capital stock increase of Seed Co International, which is now listed on the Stock Exchanges of Gaborone (Botswana) and Harare (Zimbabwe). Vilmorin & Cie, now the main shareholder of Seed Co International, is working closely with Seed Co, through a shareholders' agreement, in the definition of the strategic ambitions of the new structure and in their implementation. Through this operation, Vilmorin & Cie is demonstrating its desire to significantly accelerate its expansion in Africa. This information is presented in detail on page 30.

In addition, the creation of a dedicated entity in West Africa is planned, in partnership with Seed Co, to specifically address this part of the continent, on the white corn segment but also on the yellow corn segment, which is experiencing strong growth in West Africa. Vilmorin & Cie is thus continuing its gradual establishment on the African market.

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

With an adoption rate of 32% of world acreage in 2017 (*Source: ISAAA 2018*), the market for genetically modified corn seeds today represents more than 11 billion USD (*Source: Phillips McDougall 2018*) 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.

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

✚ 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 the German seed company KWS in order to develop proprietary GM* traits* for corn. Vilmorin & Cie and KWS confirmed their collaboration through the programs led by Genective.

Genective is continuing its progress and is targeting the American markets (North and South America) as well as, in the longer term, other potential GMO* markets (Asia and Africa).

✚ 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⁽²⁾ 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.

The first sales of corn seeds incorporating Syngenta's technologies were initiated during the fiscal year in Brazil; representing a very limited portion of sales to date, they are expected to grow gradually over the coming years.

⁽¹⁾ The decision was approved by Seed Co's Annual General Meeting held on August 9, 2018.

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

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 almost 220 million hectares in 2017 (*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's food balance. This situation can be explained by a major lack of innovation for this crop with very complex genetics and consequently the really low use of commercial seeds.

The seeds industry 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 the development of hybrid* seeds.

Progressively conquering new regions and developing solid international partnerships

From its 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.

✚ 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, 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 outside the United States. This information is presented in detail on pages 30-31.

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 cereal varieties, 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 pages 30-31.

✚ 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. These include South America and Asia, a major market in terms of acreage and wheat 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⁾ ACPFG: Australian Centre for Plant Functional Genomics. CSIRO : Commonwealth Scientific and Industrial Research Organisation.

1.6.5. Objectives for 2018-2019

Fiscal year 2018-2019 should allow Vilmorin & Cie to continue to strengthen its competitive positions in market conditions that will probably remain tense in the field seeds sector, and characterized by an ongoing partial lack of visibility in vegetable seeds.

Vilmorin & Cie will continue to strengthen, in a reasoned approach, its investments in research and development, particularly in upstream technology, while remaining on the look-out for any external growth opportunity that fits in with its strategic orientations.

For fiscal year 2018-2019, Vilmorin & Cie aims to achieve an increase in its consolidated sales of 2% to 3% on a like-for-like basis.

Moreover, Vilmorin & Cie has set the objective of achieving a current operating margin rate with a slight increase, estimated to be between 0.5 and 1 percentage points compared with fiscal year 2017-2018. This margin will take into account research investment that should be above 250 million euros, intended to promote growth both for Vegetable Seeds and for Field Seeds.

Finally, Vilmorin & Cie is aiming for a contribution from its associated companies – mainly AgReliant (North America. Field Seeds), Seed Co (Africa. Field Seeds) and AGT (Australia. Field Seeds) at least equivalent to 2017-2018.

1.6.5.1. Vegetable Seeds

In Vegetable Seeds, after a tough fiscal year 2017-2018 marked by temporary difficulties, Vilmorin & Cie's objective is to achieve sales growth of 2% to 3% on a like-for-like basis in 2018-2019.

Vilmorin & Cie's ambition is to reinforce its world leadership in vegetable seeds.

In order to do so, the Company will continue to rely on a specific market approach, characterized by very close proximity to customers, in a context where the main competitors are reorganizing their businesses following major consolidation operations.

Vilmorin & Cie will also accentuate its development investments in Asia (China, Southeast Asia, Japan, etc.), in order to accelerate expansion in this region with very strong potential.

1.6.5.2. Field Seeds

In a market context that lacks stability and which will probably remain tense, Vilmorin & Cie is approaching fiscal year 2018-2019 with the ambition of strengthening its positions in the regions 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).

Vilmorin & Cie is aiming for an increase of its sales of between 2% and 3% on a like-for-like basis for this activity. This objective relies on the continued deployment of the strategic plan for Field Seeds, which aims to confirm an indisputable position as a global player, with a worldwide dimension for its two strategic crops; corn and wheat. In particular this will involve:

- ✦ continuing to gain market shares in Western Europe, in a context that remains difficult,
- ✦ confirming strong business development in Eastern Europe (Ukraine and Russia),
- ✦ returning to dynamic business growth in South America,
- ✦ consolidating AgReliant's⁽¹⁾ competitive positions in North America, during a fiscal year that will be marked by the finalization of the company's new commercial strategy, with reorganization of its brands so as to benefit from two strong brands with a national vocation.

The fiscal year will also be devoted to deploying Vilmorin & Cie's partnerships and strategic alliances. In this respect, Vilmorin & Cie will continue to operate the agreements signed with Syngenta in October 2015 on GMO* corn traits*.

1.6.5.3. Garden Products

In 2018-2019, Vilmorin & Cie will continue to diversify its commercial line-up for home gardeners, around its flagship brand Vilmorin.

In a context where the seed packet sales segment is continuing to decline, this diversification will strengthen Vilmorin & Cie's presence in all the solutions offered to home gardeners and meet their latest expectations. This will be achieved by launching innovations, both in terms of products and services. In this respect, the launch of a Vilmorin application and its sensor, planned for the fall, aims to recruit new home gardeners and to reconnect with all consumer profiles, including the youngest and most novice.

The fiscal year will also focus on the integration of Graines Gondian, acquired in July 2018, in order to consolidate Vilmorin & Cie's positions in its historical seed packets segment.

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

1.6.6. Mid-term outlook

After a difficult fiscal year 2017-2018, mainly due to unfavorable market conditions that nevertheless do not call into question the fundamentals of the seed market, the objectives for 2018-2019 should enable Vilmorin & Cie to recover, in the short term, its growth impetus and its ability to offer resilient development prospects in the medium and long term.

In this context, Vilmorin & Cie will make progress in the implementation of its three strategic priorities. The strategic priorities are presented in detail on page 43.

1.7. Risk factors

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1.7.1. Risk management organization

Through its business activities and its locations, Vilmorin & Cie is exposed to risks of different natures (strategic, operational and financial). 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.

The Governance, Risk, and Compliance Department (G.R.C.) ensures that a coherent and effective system for controlling activities exists at group level. It coordinates the identification of major risks and plans on how to deal with them, as well as the resulting process improvements. It also ensures compliance with laws and regulations. As a coordination and control function, it includes the following departments: legal affairs, risks and insurance, safety and security, and product quality. It provides both the General Management and operational entities with expertise and support in adapting to the increasingly stringent market requirements, in terms of governance, transparency and compliance, as well as crisis management.

During fiscal year 2017-2018, the G.R.C. Department, relying on its internal network and the use of its new Risk Management Information System (RMIS), relooked at the risk management approach with greater involvement of all Vilmorin & Cie's operational entities. The Business Unit risk coordinators worked with the group's risk experts and the heads of their entities to update the risk identification. These were then evaluated and prioritized with the operating committees. This iterative approach has contributed to the development of a "risk culture" in all Vilmorin & Cie entities and has provided a complete picture of risk perception in the company.

An essential support for a homogeneous approach and methodology for risk management, the RMIS has been deployed in Vilmorin & Cie's Business Units. Risk maps were drawn up in the RMIS for each Business Unit, and then a consolidation step was carried out to obtain an overall risk map for Vilmorin & Cie.

The different risks were assessed on the basis of their likelihood and impact, taking into account financial, operational, human, regulatory, ethical and image criteria.

In conjunction with the Company's overall risk management approach, compliance projects have been carried out by the G.R.C. Department. A working group has been set up to ensure compliance with the general data protection regulation. In view of the *Sapin II* law in France, a mapping of corruption risks was carried out, determining the measures to be implemented in line with the other requirements of the law: code of conduct, third party evaluation, disclosure system, etc.

Governance of the risk management system is described in the management report (cf. page 92).

Vilmorin & Cie's 2018-2019 internal audit plan was based on the risk mapping carried out during fiscal year 2017-2018 to identify priority topics and processes to be examined.

In the coming fiscal year, Vilmorin & Cie plans to continue the deployment of group guidelines on the treatment of major risks and to strengthen internal control in the areas concerned.

Based on the mapping carried out in 2017-2018, 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. Risks related to Vilmorin & Cie's strategy

1.7.2.1. Risks related to markets and the geopolitical environment

Risks of economic or geopolitical disruption in certain regions where the Company is present

Identification of the risk

Vilmorin & Cie is present in 48 countries and has sales in nearly 150 countries. It operates in areas and countries where economic or geopolitical disruptions may occur.

The marketing of seeds, subject to specific regulations and directly linked to the question of food resources, can take on a strategic aspect locally and represent a significant part of the economy of the geographical area concerned. Local authorities may decide to implement policies that form a constraint for a foreign investor: exchange controls, protection of intellectual property rights, restrictions on company ownership, local debt, repatriation of flows and capital invested, or even nationalization of agriculture.

Elements of instability disrupting the functioning of a state (war, revolution, major social conflicts) or affecting the financial situation of agriculture and farmers (devaluation, drying up of farmers' funding, etc.) could temporarily compromise Vilmorin & Cie's capacity to pursue its sales, production and research activities in a given region.

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 60% of its sales for fiscal year 2017-2018 in Europe, 20% in the Americas, 10% in Asia/Oceania and 10% in Africa/Middle East.

In addition, potential risks in a country are considered when choosing investments and locating industrial, scientific and commercial assets: trade facilitation, political stability, intellectual property protection, etc.

Vilmorin & Cie's strategic monitoring and crisis management system, which it has set up in recent years, also makes it possible to anticipate and manage the impact of risks related to the geopolitical environment of its activities.

Risks related to a sudden change in the competitive environment: concentration of players

Identification of the risk

During fiscal year 2017-2018 concentration involving major operators in the seed and agrochemical sector was completed: the American company Monsanto was acquired by the German company Bayer, the American companies Dow and Dupont Pioneer merged to create the world's second largest seed company (Corteva Agriscience); the Swiss company Syngenta was acquired by the Chinese company Chemchina.

These megamergers highlight a tendency for companies in the agrochemical sector to consolidate their portfolio of assets by integrating or strengthening seeds, in response to the difficulties of an agrochemical market affected by farmers' economic difficulties and by the growing reluctance to use plant protection products in several countries.

In this new global seed landscape, Vilmorin & Cie has maintained its competitive position and remains a solid world No. 4. As for the geopolitical distribution of the main players in the sector, it has been significantly modified, revealing in particular China's growing importance in world agriculture. Of the world's ten largest seed companies, three are German, two are Chinese, and one is American. The emergence of major companies, active in both agrochemicals and seeds, could lead them to try to "lock in" the market with integrated offers, and thus compromise Vilmorin & Cie's ability to pursue its development on its markets.

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 2017-2018 Vilmorin & Cie made 50% of its sales in Vegetable Seeds and 46% in Field Seeds.

Furthermore, the Development Department is responsible for working with the General Management and the operational entities to build a forward vision and explore new topics to accompany Vilmorin & Cie's growth, in terms of activities and products. Within the Development Department, the strategic and competitive intelligence department analyzes market trends, follows the evolution of the strategy of competitors and detects any weak signals.

In this respect, the changes in Vilmorin & Cie's competitive environment do not alter Vilmorin & Cie's competitive positions or strategy. Besides, the main operators will maintain their size in their seed business.

Finally, Vilmorin & Cie is convinced that an integrated model, covering all the farmer's needs, will not be universal, as agriculture is diverse and varied, and that a seed specialist such as Vilmorin & Cie will continue to have its full place in the market.

The competitive landscape is presented in detail on page 20.

Risks related to the launch of a disruptive innovation coming from a competitor

Identification of the risk

A competitor could introduce a disruptive innovation in plant breeding research, technology or more broadly in its business model, and thus expose Vilmorin & Cie to the loss of a competitive advantage in one of its business segments.

The success of integrated offers, new agri-food production technologies such as 3D printing or a sudden revolution in the seed distribution model, via highly digitalized processes or the entry of new competitors (GAFAM) are examples of innovations that could cause disruptions for Vilmorin & Cie's activities.

Managing the risk

Vilmorin & Cie reinforces its positions on vegetable seeds and field seeds markets by making strong investment in research, by launching several hundred new varieties 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 page 38.

Risks related to the low prices of agricultural raw materials

Identification of the risk

The prices of agricultural produce have an impact on the profitability of farms. For example, when prices of major agricultural produce (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 prices of agricultural produce.

Managing the risk

The distribution of Vilmorin & Cie's activities, both in terms of business segments and geographical areas, limits the impact of this risk. But while there is no direct correlation between agricultural production prices and seed prices, in a context of significant price decreases, or even stagnation, customer pressure to obtain price reductions for field seeds increases. This situation also affects Vilmorin & Cie's competitors.

Finally, the prices of agricultural produce have no impact whatsoever on the Vegetable Seeds business.

1.7.2.2. Risks related to the strategy for growth and development

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. Moreover, failure in the acquisition process (analysis, structuring and integration) might also affect the interest of an external growth operation.

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 acquisition 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.

1.7.2.3. 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 16.2% of 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 years 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 focus 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⁾ Integrating 50% of AgReliant (North America. Field Seeds).

1.7.3. Operational risks

The risk mapping review carried out during fiscal year 2017-2018, in a bottom-up process, starting with the collection of information from each operating unit, provides a new perspective on operational risks. It highlights either new risks or risks that are perceived as being more critical. This complementary analysis of the field and operations made it possible to highlight the risks described in this paragraph and categorized into 10 operational risk areas.

Vilmorin & Cie's operational risk areas	
✦ Product quality	✦ Safety of persons and property
✦ Procurement	✦ Security of persons and property
✦ Image	✦ Information systems
✦ Legal	✦ Environment
✦ Human resources	✦ Ethics

1.7.3.1. Risks related to product quality

Identification of the risk

Once created and registered, seed varieties are produced in the fields. In order to produce its seeds (conventional or 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 35.

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⁾, technology and seed purity aspects in order to guarantee the identity, specific purity and germinative faculty of seeds⁽²⁾.

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⁽³⁾ program, 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, deployed 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.), supported by a documentary management tool, is deployed and transmitted to colleagues, in particular through internal training courses. GMO risk mapping* is also carried out by country and crop to assess the different levels of risk, determine priorities and update control plans as necessary.

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 control 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.

Overall, in 2017-2018, 59 employees from the Field Seeds and Vegetable Seeds divisions were trained on the guidelines, and 33 audits were carried out by the network of internal quality auditors. Eight audits were also carried out to ensure that the contractual quality requirements of suppliers of GM traits* were met. A marked decrease in the number of non-conformities detected during internal audits, and a decrease in their criticality*, were noted compared to the previous fiscal year.

In addition, since 2012, Vilmorin & Cie has been a member of the international ETS (Excellence Through Stewardship) program,

⁽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>).

⁽³⁾ Reference system created at the initiative of the international seed industry.

in order to demonstrate, through external audits, its responsible management of GMOs* by implementing the requirements of the ETS quality management system throughout the life stages of GM* products: research, production, marketing, launch, distribution, crisis management and product stoppage. Vilmorin & Cie is audited once every three years by independent, external auditors on the implementation of this program. Vilmorin & Cie's ETS qualification was renewed in 2018.

1.7.3.2. 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⁽¹⁾ 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, preservation 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 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.

1.7.3.3. Risks related to image

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 in bad faith, 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, in liaison with its reference shareholder Limagrain, Vilmorin & Cie has implemented measures to prevent this risk and be in a position to react in the case of a media crisis. The Communication and Institutional Affairs Department, which is more specifically in charge of crisis communication, has organized its approach around several action plans:

- ✚ The strengthening of relations with national, regional and local administrations, by presenting the group, its activities and its installations, its challenges and potential risks. This preventative action means there is already 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 media to facilitate their understanding of the group and initiate quality dialogue.
- ✚ Awareness development and training for the Top Executives, communicators 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, and to prepare statements when confronted with a crisis situation.
- ✚ The dissemination of a press procedure for the subsidiaries, to provide a framework for speaking to the media.
- ✚ The organization of a crisis communication unit at Group level in charge of recommending the communication strategy and deploying the communication plan as soon as possible in times of crisis.
- ✚ Conducting crisis management exercises (this information is presented in detail on page 62, section 1.7.5. "The crisis management system").

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

⁽¹⁾ 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.

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.

1.7.3.4. Legal risks

Risks related to the competition

Identification of the risk

Vilmorin & Cie faces global competition characterized by significant changes in the size of players and rapid technological changes. In this context, Vilmorin & Cie remains particularly vigilant with regard to compliance with competition law rules.

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

The intellectual property rights held by Vilmorin & Cie, including plant varieties and the protection of technological innovations, constitute Vilmorin & Cie's assets, requiring special precautions.

The questioning of the validity of intellectual property titles, 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 the subject of intellectual property, Vilmorin & Cie uses numerous 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. 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 page 122. Moreover, in order to facilitate the acquisition of patents⁽²⁾ that protect plant innovations, Vilmorin & Cie participated in the creation of the International Licensing Platform Vegetable (<http://www.ilp-vegetable.org/>).

Litigation

As they run their business, Vilmorin & Cie and its subsidiaries are sometimes required to deal with various kinds of litigation: customers (debt recovery, various claims), suppliers, competitors (intellectual property). These situations undergo a detailed risk analysis, resulting in the appropriate course of action to be taken in the companies concerned, 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.

⁽¹⁾ Information on the Code of Conduct is presented in detail on page 117.

⁽²⁾ Information on the PVPC and patents is presented in detail on page 122.

On June 30, 2018, the Company had identified no litigation that might affect its financial situation significantly.

On September 5, 2018, Vilmorin & Cie was called by Arcadia Biosciences to appear before the New-York state court for failure to respect confidentiality agreements signed in 2009. The origin of this litigation lies in another litigation arising in 2017 between Arista Cereal Technologies (a sister company of Vilmorin & Cie) and Arcadia Biosciences before the United States Patent and Trademark Office (USPTO) as part of legal proceedings against Arista's patent of one of their technologies (high-fiber wheat). On August 14, 2018, the U.S. Patent Office ruled in favor of Arista and rejected the claims of Arcadia Biosciences concerning Arista's patent.

The above-described proceedings have not led to any provision being made, since the group is not in a position to assess the financial risk at this initial stage.

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 activities, Vilmorin & Cie uses specific technologies formalized by pluriannual contracts.

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.

1.7.3.5. 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 locations. 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 staff with such skills could have a negative impact on the development of the group's activities and results.

Managing the risk

In liaison with its reference shareholder Limagrain, 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 fiscal year 2016-2017, 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 113.

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 114.

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).

Finally, Vilmorin & Cie invests heavily in training, so that employees can keep right up to date with their expertise, develop new skills, and thus continue to enrich themselves intellectually, which is a key factor for retaining staff, especially those working in research.

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 134.

1.7.3.6. Risks related to the safety of persons and property

Identification of the risk

Vilmorin & Cie employs more than 6,600 permanent employees in 48 countries, working in various conditions and environments.

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 of industrial accidents,
- ✦ risks of road traffic accidents (commuting or business trip accidents).

Managing the risk

The Group places the safety and working conditions of its employees at the top of its priorities.

In 2015, Vilmorin & Cie set itself the ambitious objective of halving the frequency rate of accidents with lost time within 3 years. This frequency rate, which stood at 10 at the beginning of 2015, stood at 6.66 in 2017-2018.

Each year, the prevention program is reinforced by new actions: training, safety diagnostics, improved reporting, strengthening the network of safety managers.

In 2017-2018, priority was given to addressing four major safety risks: fire, chemicals, working at heights, and machines in motion.

As part of its fire prevention and insurance plan, the group analyzed the prevention reports and identified the need to strengthen the protection of its sites against fire, as well as the measures to prevent this risk, such as warehousing, storage and hot spot work practices.

A three-year plan providing for investments dedicated to fire risk prevention was updated during the year with the industrial managers of the group's companies.

1.7.3.7. 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.

New forms of attempts to attack the security of property were confirmed during fiscal year 2017-2018: attempts of cyber-fraud, site intrusion, etc.

Risk management

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.

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.

In addition, since 2017, Vilmorin & Cie has been listed as a partner company by the Crisis and Support Centre of the French Ministry of Europe and Foreign Affairs and participates in the annual meetings for the security of French companies abroad.

With regard to the risk of damage to property, Vilmorin & Cie is constantly strengthening the protection measures at its sites and, more generally, its security and crisis management policy.

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

1.7.3.8. Risks related to information systems

Identification of the risk

The information system and digital data are an essential support for the management and development of all of Vilmorin & Cie's activities, whether administrative, industrial, commercial or research. Thus, any attack on the availability, integrity, confidentiality or traceability of the information system or digital data, whether malicious or accidental, could have a negative impact on Vilmorin & Cie's activities and results.

However, Vilmorin & Cie is no more likely to suffer such an attack than any other organization pursuing an economic, commercial, research or government activity.

Given its dependence on information systems and digital data, the nature and geographical distribution of its activities, its organization, current threats, and the risk assessment specific to each subsidiary, Vilmorin & Cie considers that the main risks related to information systems are as follows:

- ✦ theft (unauthorized copying) of access or computer equipment by breaking and entering or exploiting gullibility (phishing, social engineering, e-mail or telephone scams),
- ✦ computer intrusion or ransom by exploiting technical vulnerabilities or exploiting gullibility,
- ✦ denial of service by network load saturation.

The likely consequences of actions carried out by computer would be as follows: direct or indirect financial loss, unauthorized copying (“theft”) of digital data, whether or not accompanied by public disclosure, temporary unavailability of information systems, destruction of data, loss of exclusivity of potential/technical and scientific assets, infringement of national or international regulations, negative brand image damage, temporary business slowdown.

Managing the risk

During fiscal year 2017-2018, Vilmorin & Cie took several measures to rationalize its IT operations, contributing to the information systems security (ISS). All its hosting services have been centralized in a secure, redundant, ISO 27001 certified and “Tier III” qualified hosting center in accordance with the Uptime Institute's standards. Vilmorin & Cie has also begun work to bring it into compliance with the *European General Data Protection Regulation* (GDPR). Vilmorin & Cie is well aware of the major risks associated with information systems and digital data, and is now restructuring its cybersecurity efforts. Vilmorin & Cie has reassessed the “cyber” risks and is planning the implementation of ISS measures, according to a roadmap, as part of the transformation of the Corporate Information Systems.

Over fiscal year 2018-2019, Vilmorin & Cie will build a core of human resources dedicated to ISS, take audit and evaluation measures aimed at comparing the identified areas of progress, develop a new ISS governance and policy (based on the ISO 27005 standards, Cybersecurity Framework of the US National Institute of Standards and Technology, and the French ISS policy), and integrate systematic ISS risk assessment principles into its project management methods. At the same time, Vilmorin & Cie will lead several technical “IT hygiene” projects as recommended by the National Agency for Information Systems Security (ANSSI) in France, and will build a security culture through awareness raising. These measures will limit the possibility and consequences of a computer attack or accident as described above.

1.7.3.9. 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 should 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 the 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, and the fact that its reference shareholder Limagrain has been a signatory of the United Nations Global Compact since 2013, is reinforcement of Vilmorin & Cie's 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: international environmental monitoring accessible from the Group's Intranet and organized by theme and by country, and 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.

⁽¹⁾ The regulations concerned include the following:

- Directive 2012/27/EU of the European Parliament and of the Council of October 25, 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/affichTexte.do?cidTexte=JORFTEXT000033926976&categorieLien=id>.

- 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>.

During the fiscal year, Vilmorin & Cie formalized a commitment framework aimed at limiting the environmental impact of its facilities. Based on compliance with the standards and legislation in force in all the countries where the group operates, this environmental program sets out an action plan and quantified objectives for four key environmental areas: energy and greenhouse gases, water, biodiversity and waste. Resulting from collaborative work carried out on the occasion of several CSR Committees bringing together the Group's Business Units and Corporate departments (risk management, legal, HR, etc.), these pragmatic and realistic commitments reflect Vilmorin & Cie's desire to operate with a better knowledge and efficiency in terms of environmental impact. The program is described in detail on page 121.

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 2017-2018 are described in Chapter 4.

1.7.3.10. Ethical risks

Illegal and unethical practices in business management

Identification of the risk

The complexity of seed production and distribution channels, the multiplicity of public and private market players, Vilmorin & Cie's development strategy on all continents, all make it particularly critical that the group be vigilant in ensuring that its practices comply with ethical principles and anti-corruption laws.

Managing the risk

During fiscal year 2017-2018, a compliance project relating to the requirements of the Sapin II law in France was run. It enabled the establishment of specific mapping of corruption risks, but also the launch of an update of the guidelines, the Code of Conduct and appropriate training, already in place at Vilmorin & Cie. The project also made it possible to initiate the other tools required by the Sapin II law, such as the disclosure system, third-party evaluation and accounting control measures, which will be deployed during the coming fiscal year.

Vilmorin & Cie has also set up a disclosure management Committee involving Human Resources (HR), Governance, Risk, and Compliance (G.R.C.) and CSR functions, in order to examine and process all internal and external disclosures concerning business ethics.

Corruption or malpractice of an employee at the expense of the company's interests

Identification of the risk

Like any company granting a high level of delegation, Vilmorin & Cie, with operational units as close as possible to the markets, is exposed to the risk of corruption or employee malpractice.

Managing the risk

In 2013, Vilmorin & Cie adopted a Code of Conduct deployed worldwide. Employees are thus well informed about the company's rules of ethics, the principles of segregation of duties and internal control. Occurring very rarely, acts of internal fraud at the expense of the company are dealt with both with regard to the perpetrator and by improving internal control processes.

1.7.4. Financial risks

1.7.4.1. Deterioration of the working capital needs

Identification of the risk

As previously explained in 1.7.3.2., 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. paragraph 1.7.3.2.). Efficient management of the quantities and quality of seed inventories is also 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)

	17-18	16-17	15-16
Weight of the top 5 customers	8.3	9.8	7.1
Weight of the top 10 customers	12.3	14.8	10.8

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 written into provisions, is disclosed in Note 20 "Trade receivables" in the notes to the consolidated financial statements. It stands at about 3% of gross trade receivables.

The breakdown of accounts receivable by due date 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 dispatched 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.

Weight of the main suppliers⁽¹⁾

(as a % of purchases)

	17-18	16-17
Weight of the top 5 suppliers	4.1	3.8
Weight of the top 10 suppliers	6.0	5.4

This data was not consolidated for fiscal year 2015-2016.

1.7.4.2. Risks related to exchange rate, 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. Vilmorin & Cie manages 14 currencies as part of this intra-group pooling procedure, the main currencies of which are the US dollar (USD), the British pound (GBP) and the yen (JPY). During fiscal year 2017-2018, the Israeli shekel (ILS) was integrated into the pooling procedure. 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, 2018, Vilmorin & Cie's consolidated financial debt mainly comprised funding at a fixed rate, with 450 million euros from a debenture loan and 120 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.

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

This credit had been fully used on June 30, 2018, and the financial covenant was fully respected.

On June 30, 2018, Vilmorin & Cie had 300 million euros of resources available from the syndicated bank loan of May 2014 for which the maturity was extended to May 2021, since this credit facility

⁽¹⁾ These particularly concern seed multiplication farmers* whose role is described on page 35.

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, 2018, Vilmorin & Cie complied fully with this commitment.

Further information on the debt and interest rates is 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 fixed in advance. 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.

1.7.5. Provisions for crisis management

As part of its activities, Vilmorin & Cie may be confronted with crisis situations that may impact its reputation. A crisis management system has been in place for several years and is managed by the Governance, Risk and Compliance Department. It involves different functions in the company and is deployed in the Business Units. This system is based on dedicated tools, and in particular on crisis management and communication rules distributed to all Vilmorin & Cie entities.

During fiscal year 2017-2018, 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. A crisis simulation exercise focusing on communication was also run during this past fiscal year.

Lessons learned from the various events experienced and the crisis simulation exercise were used to further improve internal crisis management processes.

1.7.6. Insurance

Vilmorin & Cie has a policy of global cover concerning different operating 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. 97% of Vilmorin & Cie’s entities, representing 100% of consolidated sales, are guaranteed by the Group Civil Liability program with the widest possible guarantees. Most of Vilmorin & Cie’s entities are covered by the Property Damage program, or by policies underwritten locally with reputable insurers. 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, environmental risks, or cyber 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, 2017, for another duration of one year.

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

⁽¹⁾ EBITDA is defined as the operating income plus depreciation, amortization and impairment.

2 | Report on **CORPORATE GOVERNANCE**

This Chapter contains the constituent parts of the report on corporate governance drawn up pursuant to article L.225-37 of the French Code of Commerce. This report was adopted by the Board of Directors at its meeting of October 17, 2018 and will be submitted for approval at the Annual General Meeting scheduled on December 7, 2018.

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2.1. Corporate Governance Code of Reference

As of fiscal year 2016-2017, Vilmorin & Cie has applied the Middelnext Corporate Governance Code, published in December 2009, and updated in September 2016, considering that it is adapted to the governance of the Company and the structure of its shareholding. This Code is available in French on the Middelnext website (www.middelnext.com).

In compliance with the recommendation of the Middelnext Corporate Governance Code, Vilmorin & Cie's Board of Directors consulted the key points in the Code during the course of its meeting of June 27, 2018, and has also ensured that they had been taken into account throughout the fiscal year.

Vilmorin & Cie's Board of Directors applies the various recommendations formulated to date by the Middelnext Corporate Governance Code, while respecting the specific characteristics of Vilmorin & Cie.

Thus, on June 30, 2018, Vilmorin & Cie had not identified any point of divergence with this Code.

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

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

Composition of the Board of Directors on June 30, 2018

On June 30, 2018, Vilmorin & Cie's Board of Directors comprised seven members:

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

The Board Members are appointed by the Annual General Meeting of Shareholders for a duration of three years, renewable. This term allows for staggered renewal of the Directors in accordance with the recommendations of the Middlednext Corporate Governance Code.



Philippe Aymard

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

Terms of office

- Commencement: 2006
- Renewal: 2017
- Expiry: 2020

Main activities

Farmer, Vice-Chairman of Limagrain

Expertise and experience

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, 2018

- **Chairman and CEO:** HM.CLAUSE SA (France), Vilmorin SA (France)
- **Chairman of the Board of Officers:** HM.CLAUSE INC. (United States)
- **Member of the Board:** Groupe Limagrain Holding SA (France), Hazera Seeds Ltd (Israel), Mikado Kyowa KK (Japan), Sélia SA (France), Société Coopérative Agricole Limagrain (France) (Vice-Chairman), Vilmorin USA Corp (United States)
- **Joint Manager:** Dôme 2000 (France)

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

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 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), Limagrain Cereals Nederland BV (Netherlands)

2016 • **Joint Manager:** Aigle & Partners SNC (France)



Annick Brunier

- Member of the Board
- Nationality: French
- 58 years old

Terms of office

- Commencement: 2017
- Expiry: 2020

Main activity

Farmer

Expertise and experience

A Member of the Limagrain Board since 2012, Annick BRUNIER has exercised several mandates within different divisions in the Group. Today, she is Chairwoman of Limagrain's Bakery Products activity. She also represents the Group on the Coop de France Auvergne-Rhône-Alpes Board of Directors.

Ongoing mandates on June 30, 2018

- **Chairwoman and CEO:** Jacquet Brossard SA (France), Savane Brossard SA (France)
- **Member of the Board:** Coopérative Agricole Limagrain (France), Groupe Limagrain Holding SA (France), Jacquet Brossard SA (France), Savane Brossard SA (France), Sélia SA (France), Vilmorin & Cie SA (France), Vilmorin Jardin SA (France)
- **Member of the Board Committee:** Limagrain Céréales Ingrédients SAS (France)
- **Manager:** De la Graine au Pain SARL (France)

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

2015 • **Member of the Supervisory Board:** Hazera Seeds BV (Netherlands)

2017 • **Joint Manager:** De la Graine au Pain SARL (France)

2016 • **Member of the Board:** DLF France (France), HM.CLAUSE INC (United States), HM.CLAUSE SA (France), Vilmorin SA (France)

Chairwoman: Association BFPQ (France), Jacquet Belgium (France) (Representing Jacquet Brossard SA), Jacquet Brossard Distribution (France) (Representing Jacquet Brossard SA), Jacquet Panification (France) (Representing Jacquet Brossard SA), Milcamps (France) (Representing Jacquet Brossard SA)



Mary Dupont-Madinier

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

Terms of office

- Commencement: 2014
- Renewal: 2017
- Expiry: 2020

Main activity

Partner at VALTUS

Expertise and experience

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 Systems, Cable & Wireless, EDS). She is a specialist in transformation and change program management. Today she is a Partner of VALTUS, experts in transition management.

Ongoing mandates on June 30, 2018

- **Member of the Board:** Groupe Limagrain Holding SA (France)

COMPANIES OUTSIDE THE GROUP

- **Member of the Board:** IPSOS SA* (France), American Chamber of Commerce (AmCham) in France

**Listed company*



Jean-Yves Foucault

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

Terms of office

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

Main activities

Farmer, Chairman of Limagrain

Expertise and experience

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, 2018

- **Chairman:** Société Coopérative Agricole Limagrain (France)
- **Chairman and CEO:** Groupe Limagrain Holding SA (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:** Limagrain Céréales Ingrédients SAS (France), Proxiel SAS (France)
- **Chairman and Member of the Strategic Committee:** Biogemma SAS (France)

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

- 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)
- 2017 • **Chairman of the Board Committee:** GLH Participations SAS (France)
Member of the Board Committee: Agence Momagri SAS (France), Mouvement pour une Organisation Mondiale de l'Agriculture SAS (France)



Miriam Maes

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

Terms of office

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

Main activity

Manager of a consultancy

Expertise and experience

Miriam MAES graduated with a diploma in business administration at the Nijenrode Business Universiteit (Netherlands), and has worked for more than thirty 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). She has been managing the Energy Transition Forum since 2012.

Ongoing mandates on June 30, 2018

COMPANIES OUTSIDE THE GROUP

- **Chairman of the Supervisory Board:** Port of Rotterdam (Netherlands)
- **Member of the Board of Directors:** Assystem* (France), Naturex* (France), Eramet SA* (France), Urenco Ltd (United Kingdom)

**Listed company*

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

2017 • **Chairman of the Board of Directors:** Elia Group (Belgium)



Sébastien Vidal

- Member of the Board
- Nationality: French
- 42 years old

Terms of office

- Commencement: 2016
- Renewal: 2017
- Expiry: 2020

Main activity

Farmer

Expertise and experience

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, 2018

- **Chairman and CEO:** Sélia SA (France), Tardif Tivagrain (France)
- **Chairman of the Board Committee:** Desprat & Saint VERNY SAS (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)

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

2012 • **Manager:** Vertdom SCI (France), Vertimmo 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) Ltd (United Kingdom)
Member of the Board: Crêperie Lebreton SAS (France)
 Jacquet Brossard Distribution SAS (France), Jacquet Panification SAS (France), Suttons Seeds (Holding) Ltd (United Kingdom)

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 SARL (France)



Pascal Viguiet

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

Terms of office

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

Main activities

Farmer, Vice-Chairman of Limagrain

Expertise and experience

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 Chairman of the Field Seeds division. More specifically he monitors the activities of AgReliant.

Ongoing mandates on June 30, 2018

- **Chairman and CEO:** Limagrain Europe SA (France)
- **Chairman of the Board of Directors:** Limagrain Brasil SA (Brazil), Link Seed Proprietary Limited (South Africa)
- **Member of the Board:** Bisco Bio Sciences Private Ltd (India), Groupe Limagrain Holding SA (France), Sélia SA (France), Société Coopérative Agricole Limagrain (France) (Vice-Chairman), Soltis SAS (France) (Representing Limagrain Europe), Unisigma GIE (France), Vilmorin USA Corp. (United States)
- **Member of the Management Committee:** Limagrain Cereal Seeds LLC (United States)
- **Member Representative:** AgReliant Genetics LLC (United States)

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

- | | |
|--|--|
| <p>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)</p> <p>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)</p> | <p>2014 • Member of the Board: Jacquet Belgium (Belgium), Limagrain Central Europe SE (France), Limagrain Ibérica (Spain), Limagrain Italia Spa (Italy)
 Member of the Supervisory Board: Limagrain Nederland BV (Netherlands)</p> <p>2015 • Member of the Board: Société Coopérative Agricole de la Vallée du Rhône Valgrain (France) (Representing Coopérative Limagrain)</p> <p>2017 • Member of the Board: Limagrain Brasil SA (Brazil), Limagrain Europe SA (France)</p> |
|--|--|

Table of the composition of the Board of Directors on June 30, 2018

	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 of Directors	French	58	No	2006	2017	2020	12 years	100%	-	Member
Annick BRUNIER	French	58	No	2017	-	2020	1 year	100%	-	-
Mary DUPONT-MADINIER	Franco-American	63	Yes	2014	2017	2020	4 years	85.71%	-	Member
Jean-Yves FOUCAULT	French	63	No	2006	2016	2019	12 years	100%	Member	Chairman
Miriam MAES	Dutch	62	Yes	2013	2016	2019	5 years	100%	Chairwoman	-
Sébastien VIDAL	French	42	No	2016	2017	2020	2 years	100%	-	-
Pascal VIGUIER	French	54	No	2007	2016	2019	11 years	100%	Member	Member
Number of meetings								7	3	1
Average attendance rate								93.88%	91.67%	100%

⁽¹⁾ Independence according to the criteria of the Middelnext Corporate Governance Code as interpreted by the Board of Directors at its meeting of June 27, 2018.

Vilmorin & Cie's Board of Directors does not include any Member of the Board 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 mandate, 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 Members of the Board are complementary, in terms of nationality and skills (agricultural expertise, accounting and financial knowledge, etc.). It also ensures that the Board 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 of Directors

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 Member of the Board.

In accordance with the Middelnext Corporate Governance Code 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 Members of the Board because they have no financial, contractual, family or significant proximity relationship with Vilmorin & Cie that could impair their independence of judgment.

At its meeting of June 27, 2018, Vilmorin & Cie's Board of Directors, verified that Mary DUPONT-MADINIER and Miriam MAES fulfilled these independence criteria.

Balanced representation of women and men on the Board of Directors

A mixed gender Board of Directors was instigated in fiscal year 2013-2014 through the successive appointment of two female Directors.

On June 30, 2018, the presence of three women out of a total of seven Members of the Board on Vilmorin & Cie's Board of Directors, ensures women are represented above the threshold of 40%, in compliance with article L.225-18-1 of the French Commercial Code.

2.2.2. Changes in the composition of the Board

Changes in 2017-2018

On June 30, 2017, Vilmorin & Cie's Board of Directors was composed of seven members: Philippe AYMARD, Joël ARNAUD, Mary DUPONT-MADINIER, Jean-Yves FOUCAULT, Miriam MAES, Sébastien VIDAL and Pascal VIGUIER.

Following the departure of Joël ARNAUD, whose term of office expired and who did not wish to renew it, the Board of Directors proposed the nomination of Annick BRUNIER as Member of the Board, for a period of three years. This nomination was approved by Vilmorin & Cie's Annual General Meeting of Shareholders on December 8, 2017. Annick BRUNIER's term 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, 2020.

The Board expressed its sincere gratitude to Mr. Joël ARNAUD for his commitment and contribution as Director, and for his active participation in the Board meetings and in the Committees. Mr. Joël ARNAUD had been a Director of Vilmorin & Cie since 2006.

Vilmorin & Cie's Annual General Meeting of Shareholders of December 8, 2017 also approved the renewal of the terms of office of Philippe AYMARD, Mary DUPONT-MADINIER and Sébastien VIDAL 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 on June 30, 2020.

Changes planned in 2018-2019

Mr. Jean-Yves FOUCAULT has expressed the wish to resign from his mandate as Board Member. The Board of Directors takes note of this resignation and, noting that the number of Board Members remaining in office exceeds the statutory minimum, decides not to immediately provide for his replacement by cooptation.

The Board of Directors proposes to submit to the vote of the next General Meeting the appointment of Mr. Claude RAYNAUD as a new Director for a term of three years, i.e. until the end of the General Meeting called to approve the financial statements for the fiscal year ending June 30, 2021.

Claude RAYNAUD is a farmer and has been on the Limagrain Board since 1999; he has held several mandates in the different activities of the Group. Today he is Chairman of Limagrain's Cereal Ingredients activity. Claude RAYNAUD is of French nationality and is 61 years old.

Furthermore, Vilmorin & Cie's Board of Directors will review the composition of the Specialized Committees following the Annual General Meeting of Shareholders of December 7, 2018.

2.2.3. Presentation of Limagrain and the shareholding structure

The majority of the Members of the Board 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 farmer members.

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 73.8% of Vilmorin & Cie's capital stock on June 30, 2018⁽²⁾. Limagrain is willing to consider lowering this rate depending on market opportunities, and with the objective of encouraging the development of Vilmorin & Cie.

Vilmorin & Cie's Board is accountable to its majority shareholder in the same way it is accountable to all its other Shareholders, their common objectives and interests being to invest in a company that is both healthy and profitable with a long-term vision.

⁽¹⁾ Subject to the approval of the Annual General Meeting of December 7, 2018.

⁽²⁾ 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.

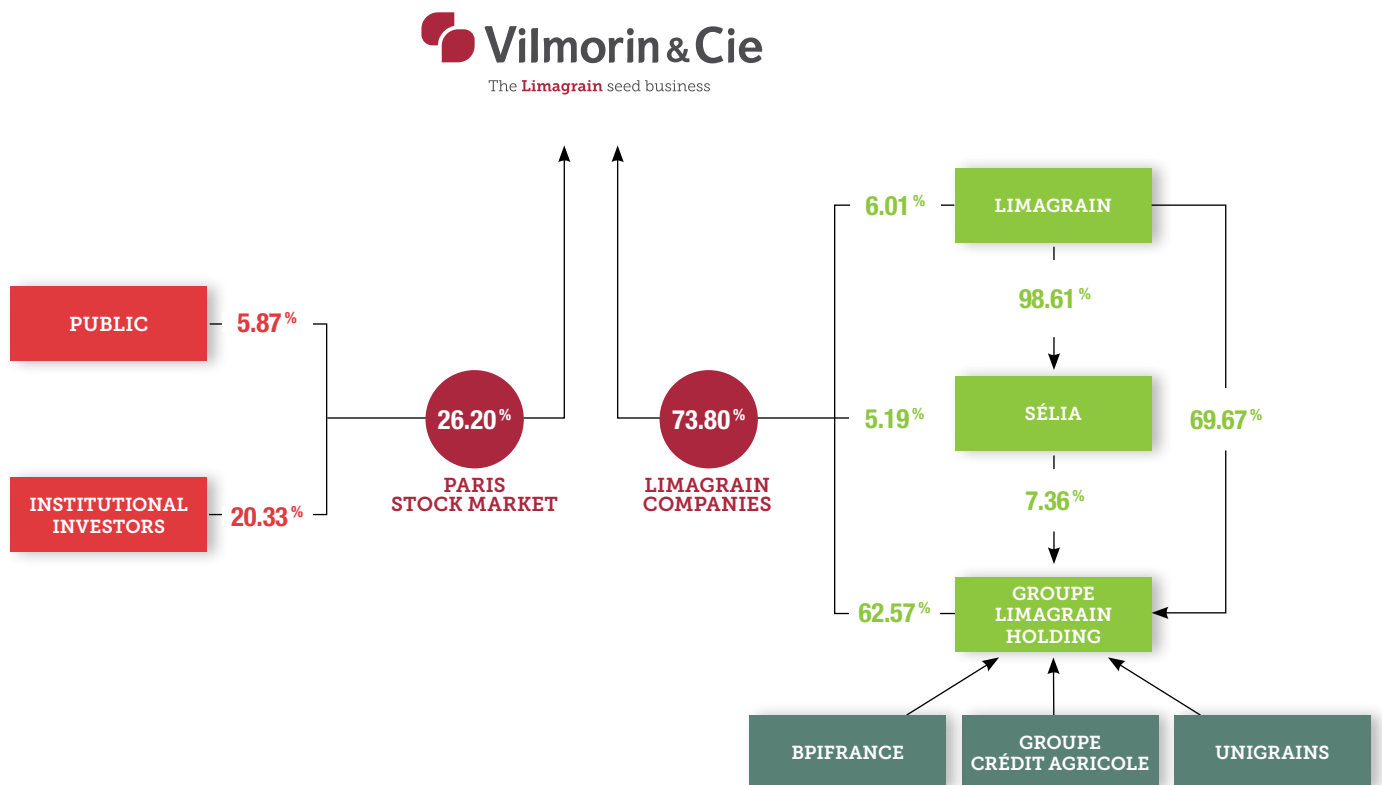
With majority representation on Vilmorin & Cie's Board, Limagrain is careful, through different decision-making processes required for its organization, management and governance, not to exert abusive control on strategic orientations and their operational applications.

In 2010, Limagrain formally set up a Strategic Committee, in which Vilmorin & Cie's Independent Members of the Board participate. This Committee regularly analyzes 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.

Vilmorin & Cie directly owns most of the significant companies included in the consolidation scope of its financial statements.

Shareholding structure on June 30, 2018



2.2.4. Internal Regulations and how the Board of Directors functions

2.2.4.1. Internal Regulations

In accordance with the Middennext Corporate Governance Code, Vilmorin & Cie's Board of Directors has 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 is 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 2017-2018, exchanges focused on the mid-term plan for each activity, the international development strategy, in particular Asia, and on the profit-sharing policy.

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: *"Members of the Board 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 Company's head office or any other place fixed in the notice.

During fiscal year 2017-2018, Vilmorin & Cie's Board of Directors met seven times in accordance with a schedule fixed at the beginning of the fiscal year; the attendance rate for the members of the Board of Directors was 93.88%. In addition to these scheduled meetings, the Board of Directors may also be convened for any other subject of significant importance that may arise, and members are subsequently kept aware of how the files progress.

Furthermore, regular discussions are held between the Board members and the operational Executives to prepare for strategic decisions.

Vilmorin & Cie's Members of the Board are also given responsibilities on the Board of Directors 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.

The role of the Board of Directors is therefore primarily to ensure that the management of all operational structures is optimized. For this purpose, it is more particularly required to define Vilmorin & Cie's global strategy, check the coherence of policies implemented, and ensure 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,
- ✦ implementation of the group's development plan and strategic partnerships, particularly in upstream technologies,
- ✦ an analysis of the main operations for acquisitions/mergers planned or ongoing in the agrochemicals sector that might have an impact on the seeds activities, whether field seeds or vegetable seeds, and consequently any opportunities that open up to Vilmorin & Cie,
- ✦ implementation of the group's financial operations to reinforce the Company's mid- and long-term resources (syndicated bank funding, etc.),
- ✦ closing of the parent Company financial statements and consolidated financial statements for the first semester and fiscal year of 2017-2018,
- ✦ approval of the budget for fiscal year 2018-2019.

The Board of Directors approved Vilmorin & Cie's corporate and consolidated financial statements, along with any related reports, at its meeting of October 17, 2018.

In compliance with the Internal Regulations and the recommendation of the Middenext Corporate Governance Code, the Board of Directors regularly ensures that a succession plan, respecting Vilmorin & Cie's specific characteristics, is in place for corporate officers and key individuals, and regularly discusses certain succession subjects during its meetings. 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 Members of the Board. 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 organize the mobility and succession of Top Executives and Executive Managers.

For each meeting of the Board of Directors, minutes are drawn up summarizing the discussions, and validated by each Member of the Board. Each Member of the Board 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 elsewhere 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 Middenext Corporate Governance Code recommendation on establishing an evaluation of the Board's work and operations, 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. Once every year the Chairman of the Board invites the members of the Board of Directors to express their opinion on the work and operations of the Board and its Committees. This item was on the agenda of the Board meeting held on June 27, 2018, but there was not enough time to discuss it. However, it was discussed at the Board meeting held on October 17, 2018 to approve the financial statements for the fiscal year closing on June 30, 2018.

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, 2018

In 2010, Vilmorin & Cie's Board of Directors set up an Audit and Risk Management Committee, today chaired by Miriam MAES, an independent Member of the Board, and under the exclusive and collective responsibility of the members of the Board of Directors. On June 30, 2018, Jean-Yves FOUCAULT and Pascal VIGUIER were also members of this committee.

Philippe AYMARD, Daniel JACQUEMOND⁽¹⁾ and Vincent SUPIOT⁽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,
- ❖ approving 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 2017-2018

The Audit and Risk Management Committee met three times during fiscal year 2017-2018, with an attendance rate of 91.67%. 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,

⁽¹⁾ Delegate CEO of Vilmorin & Cie.

⁽²⁾ Chief Financial Officer of Vilmorin & Cie.

- ❖ a summary of the actions undertaken in terms of regulatory compliance.

2.3.2. The Strategic Committee

Composition on June 30, 2018

Set up in 2010, the Strategic Committee was composed of four Members of the Board 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. Miriam MAES, Daniel JACQUEMOND⁽¹⁾ and Vincent SUPIOT⁽²⁾ also participate in this Committee.

Missions

The mission of the Strategic Committee, in particular, is to:

- ❖ review strategic orientations, the prospective analysis of markets and changes in the competitive environment,
- ❖ propose the designation of new Independent Members of 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 2017-2018

The Strategic Committee met once during the course of fiscal year 2017-2018, with an attendance rate of 100%. Its work mainly focused on:

- ❖ presentation of the mid-term plan 2017 and a retroactive analysis of the past five fiscal years in this process,
- ❖ consolidation operations in the agrochemicals and seeds industries,
- ❖ major developments in technologies and upstream R&D,
- ❖ development files.

Given the current choice to allocate directors' fees only to Independent Members of the Board and the specific organization of its General Management, in conjunction with its reference 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 or a Compensation Committee, but to deal directly with these issues in its plenary sessions.

2.4. Management bodies

2.4.1. The General Management

Vilmorin & Cie's General Management is the responsibility of the Chairman of the Board of Directors, Philippe AYMARD. The Board of Directors has adopted the combination of the functions of Chairman and CEO.

2.4.1.1. The Delegate CEO

The Chairman of the Board of Directors is assisted in his mission by a Delegate CEO, more specifically in charge of operational functions.

This function was held by Emmanuel ROUGIER up until his retirement in December 2017, in compliance with the Company's by-laws, which fix the age limit of its corporate officers at 65. Emmanuel ROUGIER joined the Group more than 40 years ago and had been Vilmorin & Cie's Delegate CEO since 2011. He specifically contributed to the internationalization of the Field Seeds activities and to the definition and deployment of the targeted external growth policy, allowing Vilmorin & Cie to develop regularly and sustainably on its markets.

Today, Daniel JACQUEMOND, whose appointment was approved at the meeting of the Board of Directors held on December 8, 2017, is Vilmorin & Cie's Delegate CEO.



Daniel Jacquemond

- Delegate CEO
- Nationality: French
- 60 years old

Mandat

- Commencement: 2017
- Expiry: 2020

Expertise and experience

A graduate of ESCP Europe, Daniel JACQUEMOND has experience of more than 30 years in Limagrain's main activities, and in particular has held various operational positions as CEO for subsidiaries in France and Germany.

Daniel JACQUEMOND had been Vilmorin & Cie's Chief Financial Officer since 2000.

Ongoing mandates on June 30, 2018

- **Chairman & CEO:** Vilmorin USA Corp (United States)
- **Vice-Chairman:** Vilmorin Garden Sp. zo. o (Poland)
- **Delegate CEO:** Vilmorin Jardin SA (France)
- **Member of the Board:** Carters Tested Seeds Ltd (United Kingdom), Hengji Limagrain Seeds Co. Ltd (China), Limagrain (Beijing) Agricultural Technical Services Co Ltd (China), Limagrain (Beijing) Business Consulting Co Ltd (China), Limagrain Brasil SA (Brazil), R&G Cuthbert Ltd (United Kingdom), Seed Co Limited (Zimbabwe), VCC Seeds Israël (Israel), Vilmorin 2014 (Holdings) Limited (United Kingdom), Vilmorin 2014 Limited (United Kingdom), Vilmorin Hong Kong Limited (Hong Kong), Vilmorin Singapore PTE. LTD (Singapore)
- **Member of the Board, non-member of the Cooperative:** Société Coopérative Agricole Limagrain (France)
- **Member of the Supervisory Board:** CH Van Den Berg (Netherlands)

2.4.1.2. Limits to the powers granted to the CEO and the Delegate CEO

The Chief Executive Officer 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 subject to 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.

2.4.2. The Executive Committee

Vilmorin & Cie's Executive Committee is led by Daniel JACQUEMOND; it comprises:



.....
Daniel JACQUEMOND
Delegate
CEO

.....
Vincent SUPIOT
Chief Financial
Officer

.....
Agnès MISTRETTA
VP for
Human Resources

.....
Bruno CARETTE
VP of the Field Seeds
Division

.....
Franck BERGER
VP of the Vegetables Seeds
Division

The Executive Committee meets twice every month. Its vocation is:

- ❖ to propose strategic orientations to the Board of Directors and then to ensure their implementations,
- ❖ to arbitrate on budgetary proposals from the different Business Units and check regularly that budgetary decisions are respected,
- ❖ to analyze any opportunities for external growth, partnerships or divestments, to submit them to the Board, and then to make sure they are properly finalized,
- ❖ to define the main rules and operating procedures for Vilmorin & Cie,
- ❖ to establish projects to close the half-yearly and annual consolidated and corporate accounts.

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, agreements concluded between a corporate officer or a shareholder holding more than 10% of the Company's voting rights and a subsidiary of the Company

2

Vilmorin & Cie's Members of the Board 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.

In compliance with article L.225-102-1 of the French Commercial Code, Vilmorin & Cie confirms that no agreement has been agreed between one of the Company's subsidiaries and a corporate officer or a shareholder holding more than 10% of the Company's voting rights.

2.5.2. Fees or allowances paid to corporate officers and Members of the Board

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 Middelnext Corporate Governance Code. Thus, the principles for determining this compensation meet the criteria of comprehensiveness, balance, benchmark, consistency, legibility of the rules, 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 Members of the Board 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.

The compensation of corporate officers who have a contract of employment comprises:

- ❖ a fixed salary which is reviewed annually,
- ❖ a variable part which 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 applied as such at the end of the fiscal year, once the consolidated financial statements have been definitively approved. Its amount is capped at one year's fixed compensation.
- ❖ benefit in kind consisting of the provision of a company car,
- ❖ retirement benefits.

The total compensation paid for fiscal year 2017-2018 to Mr. Emmanuel ROUGIER for his function as Delegate CEO (up until December 8, 2017) came to 219,700 euros, including a variable part of 90,100 euros and 581,500 corresponding to retirement benefits.

The total compensation paid to Mr. Daniel JACQUEMOND, for his function as Delegate CEO as of the same date came to 129,100 euros. The total commitments concerning Daniel JACQUEMOND's retirement benefits on June 30, 2018 stood at 235,400 euros.

Contractual severance payment corresponds to one year's total remuneration, fixed and variable. The formula used to calculate this sum, which constitutes the upper limit, is based on one year's gross fixed salary, to which is added a complementary payment corresponding to the annual average of the variable compensation for the previous three fiscal years closed.

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 2017-2018, the potential impact of the termination of the mandate of Vilmorin & Cie's Delegate CEO can be evaluated at 0.36 million euros.

As compensation for a non-competition obligation, the Delegate CEO can benefit from a compensatory 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 2017-2018, this allowance can be evaluated at 0.36 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.

In compliance with the provisions of article L.225-100 of the French Commercial Code, the Annual General Meeting of December 7, 2018, will deliberate on the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid or attributable on the one hand to Mr. Emmanuel ROUGIER, Delegate CEO until December 8, 2017 and then to Daniel JACQUEMOND, Delegate CEO after this date.

Moreover, and in accordance with article L.225-37-2 of the French Commercial Code, the Board of Directors will submit to the approval of the Annual General Meeting of December 7, 2018 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, respecting the above-stated details, for the fiscal year closing on June 30, 2019 and constituting the compensation policy that applies to him or her.

2.5.2.2. Fees and allowances of any nature received by Members of the Board (non-executive corporate officers)

The Members of the Board 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 8, 2017, the Board of Directors decided to allocate all the attendance fees for 2016-2017 (45,000 euros), to Miriam MAES and Mary DUPONT-MADINIER, Independent Members of the Board.

It will propose to the Annual General Meeting deliberating on the financial statements closed on June 30, 2018 to fix the attendance fees for fiscal year 2017-2018 at 45,000 euros. The distribution policy for Directors' fees broadly takes into account the attendance of each Member of the Board on the Board and the Committees, and the time she devotes to these functions.

2.5.2.3. Summarized statements of compensation

The different compensation components of the executive corporate officers due or allocated for fiscal year 2017-2018, which will be submitted to the vote of the Shareholders during the Annual General Meeting of December 7, 2018, are shown in the following tables, completed in reference to the appendix of the Middennext Corporate Governance Code.

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	06.30.16		06.30.17		06.30.18	
	Amounts due	Amounts paid out	Amounts due	Amounts paid out	Amounts due	Amounts paid out
Emmanuel ROUGIER, Delegate CEO⁽¹⁾						
Fixed compensation	251.3	251.3	246.6	246.6	127.1	127.1
Annual variable compensation	75.9	75.9	60.8	60.8	90.1	90.1
Attendance fees	-	-	-	-	-	-
Benefits in kind ⁽³⁾	4.8	4.8	5.0	5.0	2.5	2.5
Total	332.0	332.0	312.4	312.4	219.7	219.7
Daniel JACQUEMOND, Delegate CEO⁽²⁾						
Fixed compensation	-	-	-	-	126.1	126.1
Annual variable compensation	-	-	-	-	-	-
Attendance fees	-	-	-	-	-	-
Benefits in kind ⁽³⁾	-	-	-	-	3.0	3.0
Total					129.1	129.1

⁽¹⁾ Delegate CEO up until December 8, 2017.

⁽²⁾ Delegate CEO as of December 8, 2017.

⁽³⁾ 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	06.30.16 Amounts paid out	06.30.17 Amounts paid out	06.30.18 Amounts paid out
Miriam MAES, Independent Member of the Board			
Attendance fees	30.0	30.0	30.0
Other compensation	-	-	-
Total	30.0	30.0	30.0
Mary DUPONT-MADINIER, Independent Member of the Board			
Attendance fees	15.0	15.0	15.0
Other compensation	-	-	-
Total	15.0	15.0	15.0
Daniel CHÉRON, Member of the Board			
Attendance fees	-	n/a	n/a
Other compensation	303.1	n/a	n/a
Total	303.1	n/a	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 Chairman of the Audit and Risk Management Committee.

Table 3 - Summary table of allowances 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: 2020		x		x		x		x
Emmanuel ROUGIER, Delegate CEO Commencement of term of office: 2011 Expiry of term of office: 2017	x			x	x		x	
Daniel JACQUEMOND, Delegate CEO Commencement of term of office: 2017 Expiry of term of office: 2020	x			x	x		x	

2.5.3. Remuneration of Members of the Management bodies

In 2017-2018, the sum of compensations and benefits in kind made to members of the Executive Committee came to 1.5 million euros. Moreover, the total amount funded to retirement benefits of members of the Executive Committee came to 0.8 million euros on June 30, 2018.

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 Members of the Board and conflicts of interest. They provide for the obligation for each Member of the Board 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 Member of the Board. In the event of a conflict of interest, he or she must abstain from taking part in the discussions 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, or 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/or other duties.

2.6. 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.

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2.7. Information liable to have an impact in the case of a takeover 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 17, 2018.

Appendix

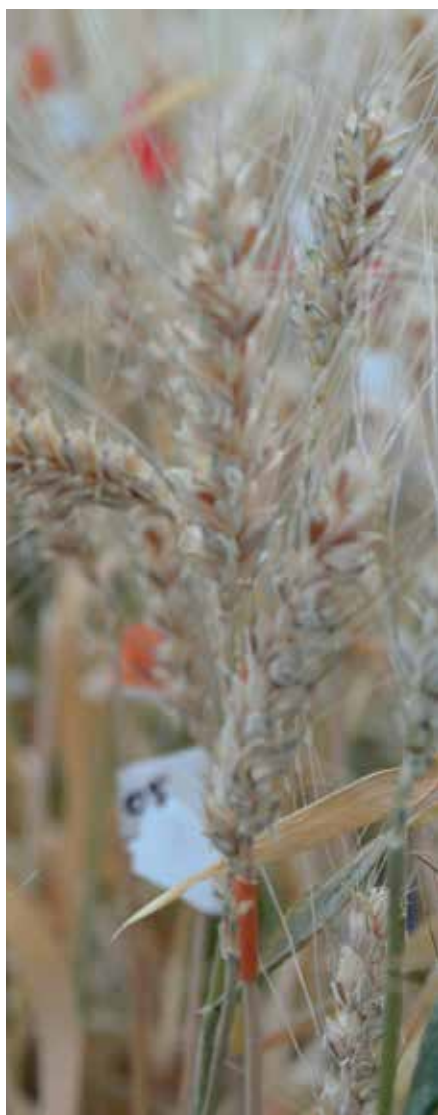
Summary table of the delegations of authority and powers granted by the Annual General Meeting of December 8, 2017 to the Board of Directors with regard to capital stock increases

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 the authorizations above	-	500 million euros	Not applied

3 | Management **REPORT**

Report of the Board of Directors
to the Joint Annual General Meeting
(Ordinary and Extraordinary) of December 7, 2018

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Report of the Board of Directors to the Joint Annual General Meeting (Ordinary and Extraordinary) of December 7, 2018

To the Shareholders,

The present Joint Annual General 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, 2018,
- ✦ to appoint a new Member of the Board,
- ✦ 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, and also to delegate to your Board of Directors the necessary powers to proceed with an increase of the capital stock through the incorporation of issue premiums, reserves, profits or any other items with a view to allocating free shares to shareholders.

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 2017-2018 Vilmorin & Cie consolidated the internationalization of its business, and furthered its partnerships in research and the development of new technologies.

Vilmorin & Cie's sales reached 82.2 million euros in 2017-2018 as opposed to 78.3 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 110.4 million euros, an increase of 7.1 million euros in relation to 2016-2017.

The operating income showed a loss of 10.2 million euros, a reduction of 2.7 million euros compared to the previous fiscal year.

The financial result showed a net income of 22.9 million euros compared to 39.6 million euros in 2016-2017.

This figure takes into account the dividends received from the subsidiaries, with the total amount for fiscal year 2017-2018 standing at 71.6 million euros, compared with 55.8 million euros the previous fiscal year.

It also includes net provisions on shares of 31.9 million euros and net currency exchange losses of 1.3 million euros.

Finally, this financial result also includes 13.1 million euros of net interest charges, as opposed to 12.6 million euros the previous fiscal year.

The extraordinary result showed a net income of 1.8 million euros as opposed to a net charge of 16.2 million euros in 2016-2017.

Income tax takes into account the impact of the fiscal integration system adopted by the Group on July 1, 2000. This fiscal group comprises 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 2017 2018 a net income of 21.4 million euros was posted for this line, including tax relief for research of 4 million euros.

As a result of the above-mentioned considerations, the net corporate income came to 30.8 million euros on June 30, 2018, as opposed to a profit of 26.3 million euros for the previous fiscal year.

The capital stock stood at 317,717,005.50 euros on June 30, 2018, corresponding to 20,833,902 shares each with a nominal value of 15.25 euros.

On June 30, 2018 loans and financial debts showed a value of 780.5 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 331.1 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, 2018, 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, 2018, Vilmorin & Cie complied fully with this commitment.

Consolidated financial statements

Accounting standards, principles and methods

At the close of fiscal year 2017-2018, 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, 2018.

The international accounting standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), along with their SIC (Standing Interpretation Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The accounting principles and methods used to prepare the consolidated financial statements for the year ending on June 30, 2018 are identical to those used to prepare the consolidated financial statements for the year ending on June 30, 2017. No change in accounting method or estimate was applied by Vilmorin & Cie during fiscal year 2017-2018 that might have an impact on the consolidated annual statements of Vilmorin & Cie.

Comparability of data

The evolution of data for fiscal year 2017-2018 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 2016-2017 take into account:

- ✦ the impact of currency translation, by applying the average rates of fiscal year 2017-2018,
- ✦ the main changes in the consolidation scope resulting from the acquisition of stakes in Prime Seed Co Botswana and Prime Seed Co Zimbabwe, aimed at developing the vegetable seed market in sub-Saharan Africa.

Activity and results for the fiscal year

Consolidated sales for fiscal year 2017-2018, and corresponding to revenue from ordinary activities, stood at 1,346 million euros, down 4.8% with current data. Restated for currency translation the decrease was 0.9%. Restated on a like-for-like basis (currency translation combined with the withdrawal from the distribution of agricultural supplies in Japan), sales increased slightly by 0.7% compared with the previous year.

Restated for inventory write-off and depreciation, gross margin on cost of sales stood at 48.9%, an increase of 0.3 percentage points compared with 2016-2017.

Net operating charges came to 561.6 million euros, as opposed to 568.7 million euros on June 30, 2017.

In compliance with its strategic orientations, Vilmorin & Cie continued to increase funding of its research programs, at a moderate rate in 2017-2018, both in terms of conventional plant breeding and biotechnologies. Total research investment came to 241.4 million euros as opposed to 240.2 million euros in 2016-2017, and now represents 16.2% 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 97.1 million euros, down compared with the previous fiscal year, resulting in a recorded operating margin of 7.2%, down 1.2 percentage points compared with the previous fiscal year.

Income from associated companies came to 23.3 million euros, including in particular AgReliant, and the African company Seed Co.

The financial result showed a net charge of 38 million euros compared with 24.5 million euros in 2016-2017, this year including currency exchange losses of 12.1 million euros compared with currency exchange gains of 0.1 million euros on June 30, 2017, in monetary markets highly disturbed by certain currencies (in particular the real, the Turkish pound and the yen).

Cost of funding came to 24.4 million euros compared with 22.1 million euros the previous fiscal year.

The net charge of income taxes came to 5.5 million euros as against 37.6 million euros in 2016-2017. They include a net income of deferred taxes of 7.5 million euros compared with a net charge of 12.6 million euros the previous year.

Finally, the total net income came to 76.9 million euros, a drop (13.2 million euros) compared with the previous fiscal year; the Group share ("attributable to the controlling Company") stood at 74.1 million euros.

Compared with the previous fiscal year, the balance sheet structure on June 30, 2018 remained solid, but was marked by an increase of the net debt to equity ratio (gearing of 58%, as opposed to 55% on June 30, 2017), particularly the result of the increase in working capital needs of Vegetable Seeds following a very good end of fiscal year 2016-2017.

Net of cash and cash equivalents (196.7 million euros), total net financial indebtedness came to 765.9 million euros on June 30, 2018 compared with 713.9 million euros on June 30, 2017. The share of non-current financial indebtedness stood at 758.3 million euros.

The Group's share of equity ("attributable to the controlling Company") stood at 1,195 million euros and minority interests ("attributable to the non-controlling minority") at 109.7 million euros.

Vegetable Seeds

Sales for the Vegetable Seeds division for the year ending June 30, 2018 came to 673,1 million euros, down 8.5% with current data compared with 2016-2017. Restated for currency translation the decrease was 3.6%. Restated on a like-for-like basis (currency translation combined with the withdrawal from the distribution of agricultural supplies in Japan), the decrease was 0.4%.

This more difficult fiscal year was directly related to more contrasting markets this year, due to several temporary difficulties: high inventory levels among distributors, particularly in North America, logistical problems related to phytosanitary regulations, and a one-off decline in certain market segments.

Moreover, it should be emphasized that the programmed withdrawal from the distribution of agricultural supplies in Japan by the Business Unit Vilmorin-Mikado, was deployed swiftly and had a total negative impact of more than 22 million euros over the full fiscal year.

On vegetable markets where the fundamentals are in no way called into question, Vilmorin & Cie succeeded in gaining market share during the fiscal year. In particular, business growth was sustained in several high-potential regions, especially in Asia (China and India) and South America (Brazil and Argentina). Vilmorin & Cie can thus confirm its world leadership in the vegetable seeds market and also reaffirms its confidence in the continuation of its growth momentum in the coming years.

Overall, the Vegetable Seeds activity maintained its operating margin, standing at 17.1% and posted a net contribution to the consolidated income of 80.7 million euros compared with 84.9 million euros for 2016-2017.

Field Seeds

Sales for the year for the Field Seeds division on June 30, 2018 came to 623.3 million euros, down 0.4 % when compared with fiscal year 2016-2017. Like-for-like sales grew by 2.3%, a fine business performance in a tense market context.

In Europe, the business posted fine growth (542 million euros, i.e. +3.6% like-for-like). In a market context that remains characterized by the low prices of agricultural production, this increase shows gains in market share, both in corn and sunflower. As far as oilseed rape was concerned, the commercial campaign once again achieved excellent growth, both in volume and value.

In its other development areas (South America, Asia and Africa), Vilmorin & Cie made sales of 81.4 million euros, down 5.7% on a like-for-like basis compared with the previous fiscal year.

In South America, there was a 4% drop in like-for-like sales, in a particularly difficult market context this past fiscal year in Brazil, marked by a significant reduction in corn acreage and strong pressure on prices. In this context, Vilmorin & Cie nevertheless managed to stabilize volumes taken to market, and therefore increased its market shares. In Asia, performances varied according to country, with business increasing especially in India and a disappointing campaign in Southeast Asia.

In spite of an increase in like-for-like business, the Field Seeds division posted an operating margin of 0.4%, down by 2.3 percentage points compared with 2016-2017, and a positive contribution to the consolidated income of 20.4 million euros, a drop of 11.5 million euros compared to the previous fiscal year.

Garden Products and Holdings

Sales for the Garden Products and Holdings activities came to 49.6 million euros on June 30, 2018. The operating contribution of these activities showed a total loss of 20 million euros, mainly due to costs in the holding structures; they made a negative contribution to the consolidated net income of 24.2 million euros.

Vilmorin & Cie's activity in fiscal year 2017-2018 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.

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 2017-2018, tangible investments came to 43.5 million euros.

In line with the management guidelines for fiscal year 2017-2018, 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 pluri-annual investment program of a significant sum in proportion to investments made in recent fiscal years.

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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 not 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	618						210	82						69
Total amount of invoices concerned, VAT tax included, in euros	11,841,658.75	1,428,454.06	163,800.27	28,508.42	267,698.55	1,888,461.30	1,759,364.93	1,745,235.48	89,197.34	201,293.58	2,032,421.51	4,068,147.91		
Percentage of the total amount of purchases, VAT tax included, for the fiscal year	12.51%	1.51%	0.17%	0.03%	0.28%	2.00%								
Percentage of sales, VAT tax included, for the fiscal year								1.49%	1.48%	0.08%	0.17%	1.72%	3.45%	

(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 deadline – 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						
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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 fiscal year

In July 2018, through its subsidiary Vilmorin SA, Vilmorin & Cie completed the full take-over of the company AdvanSeed, whose head office is located in Odense, Denmark. AdvanSeed specializes in the breeding, production and distribution of hybrid spinach and leafy vegetable seeds.

In August 2018, the company Seed Co Limited, a subsidiary of Vilmorin & Cie, reorganized its business activities. As a result of this operation, Vilmorin & Cie directly holds 29% of the company Seed Co International, previously a 100% subsidiary of Seed Co Limited.

On September 5, 2018, Vilmorin & Cie was called by Arcadia Biosciences to appear before the New-York state court for failure to respect confidentiality agreements signed in 2009. The above-described proceedings have not led to any provision being made, since the group is not in a position to assess the financial risk at this initial stage.

Outlook for the future

Fiscal year 2017-2018 was marked by a market environment that was unstable for Vegetable Seeds and once again globally slump for Field Seeds, mainly due to the persistent low level of prices for agricultural production. In spite of this context, Vilmorin & Cie nevertheless managed to post a slight increase in business at the end of a fiscal year in which it managed to strengthen its global competitive positions. Moreover, Vilmorin & Cie confirmed its strategic orientations, especially with regard to investment in research and innovation, and to worldwide development on the professional markets of agriculture and vegetable production.

Fiscal year 2018-2019 should allow Vilmorin & Cie to continue to strengthen its competitive positions in market conditions that will probably remain tense in the field seeds sector, and lacking in visibility in vegetable seeds; 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.

Procedures for internal control and risk management set up by the company

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 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 Governance, Risks, and Compliance Department (G.R.C.), which groups legal affairs, safety-security 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 2017-2018, 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.

Development of a risk management system

General principles for the management of risks

The objective of risk management is to create and preserve Vilmorin & Cie’s value, assets and reputation, by integrating risk/opportunity analysis into decision-making and contributing to process control. It also aims to mobilize employees around a common vision of risks and to spread the risk culture throughout all Vilmorin & Cie’s entities.

Since fiscal year 2008-2009, Vilmorin & Cie has had a global risk management organization based on a risk management network at Group and Business Unit level and an Audit and Risk Management Committee whose missions and composition are set out in detail in section 2.3. Specialized Committees of the Annual Report.

Vilmorin & Cie has gradually developed an operational approach to managing its risks, which is described in section 1.7. Risk factors of the Annual Report. This is a process implemented by the Group and its Business Units and managed by the Risk Management and Insurance Department within the G.R.C. Department.

Over the course of fiscal year 2017-2018, Vilmorin & Cie’s risk management network was developed and structured with

different roles defined within the Group (risk owners, risk domain coordinators), with risk coordinators and risk processing managers in each Business Unit.

The G.R.C. Department reports to the Executive Committee on risk mapping and the major risks. Vilmorin & Cie’s Executive Committee plays an essential role in risk management, and validates priorities and major orientations in terms of risk management.

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 Vilmorin & Cie’s different activities and operational entities.

This mapping is regularly updated in collaboration with those involved in the risk management system at Group and Business Unit level.

The risks identified are classified into risk domains and are set down in detail in risk sheets included in the new Risk Management Information System (RMIS) deployed during fiscal year 2017-2018. Risks likely to have major consequences for Vilmorin & Cie are handled and monitored by the risk management network and reported to the Executive Committee.

The risk management methodology and the main risk factors identified for Vilmorin & Cie are described in more detail in section 1.7. Risk factors of the Annual Report.

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.

During fiscal year 2017-2018, work was carried out with all Business Units to define and implement a structured and objective environmental strategy.

Climate change could eventually have an aggravating impact on certain risk factors already identified by Vilmorin & Cie and described in section 1.7. Risk factors of the Annual Report, in particular risks related to research, procurement and also environmental risks. However, climate change did not emerge as a risk factor in its own right in Vilmorin & Cie’s risk mapping, which was updated in 2017-2018.

In its strategy, Vilmorin & Cie already takes into account the future effects of climate change by adapting its research on varieties adapted to the climate.

A continuous progress approach

The reference framework

For Vilmorin & Cie's major risks, the control measures set out in the risk sheets are converted into group guidelines that must be respected at all group sites worldwide; these rules are minimum standards for each risk domain and thus constitute a Group reference framework.

Audits

In order to check that all the standards defined above are applied efficiently, audit campaigns have been, and will be conducted per risk domain; these involve either field audits or self-assessments. Audit reports and their summaries 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 framework. Accordingly, this approach can be seen as a tool for permanent progress and continuous improvement.

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, 2018.

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.

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 subsidiary 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.

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.

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.

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 2017-2018.

Pursuant to article L.233-6 and L.247-1 of the French Commercial Code, we inform you that our Company did not purchase or dispose of any stake in a French company during the past fiscal year.

In accordance with article L.232-1, II of the French Commercial Code, we hereby inform you that our Company has no branches.

⁽¹⁾ Cf. consolidation scope on page 208.

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, 2018, 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, 2018, 15,160,276 shares benefitted from this right. Groupe Limagrain Holding, Coopérative Agricole Limagrain and Sélia were the main shareholders concerned, giving Limagrain voting rights control of 84.64%.

On June 30, 2018, Vilmorin & Cie held 5,877 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, 2018 no employee held a stake in the capital stock.

Appropriation of the profits

We propose to apply the profits of Vilmorin & Cie in the following manner:

✦ Net profits on June 30, 2018	30,827,772.92 euros
✦ Application to legal reserve	1,541,388.65 euros
✦ Profits available on June 30, 2018	29,286,384.27 euros
✦ Dividends to distribute	28,125,767.70 euros
✦ Carried forward	1,160,616.57 euros

After this application, the final amount to carry forward will be 1,161,933.37 euros.

The net dividend is set at 1.35 euros per share. As a proportion to the net profits for the Group, the sums distributed amount to 38%. 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:

Fiscal year	Income eligible for tax credit		Income not eligible for tax credit
	Dividends	Other distributed revenue	
2014-2015	32,709,226.14 euros ⁽¹⁾ i.e. 1.57 euros per share	-	-
2015-2016	22,917,292.20 euros ⁽¹⁾ i.e. 1.10 euros per share	-	-
2016-2017	33,334,243.20 euros ⁽¹⁾ i.e. 1.60 euros per share	-	-

⁽¹⁾ Including the amount of unpaid dividend corresponding to treasury shares and carried forward.

	14-15	15-16	16-17
Number of shares	20,833,902	20,833,902	20,833,902
Nominal	15.25 euros	15.25 euros	15.25 euros
Net dividend per share	1.57 euros	1.10 euros	1.60 euros

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 156,793 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 thousand euros	17-18	16-17	15-16	14-15	13-14
Stock at the end of the fiscal year					
Capital stock	317,717	317,717	317,717	317,717	288,833
Number of ordinary shares	20,833,902	20,833,902	20,833,902	20,833,902	18,939,911
Operations and results					
Total sales before tax	82,165	78,277	80,819	62,250	56,476
> of which France	55,738	51,959	55,235	44,473	38,932
> of which Export	26,427	26,317	25,584	17,777	17,544
> of which Services	70,897	67,360	70,075	51,046	55,439
Profit before income tax, profit-sharing, amortization, depreciation and provisions	55,186	22,986	36,306	10,059	29,205
Profit after income tax, profit-sharing, amortization, depreciation and provisions	30,828	26,253	32,700	14,580	39,372
Profits distributed	28,126	33,334	22,917	32,709	31,251
Profit per share (in euros)					
Profit after income tax and profit-sharing, but before amortization, depreciation and provisions	3.67	2.09	2.68	1.31	2.28
Profit after income tax, profit-sharing, amortization, depreciation and provisions	1.48	1.26	1.57	0.70	2.07
Dividend per share	1.35	1.60	1.10	1.57	1.65
Headcount					
Average staff ⁽¹⁾	295	264	257	236	209
Total payroll	18,321	18,266	16,735	13,906	12,701

⁽¹⁾ Number of people.

Inter-company loans

We inform you that our Company has not granted any loans pursuant to articles L.511-6, 3bis 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 no new agreement subject to the procedure for regulatory agreements governed by article L.225-38 of the French Commercial Code was signed during the course of the fiscal year from July 1, 2017 to June 30, 2018.

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.

Corporate management system

On June 30, 2018, administration of your Company was entrusted to a Board of Directors comprising seven members.

On June 30, 2018, the Board of Directors was composed of the following members:

- ✦ Chairman and CEO: Philippe AYMARD
- ✦ Members of the Board:
 - Annick BRUNIER
 - Mary DUPONT-MADINIER, Independent Member of the Board
 - Jean-Yves FOUCAULT
 - Miriam MAES, Independent Member of the Board
 - Sébastien VIDAL
 - Pascal VIGUIER

Mr. Jean-Yves FOUCAULT has expressed his wish to resign from his mandate as Member of the Board. The Board of Directors takes note of this resignation and, noting that the number of Members of the Board remaining in office exceeds the statutory minimum, decides not to immediately provide for his replacement by cooptation.

The Board of Directors proposes to submit to the vote of the next General Meeting the appointment of Mr. Claude RAYNAUD as a new Member of the Board for a term of three years, i.e. until the end of the General Meeting called to approve the financial statements for the financial year ending June 30, 2021.

During fiscal year 2017-2018, 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.

Control bodies

Vilmorin & Cie's Statutory Auditors are KPMG Audit, Département de KPMG SA, and Visas 4 Commissariat.

Furthermore, services provided other than the certification of the financial statements provided by the Statutory Auditors during the year to our Company and the controlled entities were as follows:

- ✦ certificate missions carried out by KPMG SA,
- ✦ legal and tax services provided by members of the KPMG network.

Transactions with related parties

All transactions with related parties, mainly with Limagrain, are described in note 32 in the notes to the consolidated financial statements on June 30, 2018, and they were pursued during this fiscal year on the same basis as in fiscal year 2016-2017.

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 Combined Ordinary and Extraordinary General Meeting of December 8, 2017, we carried out the following operations over the fiscal year:

✦ Number of shares purchased	186,889
✦ Average purchasing price	74.90 euros
✦ Number of shares sold	189,165
✦ Average selling price	75.37 euros

On June 30, 2018, our Company held 5,877 shares, corresponding to less than 0.1% of the capital stock, at a purchasing value of 337,400 euros, an average unit price of 57.40 euros.

On September 30, 2018, our Company held 6,580 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 the AMAFI deontology charter 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 one million shares, representing a maximum potential commitment of 100 million euros.

Authorization to make a public issue

During the Combined Ordinary and Extraordinary General Meeting of December 8, 2017, a number of resolutions were passed authorizing the Board of Directors, 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 order to remain attentive 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, based solely on its deliberations, 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 bylaws, 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. This amount will be deducted from the total ceiling submitted to your Board of Directors in its sixteenth 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 conditions of these delegations are set out in the ordinary and extraordinary draft resolutions (eighth resolution and thirteenth thru sixteenth 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 project is the subject of the seventeenth 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.

Authorization to increase the capital stock through the incorporation of issue premiums, reserves, profits or any other items with a view to allocating free shares to shareholders

In order to reinforce its shareholding policy and encourage the liquidity of its shares, we propose that you delegate once again to your Board of Directors, for the duration of 26 months, the necessary powers to proceed with one or several increases in capital stock through the incorporation of issue premiums, reserves, profits or any other items, with a view to allocating free shares to the shareholders.

All the provisions of this delegation are developed in the draft eighteenth resolution.

General provisions

The rules adopted to establish these 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, 2018.

In their reports your Statutory Auditors confirm that they have accomplished their mission.

With the exception of the seventeenth resolution, your Board of Directors invites you to adopt the ordinary and extraordinary resolutions which it is submitting for your approval.

4 | Social, environmental and societal **INFORMATION**

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4.1. The approach

4.1.1. CSR program

Based on the cooperative foundations of Limagrain, its reference shareholder, Vilmorin & Cie launched its Corporate and Social Responsibility (CSR) program in 2012. It has been built on a systemic and partnership-based vision to enable sustainable commitments. It is consistent with the standard ISO 26000, in particular its specific version for the agri-food sector, and on the 10 principles of the Global Compact. Furthermore, each Business Unit can develop a CSR program that is specific to its own challenges. Nevertheless, the Corporate CSR department insures that the programs developed by the Business Units are coherent with that of the Group.

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 while preserving 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 program 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 insures 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 insure 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 non-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, and for which dedicated organization has been established. The creation within the Group's Management Committee of an "International Affairs and CSR department," at the beginning of January 2018, is a clear sign of the importance the Group attaches to CSR in its strategy. The CSR department coordinates Social Responsibility at Group level and comprises two permanent staff. For the past five years they have been supported by the expertise of a CSR committee, made up of CSR correspondents from the various Business Units and representing different 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 non-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 back 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.

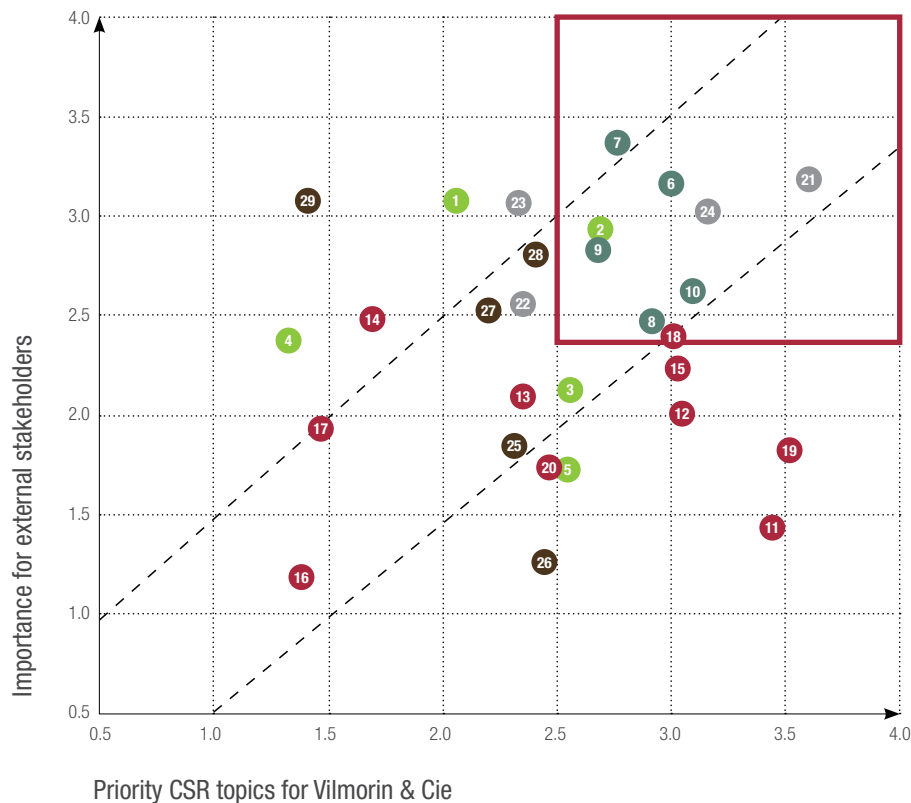
The results provide reading keys and help to distinguish the main elements for the Company's current and future CSR success, and the less important elements. They are regularly reassessed, in a continuous improvement approach, in order to take into account the changing context and stakeholder expectations.

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 the Business Unit 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 how well they are mastered by the Company. Nine (*) issues are given priority: two human resources issues (attractiveness and talent management

throughout the world, employee health, safety and well-being), five governance issues (business ethics and transparency, governance mode, responsible purchasing policy, relations with stakeholders and participation in public debate, respect for human rights), one product issue (sanitary quality), and one environmental issue (management and quality of water and effluents). Furthermore, work to compare the results of the materiality analysis with the CSR program was initiated during fiscal year 2017-2018 and will be completed over the following fiscal year.

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 Responsible marketing and 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⁾ The Gaïa Index is a subsidiary of Ethifinance, specialized in the CSR analysis and rating of European small and mid-tier firms.

The Gaïa index panel 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) are 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⁽²⁾) 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.

For Vilmorin & Cie, whose primary vocation is to contribute to meeting these global food challenges, innovation is the foundation of performance and competitiveness. Innovation must also make it possible to promote the coexistence of all forms of agriculture in a balanced and diversified combination. Thus, in 2017-2018, Vilmorin & Cie devoted 16.2%⁽³⁾ of its professional sales to research, which mobilizes 29% of the group's workforce. For Vilmorin & Cie, innovation is primarily concerned with the creation of efficient varieties in more than 60 vegetable and field seed species.

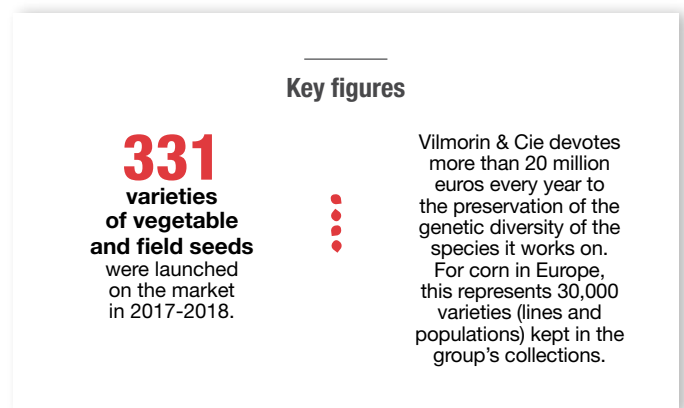
Scientific progress, particularly in genetics, has enabled rapid and useful advances to be made in plant breeding. Breeding* teams work every day to create varieties that meet the expectations of farmers and growers, regardless of their farming system, their problems and their geographical region. They thus select more productive varieties, better adapted to the climates and specificities of the different regions, more resistant to diseases and insects, while having optimal nutritional qualities. These new varieties provide solutions for producers and contribute to improving the economic performance of farms.

Vilmorin & Cie also includes in its research new agronomic practices, linked to new technologies, especially those resulting from digital technology. Precision farming, which makes it possible to complete the farmer's perception and experience in order to model them in the form of data, is an important area of work. Research is also being carried out on the knowledge and protection of soil and the use of biological control techniques.

By helping agriculture to become both more productive and more environmentally friendly, Vilmorin & Cie will be able to contribute to the development of a sustainable and competitive model, and play a role in meeting food challenges. The specific features of Vilmorin & Cie's development model and a detailed presentation of research are described in Part 1 from pages 33 and 38.

4.2.1. Developing high value-added plant and crop solutions

In the coming years, agriculture will have to face up to a convergence of major global challenges: a rising population, increased competition for access to constantly diminishing water and energy resources, and climate change, etc.



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 with great reactivity to agricultural ecosystems and their constraints (climate, soil quality, etc.). 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 2017-2018, Vilmorin & Cie launched 331 new varieties on the market, including 227 varieties of vegetable seeds and 104 varieties of field seeds. In total, more than 5,000 varieties, covering more than 60 plant species, are marketed by Vilmorin & Cie worldwide.

4.2.1.1. Vilmorin & Cie's contribution to vegetable seeds

With ADORA, the Business Unit HM.CLAUSE is launching more than just a new tomato.

In October 2017, HM.CLAUSE launched the tomato ADORA. A descendant of the "Noire de Crimée" and the "Marmande", the tomato ADORA has the shape of a traditional marmande, a dark color on the outside and red on the inside, a tangy taste and a soft texture in the mouth. ADORA is a response to consumer trends for "authentic" and tasty varieties, which consumers value, while allowing tomato producers to diversify their production.

⁽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).

Strict production specifications guarantee optimal product quality and regularity to consumers. These tomatoes, grown mainly in the Mediterranean basin (Spain and Italy), are consumed locally, but also in Northern Europe. ADORA is not only the name of this new variety: it is also a registered trademark intended for promotion with consumers. And so ADORA is a product innovation combined with a marketing approach involving producers, distributors and consumers.

Friseline, a recognized innovation conquering new markets

Launched in France in 2016-2017, Friseline is an innovation from the Business Unit Vilmorin-Mikado, intended to boost the salad market and create new outlets for endive producers. This lettuce, the result of crosses between different chicories, is original, easy to prepare and has a characteristic taste. Sold to consumers under the brand name Friseline, it is the result of a partnership between the Business Unit and six partners. In 2017-2018, Friseline was produced on a surface area of 40 hectares, with a volume of 220 tonnes. Nine new partner producers joined the network over the course of the fiscal year. Starting from France, this original little lettuce is today sold in Germany, Luxembourg and in the Middle East. In the United States, where it is sold under the brand name Coraline, the American partner producer is planning to increase its acreage by more than 60% over the fiscal year 2018-2019. Coraline can even be found on the menu of the “classy” restaurants of Miami, New York or Los Angeles.

Friseline, “the little lettuce full of character” won a “Sival bronze medal – Category Varietal Innovation” (France) in 2017, the “Gold prize for innovation” at the Tavola Show (Belgium) and 1st for the product of the year awarded by We’Re Smart (Belgian publisher of the 2018 guide of the best vegetable restaurants in the world), in 2018.

4.2.1.2. Vilmorin & Cie’s contribution to field seeds

A dynamic varietal flow of grain corn for the European market

The Limagrain Europe Business Unit, notably through its LG brand, has built its historical development in Europe on forage corn intended for animal feed, particularly in Western and Northern Europe. Over the past few fiscal years, Limagrain Europe, which held modest positions in grain corn in Southern and Eastern Europe, has recorded an increase in its market share in this segment, despite the market decline. The explanation is simple: Limagrain Europe now has high-performance varieties, the result of extensive corn research in Europe and access to worldwide germplasm*. The grain corn range now covers all early segments and the product flow resulting from research should enable growth in all markets. Adevey

and LG 30215 are now the flagship varieties. About ten other varieties are expected to be launched over the next two years and almost as many are already in the commercial development phase.

Contributing to varietal progress in Africa through the partnership with Seed Co

As part of its participation in Seed Co⁽¹⁾, Vilmorin & Cie actively supports all the research programs of the African seed company, whose role in improving varietal performances is undeniable. For example, Seed Co launched the first corn variety - SC 709 - resistant to cercosporiosis. This disease, which arrived in Zimbabwe in the mid-1990s, causes extensive damage to corn production, mainly among small-scale farmers who do not use plant protection products. The resistance of SC 709 is therefore all the more essential. In soybeans, rust is the most devastating disease and can cause yield losses of more than 50%. With varieties such as SC Signal, SC Saxon and SC Sentinel, Seed Co was the first seed company to introduce soybean varieties resistant to this disease on the market.

4.2.1.3. Vilmorin & Cie’s contribution to garden products

Vilmorin Jardin launches “Kitchen Gardening by Vilmorin” and a branded range of young plants

The gardening market is constantly evolving and is increasingly segmented according to new factors: the gardener’s knowledge (expert or neophyte), the size of the garden (a vegetable garden, a terrace, a balcony or a planter, etc.). To meet the expectations of everyone, and in particular of «new gardeners», in many cases urban, neophytes, with a very small space, often looking for naturality and a desire to eat their own vegetables, Vilmorin Jardin launched “Kitchen Gardening by Vilmorin” during the course of the fiscal year. Between gardening, decoration and food, Kitchen Gardening offers turnkey solutions to meet these new needs.

First of all, there are indoor gardens that take the form of three decorative indoor lamps. Using hydroponics, they include culture baskets, filled with substrate, timer-controlled LED lighting and a water reserve. Combined with a range of 18 varieties of herbs and small fruits, and a dedicated fertilizer, they allow indoor production. For outdoor use, including balconies and terraces, Kitchen Gardening offers four complete kits of “Hanging Gardens” based on planters and three “Textile Gardens” offering fabric pots. Vilmorin Jardin thus offers new and original ways to indulge in the pleasures of gardening, which respond to societal trends. Another growing trend is the purchase of bedding plants instead of seeds. To respond

⁽¹⁾ On June 30, 2018, Vilmorin & Cie held 29.45% of the capital stock of Seed Co, the largest African seed company.

to this market evolution, Vilmorin Jardin has been marketing its first Vilmorin branded plants since spring 2018. 65 varieties of tomatoes, hot peppers, sweet peppers, eggplants, melons, etc., chosen for their ease of cultivation and resistance to disease, were available this launch year.

4.2.2. Ensuring that customers and consumers have accessible, safe and high-quality products

Seed, which is Vilmorin & Cie's core business, is the basis of all plant food production. It is therefore legitimate for the Company to strive, day after day, to adapt to the diverse food needs of consumers around the world. At the same time, offering safe and quality products is one of the group's priority objectives. To insure a reliable level of traceability, from research to production and distribution, Vilmorin & Cie sets up quality management systems in compliance with the highest European and international standards. These tools are part of a continuous improvement process whose implementation and scope progress each year to achieve operational excellence.

4.2.2.1. Market products that meet the expectations of each customer worldwide

Vilmorin & Cie's objective is to best meet the needs of its farmer and grower customers, regardless of their geographical location and farming system. Vilmorin & Cie's line-ups must offer seeds adapted to the needs of all forms of agriculture. Working on more than 60 crops, both vegetable and field seeds, the Company contributes to the diversity of production and seeks to offer genetic diversity adapted to the needs of each producer. Vilmorin & Cie works for large farms in Eastern Europe, North and South America, as well as smaller structures in Africa, Asia and the green belts of European cities. Vilmorin & Cie thus endorses the vision of the *International Seed Federation (ISF)* and pursues the objective of creating "a world in which all farmers have access to high-quality seeds, in order to contribute to sustainable agriculture and food security."

Vilmorin & Cie considers that genetic improvement and varietal creation are the basis for a sustainable intensification of agriculture aimed at producing more with fewer inputs (energy, plant treatment products, fertilizers, water, etc.). Indeed, genetic improvement, borne by the seed, combines a high return on investment for producers with a low impact on the environment.

In order to offer varieties adapted to the expectations of its customers, Vilmorin & Cie integrates the needs of producers and the entire agri-food chain from the very beginning of its research programs, thanks to very close and permanent links between

breeders* and local teams dedicated to product development or sales. For Vilmorin & Cie, proximity to markets is essential; it is reflected in particular in its organization in Business Units.

Vilmorin & Cie is thus developing its presence as close as possible to markets through a network of local structures, either through the acquisition of seed companies already established or through the creation of new entities. For example, Vilmorin & Cie has invested over the past five years in:

- ✦ the acquisition of Tropdicorp (Vietnam, Vegetable Seeds), Seed Asia (Thailand, Field Seeds), Shamrock (United States, Vegetable Seeds) and Genica Research (United States, Vegetable Seeds),
- ✦ the purchase of stakes in SeedCo (East Africa, Field Seeds) and Canterra Seeds (Canada, Field Seeds) and the creation of new joint ventures through Prime SeedCo (East Africa, Vegetable Seeds), Limagrain Cereals Research Canada (Canada, Field Seeds) and Hengji Limagrain Seeds (China, Field Seeds),
- ✦ the creation of new facilities in Kenya, Peru and Jordan.

4.2.2.2. Quality management

Internal management systems and external certifications guarantee the quality of the seeds sold by Vilmorin & Cie. In 2017-2018, 98% of the sales of companies with an industrial site were covered by a quality management system and, within the same scope, 85% of the sales benefited from quality certification such as ISO 9001, GSPP, NAL, etc. In addition, Vilmorin & Cie is covered throughout its scope by the "Excellence Through Stewardship (ETS)" certification, which demonstrates the responsible management of all its activities related to GMO* products, from research to distribution, through independent external audits of existing quality management systems. This information is presented in detail in the "Risk Factors" section on page 51.

4.2.3. Accompanying the evolution of different agricultural models for a more sustainable world

Agronomic innovation aims to improve agricultural practices through the development of efficient and pragmatic solutions that are easy for farmers to use. By putting innovation at the service of farmers, agriculture will be more environmentally friendly, more productive and in line with societal expectations. Vilmorin & Cie's close relationship with its customers enables it to be attentive to the needs of producers, farmers and growers. In addition to high-performance products, it provides them with agronomic expertise, innovative tools and tailor-made support to enhance the full genetic potential of the seed.

Starcover, a technology that contributes to the expression of seed performance

A seed is a promise. That of production for the farmer or grower, but a promise that may fade as various hazards follow one after the other until harvest. Putting the seed in the best possible starting conditions is an issue to which seed treatment contributes. Limagrain Europe is innovating and during the fiscal year, in Germany, Belgium, Denmark, Italy and the Netherlands, launched an original biostimulant called Starcover. Applied in seed treatment, it combines two active ingredients of natural origin – a plant extract and a bacterium – which act synergistically around the corn seed. The promise of Starcover is to provide more and better roots for better access to soil nutrients, better phosphorus uptake and a more vigorous plant start. All these advantages contribute overall to improved regularity between plants and greater stability in the plot in the face of climatic conditions, thus improving yield expression. Starcover will be launched in other European countries in the coming fiscal years.

Cultivating proximity with farmers and meeting their needs for information and advice through digital technology

During the year, the Business Unit Limagrain Europe completed its offer of decision support tools (DST) for French farmers. The LG brand offers French farmers all the “*LG Vision*” management tools useful for managing their farm, free of charge, on a single dashboard. “*LG Vision Ration Gagnante*” therefore complements the other DTS available to manage choices of early planting, sowing density, irrigation management, grassland management and the fixing of harvest dates. This new tool for livestock farmers helps them to choose the most suitable and complementary corn and forage varieties according to the soil and climate conditions of the farm, but also the type of livestock and the farmer's objectives. The goal is to achieve maximum nutritional efficiency. In addition, LG launched its first application in France in fiscal year 2017-2018. Here again, the aim is to provide advice to the farmer on sowing density. Designed for grain corn growers, “*LG Vision Density*” allows them to determine the optimal seeding rate based on the variety sown and the characteristics of each plot.

Through “*LG Vision*”, digital technology is therefore becoming an essential assistant to the farmer in many of the decisions he has to make. In an increasingly dispersed agricultural world, it can also be a real tool for sharing and linking the agricultural community. In this context, the LG brand set out to meet expectations by creating a Facebook community “*Cultivating the land with LG Seeds*”. Testimonials, opinions, experiences, advice, tips and tricks are the key words of this community, which brings together more than 2,000 Internet users.

4.3. Conducting activities in an ethical, sustainable and effective manner

Key figures



In order to develop in France and internationally, Vilmorin & Cie carries out its activities with responsibility, respecting all the players in its environment, whether they are women and men working in its organization, its shareholders, its customers, its suppliers, without forgetting the associative and political authorities, as well as the final consumers and civil society.

The values of progress, perseverance and cooperation guide the behavior of employees and preside over decisions in a long-term perspective. The group is supported in its reasoned approach 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 meet 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 its research and plant breeding efforts and targeted actions in all its projects.

Furthermore, the fundamental themes of *UN Global Compact* – human rights, labor rights, 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, which is essential to insure 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 the Group operates.

Finally, Vilmorin & Cie makes every effort to make its employees feel proud of their company. During fiscal year 2017-2018, 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 offer as an employer attractive to the various audiences while reinforcing a feeling of belonging with all Vilmorin & Cie's employees. The efforts of the HR teams have also focused on deploying 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 across European borders were also pursued over this fiscal year.

4.3.1.1. Vilmorin & Cie's employees

Permanent headcount

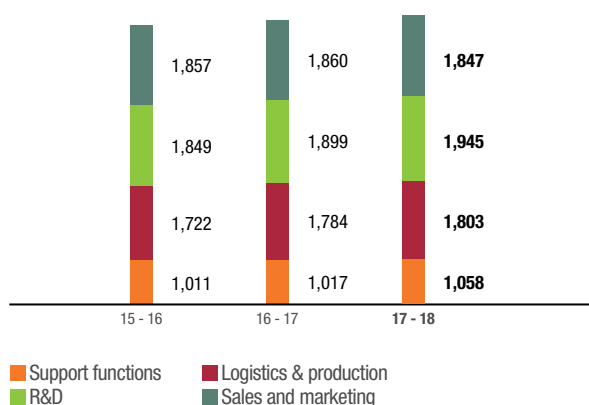
With a permanent headcount of 6,653, up 1.42% compared with the previous fiscal year, Vilmorin & Cie enjoys a wealth of 74 different nationalities.

Number of employees	15-16	16-17	17-18
Division			
> Vegetable Seeds	3,561	3,653	3,714
> Field Seeds	2,328	2,363	2,413
> Garden Products	292	281	258
> Holding	258	263	268
Geographical area			
> France	2,062	2,076	2,062
> Non-France	4,377	4,484	4,591
Gender			
> Men	4,014	4,087	4,141
> Women	2,425	2,473	2,512
Category			
> Managers ⁽¹⁾	1,938	1,938	2,002
> Non-Managers	4,501	4,622	4,651
Total	6,439	6,560	6,653

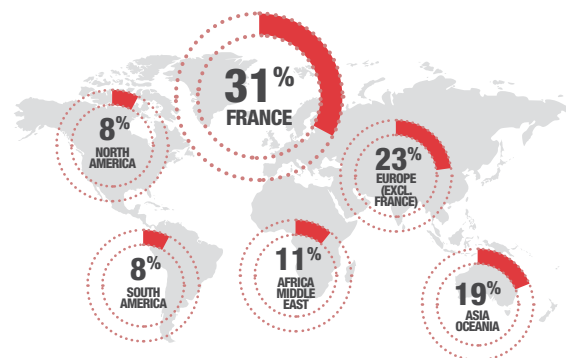
⁽¹⁾ According to the definition adopted by Vilmorin & Cie, a manager is a supervisor or expert with further education of five years or the equivalent acquired by experience.

Evolution of the permanent headcount by function

The permanent headcount per function in relation to 2016-2017 was slightly lower for sales and marketing functions for the second consecutive year (-0.11%), but the other profiles increased: +0.50% for logistics and production, +2.96% for research, and +2.92% for support functions.



Distribution of the permanent headcount per continent



Trainees

The number of trainees fell to 347, a drop of 8.68%, as opposed to 380 in 2016-2017, yet still remained higher than in 2015-2016 (323 trainees).

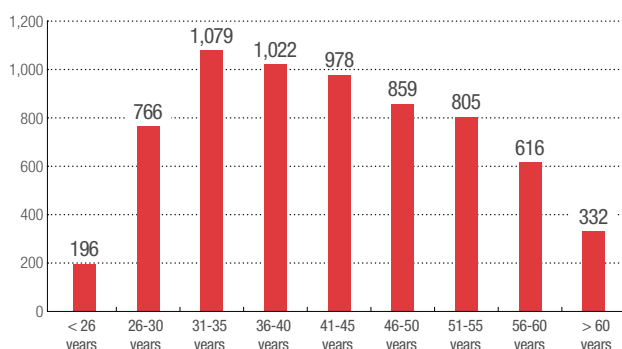
The distribution of trainees per business line remained in the same proportions except for the support function with 8 percentage points less. 53.03% of the trainees were in R&D, 17% in sales and marketing, 15.56 % in support functions, and 14.41% in logistics and production.

In 2017-2018, most of the trainees were located in Europe (82.42%), corresponding to a very strong increase (+18 percentage points on average) compared to the past two years. In all the other geographical areas numbers dropped considerably: 8.07% in South America; 5.76% in North America; 2.02% in Africa/the Middle East and 1.73% in Asia/Oceania.

Age pyramid

In 2017-2018, the average age of employees at Vilmorin & Cie was 42.3. 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



Recruitments / Departures: key figures

817 employees, including 151 with a permanent contract, were hired by Vilmorin & Cie during the course of fiscal year 2017-2018. Out of the total recruitments with fixed term contracts, 215 managers (32.28% of recruitments) were hired by Vilmorin & Cie over the course of fiscal year 2017-2018, representing 3.8% of the global permanent headcount. Among these recruitments (with fixed term contracts), 11.56% concerned young employees less than 26 years old, including 2.70% without any prior professional experience.

At the same time, 649 employees left Vilmorin & Cie during fiscal year 2017-2018.

Number of employees	15-16	16-17	17-18
Retired	73	73	99
Resigned	313	325	335
Discharged (individual and collective)	108	110	134
Others	75	86	81
Total	569	594	649

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 worked together on the Group's employer brand, and more globally on the notion of appeal, with the objectives of attracting and retaining talents. The subject of appeal is now a separate aspect of the HR strategy. Implementation through action plans will be initiated at the beginning of fiscal year 2018-2019.

The "7 good reasons" for working for the Group remain at the heart of communication on the employer brand.

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 2017-2018, new initiatives were undertaken to reinforce this approach, such as:

- ❖ The development of school relations in France and abroad, in particular through the beginning of a close relationship with the University of Wageningen in the Netherlands, the first school in the world ranking in the life sciences category. In the Group's home region, Auvergne, the partnership with ESC Clermont business school has developed around a strengthened contribution to the selection panels for admission, the presentation of the Company's businesses, courses given by the Group's experts and support for the activities of the *SquareLab* (start-up incubator).
- ❖ The organization by HR Corporate teams of employer brand/appeal workshops with HR representatives from the Business Units to collect specific needs and the changes expected.
- ❖ Continuing deployment of employer brand communication on the main social networks where the Group has an account: LinkedIn, Viadeo and Facebook.
- ❖ Deployment of the "Campus Management" approach to reinforce the Group's action with schools and universities.

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. About fifty volunteer employees and various training courses help HR teams to promote the Group in their former schools through their business expertise and their testimony in terms of career paths. Through this network of 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 2017-2018, Vilmorin & Cie ran nearly 40 actions: participation in business forums, round tables, organization of visits to companies in the group, sitting on juries, etc.

In France, for example, Vilmorin & Cie continues to support the financing of the *International Plant Breeding Chair* at UniLaSalle, a leading engineering school specializing in agriculture, agri-food, food and health, environment and geosciences. The *Plant Breeding Chair* has just obtained the *Erasmus Mundus* label; it combines the excellence of the best European universities, the expertise of renowned seed and agri-food companies, young international high flyers and practical experience.

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 were initiated several years ago 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, the 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 adequate HR tools,
- ❖ **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 2017-2018, covering both new entities and new functional areas:

- ❖ The entity Limagrains South America now deploys *B-SMART* to manage its employees and has begun its first campaign of annual appraisals.
- ❖ The Holding scope used *B-SMART* to run its bottom-up feedback campaign, which makes it much easier for managers to receive an opinion on their managerial performance from their team. *B-SMART*'s management of this process has resulted in a higher participation rate this year.

- ❖ New entities have prepared and launched the dematerialized recruitment authorization process (Limagrains Europe, HM.CLAUSE Spain and HM.CLAUSE Peru).

For 2018-2019, the challenge for *B-SMART* is to continue the international deployment of the functional cover and to reinforce the use of the portal by the employees and managers by making new functions available with regard to training and also staff reviews.

More generally, a call for bids has been initiated with several companies (including Limagrains Europe SA and Vilmorin SA) to choose a provider in order to dematerialize production and create pay slips.

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 professional 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 staff representatives and employers.

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 Limagrains Europe in France, Mikado Kyowa Seed in Japan, Limagrains 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, and then in 2017, 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. The latest agreement has added new rights, such as 100% salary maintained for employees on paternity leave and the “*Donation of rest days*”, offering each employee the possibility of supporting another employee who needs time to look after a relative for example – by donating days off.

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, 2018, out of a total headcount of 6,653, 336 employees were working part time, a total of 5.05% 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 31 agreements have been set up to deal with the organization of working times involving several of Vilmorin & Cie's companies, a constant increase over the past two years (20 in 2015-2016). 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:

- ❖ Team coaching to facilitate interactions within the same team and promote collaborative work has been deployed in several Business Units and at Vilmorin & Cie's head office.
- ❖ Internal communication actions have been implemented, in particular through internal newsletters, which enable employees 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.
- ❖ Annual events bring employees from different countries together (meetings involving different business lines or management meetings).
- ❖ New knowledge bases have been established, which allow access to useful knowledge for a greater number of people and thus facilitate daily work and a broader understanding of one's working environment.
- ❖ In fiscal year 2017-2018, a corporate social network, going by the name of Yammer, was launched globally in order to facilitate collaborative work and foster exchanges between teams throughout the world.

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. Remuneration is both approached in a global way for equity of treatment, and adapted to the context of local employment in order to be as close as possible to the employees' expectations.

Compensation

In 2017-2018, the total amount of gross compensation paid by Vilmorin & Cie stood at 291.5 million euros, an increase of 0.6% compared with the previous fiscal year. This compensation includes benefits packages, as well as profit-sharing, and an attractive system for employee savings in France. Certain employment contexts also involve the payment of public transport, meals and even accommodation costs.

Benefits

As in previous years, during fiscal year 2017-2018 several informative meetings were set up for employees mainly devoted to promoting the tools the Group makes available: profit-sharing, *Group Savings Plan*, *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 now 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 comprises a Company proportion calculated on the basis of the subsidiary's performances 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 a fairer 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 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 ⁽¹⁾	
2015-2016	8,670
2016-2017	12,319
2017-2018	11,013

⁽¹⁾ Change in the calculation method: as of fiscal year 2016-2017, the figure concerns the amount paid out. In 2015-2016 the figure concerns the amount budgeted.

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 fiscal year 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 20 companies for the benefit of 1,000 employees. Discussions are in progress for other regions, in partnership with the different Business Units.

Results

Social climate

Surveys on the quality of life at work are conducted within the scope of Vilmorin & Cie. During this past fiscal year, 34.8% of the total permanent staff were asked to participate in these surveys.

Evolution of the departure rate and staff turnover

The departure rate rose to 9.75%, up 0.7 percentage points compared to 2016-2017, but this variation is not significant, since there can be great disparity between countries.

By comparing arrival and departures we can note a turnover rate of 9.88% and a net creation of permanent jobs of 168.

Evolution of applications

687 vacant positions were published in 2017-2018 on the Group's Intranet site, 646 internally and 681 externally. In 2017-2018, nearly 24,697 applications were received on the website (compared to 20,792 in 2016-2017). On average, 35.32 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 8,000 more followers over the fiscal year. Measurement of the engagement rate⁽¹⁾ also yielded very good results this year, with constant progression: 2.28% (vs 1.56% in 2016-2017) for LinkedIn and 5.52% (vs 3.86% in 2016-2017) for Facebook.

What is most remarkable is the long-lasting impact this presence had on the number of applications received on the Group's website, which once again increased by 19% over the fiscal year, going up from 20,792 applications received in 2016-2017 to 24,697 in 2017-2018.

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 was published for all the Group's employees in three languages (French, English and Spanish) when the Group's new Intranet was opened with its internal social network, called My Yammer.

⁽¹⁾ The engagement rate is the ratio between the number of people who have seen the publication and those who interact (Like, Share).

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.

Several indicators have been deployed at Vilmorin & Cie concerning succession plans and mobility assumptions for the executive manager population. Thus, over fiscal year 2017-2018, 69% of executive managers have at least one possibility identified for their next position and 80% 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 2017-2018, 347 job offers for permanent positions were published, and 206 employees submitted their application,
- ❖ An extended catalog of training programs at Limagrain Academy,
- ❖ Career paths,
- ❖ Opportunities to work abroad, including an incentive policy for short stays (between 1 and 6 months) abroad.

Appraisals throughout employee 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 2017-2018, 82.43% of employees benefitted from a development appraisal, and 79% 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 for French personnel; they are set up to prepare the final career period, to initiate the procedures necessary to prepare pension files and to organize succession plans.

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 top executives 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 and those working on an update of the Group's job index. Three Business Units and two cross-cutting organizations are using their business reference system for mobility and career paths for their employees. Two additional Business Units have committed themselves to the project, either by updating their reference system or by building their own. The project will continue in 2018-2019.

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 48 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. 347 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. 135 offers of internships and sandwich courses were disseminated, along with 20 offers of fixed term contracts for young graduates.

In terms of results, 266 employees experienced internal mobility within Vilmorin & Cie in 2017-2018. 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, 2018, the Company had a total of 83 employees working

abroad, a number that has evolved throughout the year with the beginning and end of expatriation periods. 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 precious 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 gain easier access to employment, whatever their profession.

Evolution of the total number of training hours

	Training hours
2015-2016	109,865
2016-2017	129,257
2017-2018	125,959

In 2017-2018, 125,959 hours of training were run in the group, for 4,853 employees, representing 72.94% of Vilmorin & Cie's permanent headcount.

Analysis of staff trained by gender and status

In %	15-16	16-17	17-18
Gender			
> Men	59.7	62.0	60.9
> Women	40.3	38.0	39.1
Category			
> Managers	37.2	34.8	33.3
> Non-managers	62.8	65.2	66.7

During the course of the fiscal year, Vilmorin & Cie devoted 2.9 million euros on training for its employees, including the budget for Limagrain Academy.

	15-16	16-17	17-18
% Payroll	1.27	1.01	1.00
Training cost for each employee trained (in euros)	828	606	597
% of employees trained	65.01	73.28	72.94
Total number of hours training	109,865	129,257	125,959
Average number of days per colleague trained ⁽¹⁾	3.75	3.84	3.71

⁽¹⁾ On the basis of seven hours training per day.

Most of the training hours were fairly equally split between the improvement of professional skills (25.46%), learning foreign languages (24.96%) and health and safety (22.47%). Management training represented 12.26% of the training hours.

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 training sessions.

In 2017-2018, the number of employees trained increased by 8% compared with fiscal year 2016-2017 showing a significant effort to develop training.

In order to pursue the internationalization of Limagrain Academy in 2017-2018, 58% of the face-to-face training was delivered in French (-15% compared with 2016-2017), 37% in English (+10%) and 5% in Turkish. Limagrain Academy maintained its strong international presence, with 38% of participants outside France altogether, including 10% of participants in South America to support the development of the local Business Unit. In order to propose high-level management training, in collaboration with INSEAD, Limagrain Academy 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.

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 and 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 insure that all its employees, regardless of their businesses and countries, comply with in 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 related risks:

- ✦ 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, balanced relationships with suppliers and partners,
- ✦ responsible conduct with respect to the regions in which it operates.

It is currently available in 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 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.

As previously explained, on June 30, 2015, 100% of top executives had already been trained in the *Code of Conduct*, using operational scenarios. On June 30, 2018, 2,387 permanent employees from Vilmorin & Cie had fully completed the e-learning module and the knowledge check quiz, i.e. 36% of the employees. This result is a long way from achieving the results fixed when the e-learning was launched. However, it should be noted that because of updating the courses to make them compliant with the *Sapin II law* in France (cf. § 4.3.2.2, p 118), no effort to promote this training was made over the course of the fiscal year. The next version, available at the beginning of 2019, will provide improvements that deal with certain issues identified as preventing the efficient use of the training as it stands today, particularly with regard to connection to the platform, with developing awareness with non-connected employees and with reporting.

4.3.2.2 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.

Vilmorin & Cie's compliance with the *Sapin II law* was a major project for fiscal year 2017-2018 and will be pursued in 2018-2019.

This project, called "BE&AB" for Business Ethics & Anti-Bribery, is being carried out by Vilmorin & Cie's reference shareholder, Limagrain, and goes beyond compliance with the *Sapin II law* by also addressing the issues of insider trading and interest representatives. The *BE&AB* project is co-led by the Governance Risks and Compliance department (GRC) and the CSR department, with the Group's VP for International Affairs and CSR as sponsors.

The various topics listed in the *Sapin II law* were either continued or launched during fiscal year 2017-2018 on the basis of projects already available or work previously undertaken. Risk mapping was carried out with the methodological and operational support of an external consultancy. Interviews and online surveys identified the main corruption risks facing the Group. The presentation of the risk map to the Executive Committee was an opportunity for the latter to affirm its determination to fight all forms of corruption that the Group and its subsidiaries could face in their daily activities, wherever they may be in the world.

The *Code of Conduct* was updated during the fiscal year to take into account the required regulatory changes. Its content will cover in greater depth topics such as conflicts of interest, gifts and hospitality and the alert system. In addition, it will naturally address the risks identified in the corruption risk map. Its new version will be presented, by the end of 2018, to all existing staff representative bodies.

Discerning unethical 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 insure its reputation and legitimacy.

At the same time, the e-learning is being modified to take into account the evolution of the *Code of Conduct*. Additional modules will deal with the new features of the *Code of Conduct*, without calling into question the existing version. In addition to this e-learning, which targets all Vilmorin & Cie employees, training courses dedicated to populations exposed to corruption risks will be scheduled. Identification of these populations (buyers, salespersons, financial and legal staff, etc.) is the first step that needs to be taken. However, sessions have already been scheduled for Vilmorin & Cie's Board Members and top executives.

In terms of third-party evaluation, the process has been initiated. This project is complex to implement given Vilmorin & Cie's organizational specificities:

- ✦ facilities in 48 countries,
- ✦ sales in nearly 150 countries,
- ✦ ten Business Units that, in conjunction with the holding companies, coordinate more than 90 companies,
- ✦ a strong operational delegation that does not require the sharing of such data.

The first stage is to analyze available data on customers and suppliers in order to consider a first procedural approach that meets the requirements of the law.

Vilmorin & Cie already has extensive accounting controls in place. They will be reviewed in terms of anti-corruption in the light of the changes adopted in other projects linked to the *Sapin II law*.

The alert system was determined during the fiscal year. Although HR managers and company or Business Unit managers are to be the privileged contacts for an employee who identifies an action that is contrary to the *Code of Conduct*, the Group also provides them

with an alert reporting system. The *Alert Management Committee (AMC)*, comprising GRC, HR, CSR managers and the General Management, is responsible for managing the alert system. It insures coordination and follow-up of alerts and resolves any questions raised by employees. When the situation warrants it, the AMC may have to deal with alerts itself in *ad hoc* committees. The AMC may receive, by any means, any questions submitted on the application and control of the provisions of the *Code of Conduct*. As a result, 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's *Code of Conduct*.

Complementary local measures can be set up to be as close as possible to the specific characteristics of the different markets and geographical areas.

In order to insure that the consequences of internal corruption cases are assessed in a consistent manner across all Vilmorin & Cie's companies, the Human Resources department undertook an analysis of the disciplinary measures in all subsidiaries over the fiscal year. The objective is to have appropriate disciplinary measures throughout the Group to deal with the various types of corruption and to insure that they are known and accepted by employees and their relevant representative bodies.

Limagrain Brasil has set up the *"Ethic channel"*, a space for dialogue that allows all the company's employees and partners to report any ethical dilemmas encountered in the course of their activities.

Its objective is to avoid acts contrary to the *Code of Conduct*, such as corruption, fraud, harassment or other inappropriate behavior, to reduce the number of cases and to minimize their impact. Its creation has made it possible to identify a single access point for this purpose, which can facilitate the processing of cases involving the same practices or the same persons. The Company's ethical approach is therefore more credible.

4.3.2.3. Respect for Human Rights and the Rights of the Child

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 Limagrain, Vilmorin & Cie's reference shareholder, 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.

In this respect, the *Code of Conduct* is 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 Science provides public holidays, a non-systematic practice in the country, and supplies production staff with purified water. Recently, HM.CLAUSE India 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.

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 insures that it works with suppliers who do not make use of illegal child labor or forced labor. The Group is careful to insure its suppliers and its customers respect the core conventions of the International Labor Organization on fundamental social rights."*

It is particularly in India that the subject is significant, both for the Field Seeds and Vegetable Seeds activities. With regard to Field Seeds, at Bisco Bio Sciences in India, regular audits are conducted by the Human Resources department to insure that the prohibition of child labor is respected. Since working and living conditions are closely linked, accommodation with access to drinking water has been built near, but outside, the factory 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.

In Vegetable Seeds, HM.CLAUSE's production activities in India began in 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. HM.CLAUSE India deployed a comprehensive procedure to abolish child labor in India, called the *"Child Labor Awareness Program" (CLAP)*, 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. Under the *Company Act⁽¹⁾*, a CSR committee was created, and two people, based in Karnataka

(the company's main production region) were hired to run internal audits on the network of farmers and seed multiplication farmers on child labor and minimum remuneration, particularly during pollination periods.

On May 1, *Labor Day*, and on June 12, *World Day Against Child Labor*, HM.CLAUSE India organized meetings on labor legislation. Between May and October 2017, 28 awareness seminars were run with 250 producers. Moreover, HM.CLAUSE India collaborates with numerous stakeholders from varied horizons: NGOs such as UNICEF, governmental and local authorities, seed producers that are active locally and their federation, etc.

The multiplication of audits, with the support of external auditors, is part of the objectives for fiscal year 2018-2019, in order to gain a more accurate follow-up. While the complete eradication of child labor remains the goal, its achievement is not yet completed. However, audits conducted by HM.CLAUSE India show a rate of 0.25% of children among seed producer teams, which shows that the subject has been treated with determination and firmness in recent years.

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 students in three Koppal schools, and one in Rannebur. Each child received a satchel and twelve 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.

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 insure compliance with laws and regulations on Human Rights.

4.3.2.4. Loyal commercial practices and complying with the rules of competition law

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.

With regard to commercial relations, 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.

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.

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 competitive law. These rules fight against the prevention, restriction or distortion of competition in the marketplace. Legal Network lawyers are mobilized within the framework of their action plans to provide information, prevention and training on competition and merger law issues.

4.3.3. Optimizing the sustainable use of natural resources and controlling its impact on climate change

Vilmorin & Cie is at the heart of environmental issues by the very nature of its business. The foundation of the seed business is based on the study and enhancement of plant biodiversity. The greater the biodiversity, the more opportunities for crossbreeding will be available and will provide answers to agricultural challenges. Conservation, development and access to biodiversity are therefore crucial topics for the group.

The impact of Vilmorin & Cie's 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 information is presented in detail on p. 59). This commitment also includes the control (measuring, optimizing, innovating) 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

Vilmorin & Cie's environmental policy is based on two main areas of commitment related to its business on the one hand, and its reference shareholder on the other.

Vilmorin & Cie's major contribution as a seed company is to improve its responsiveness and capacity to develop adaptable growing conditions. Thus, within the group, the breeders' work allows

⁽¹⁾ 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.

cultivated varieties to adjust to agricultural ecosystems and their constraints (climate, soil quality, etc.). They create tomorrow's varieties, varieties that meet the performance needs of farmers, and that are adapted to climate change, while preserving the natural environment where they are grown. These new varieties extend biodiversity within each of the species being worked on.

As a company, Vilmorin & Cie participates in the program set up by Limagrain, its reference shareholder, to limit the environmental impacts of its activities and is in line with the objectives set.

The program is based on the implementation of an environmental management system applicable to all its sites and compliance with laws, regulations and environmental requirements worldwide. Four themes are included in this program and are the subject of specific measures and objectives, namely:

Topic	Challenge	Objective of the Group
Energy	Reduce energy consumption and greenhouse gas emissions	<ul style="list-style-type: none"> ✦ Reduce energy consumption by 10% by 2022 (vs 2015-2016) ✦ Encourage and deploy solutions to lower the impact of transport related to business ✦ Use 10% of renewable energies in the energy mix by 2022
Water	Insure effluent quality and optimize water consumption	<ul style="list-style-type: none"> ✦ Reduce mains water consumption by 5% by 2022 (vs 2016-2017)
Biodiversity	Protect the ecosystems present on the sites	<ul style="list-style-type: none"> ✦ Identify, monitor and preserve biotopes and protected species present on sites near a protected area
Waste	Insure the recovery of waste	<ul style="list-style-type: none"> ✦ Insure reliable reporting on waste and insure its treatment by 2020 ✦ Recover 85% of waste for recycling by 2022
Initiate the implementation of a Group environmental management system		

4.3.3.2. Seeds in the context of agricultural, food and environmental challenges

Plant breeding is at the heart of improving the competitiveness of agriculture and global environmental challenges: biodiversity, climate change, input* consumption, etc.

Preservation and the development of biodiversity

The genetic diversity of plants, commonly referred to as genetic resources*, has always been at the root of any improvement process since the domestication of agricultural species and their maintenance by local communities. The improvement work subsequently undertaken by scientists is based on this diversity. Vilmorin & Cie's researchers therefore need these genetic resources* 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* 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.

In Europe and other countries where the marketing of new varieties requires registration in official catalogues, Vilmorin & Cie, like other

seed companies, must prove that these varieties are distinct and, for field crop species, that they have superior performance to varieties already marketed. Official studies therefore include two types of tests: *DHS** (*Distinct, Homogeneous, Stable*) for all crops, and *VATE** (*Agronomic, Technological and Environmental Value*) for field seeds. In this way, each new variety on the market brings an improvement and is different from those already sold, thus contributing to the creation of biodiversity. By launching several hundred new varieties on the market each year (331 during fiscal year 2017-2018), and by maintaining several thousand, Vilmorin & Cie actively participates in the preservation and development of the biodiversity of a large number of plant species.

Vilmorin & Cie goes further in the preservation of plant biodiversity by contributing to gene banks. Its contribution is primarily non-financial: it concerns the provision of germplasm* to certain national collections, but also making its commercial varieties available for research and plant breeding in accordance with the breeder's* exemption principle. Furthermore, Vilmorin & Cie has played a decisive role in the initiatives run by the professional federations, the *European Seeds Association (ESA)* and the *International Seeds Federation (ISF)*, to contribute to the development of the *International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA)* and the *Multilateral System (MLS)* that complements it. It has supported them financially and worked to convince other seed companies to become involved in these joint actions.

The role of seeds in climate change adaptation and input* reduction

Vilmorin & Cie has defined a research strategy focused on improving yield, disease resistance, better adaptation to climates and territories, and improving nutritional qualities.

These research areas should help farmers to adapt to climate change and reduce inputs* (especially plant protection products and water), while ensuring optimal productivity.

For example, the Limagrain Europe Business Unit, in collaboration with the *French Seed Association (UFS)*, participated in the drafting of the “*Plant Production Product Savings Certificate (CEPP)*” file entitled “*Reducing the number of treatments using soft wheat varieties that are fairly resistant to pests, diseases and lodging*”, produced by *Arvalis Institut du Végétal*, in order to highlight the advantages of genetics as an alternative to plant health treatments. This *CEPP* file was published in the *French Official Journal* on December 12, 2017. Among the eligible varieties, 11 varieties registered by Limagrain Europe are currently listed.

Protecting plant breeding

Plant breeding requires time and ever-changing technologies. It takes an average of 7-10 years to develop a new variety. And so 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 improvement. In addition, access to the broadest possible genetic variability is a necessary condition for the overall advancement of varietal progress. In this context seed companies use the following systems of plant variety creation protection:

Proprietary Variety Protection Certificates (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 breeder* 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.

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 in a defined geographical region. 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.

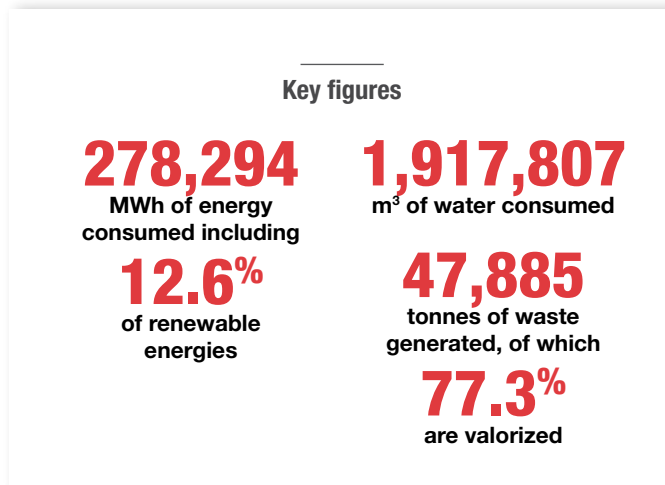
Today, the United States, Japan and Australia allow for the dual protection of plant varieties, by patent and *PVPC*. In Europe, only the *PVPC* is authorized to protect a plant variety.

At the same time, patents are used to protect other inventions in the area of plant innovation, excluding essentially biological processes.

In countries that recognize it, Vilmorin & Cie favors the *Plant Variety Protection Certificate (PVPC)* for the protection of its plant varieties. It also uses the *Invention Patent* to protect its biotechnological innovations. However, if the competitive, legal and economic context in a country requires Vilmorin & Cie to protect its commercial varieties by patent, it respects its founding principles by granting licenses in all cases to use its varieties as a source of genetic variability.

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 the *breeder's* exemption* must be a fundamental part of any intellectual property system applied to plant innovation.

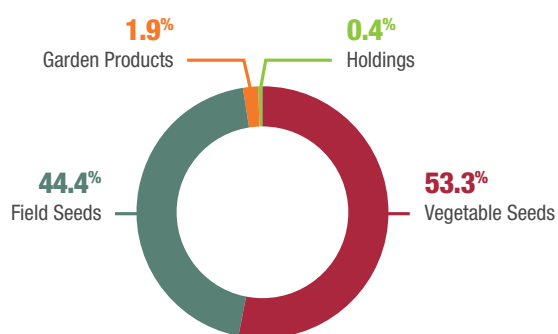
4.3.3.3. Limiting the environmental impacts of business activities



Energy and greenhouse gas emissions

Most of the energy consumed by Vilmorin & Cie is used to dry seeds, heat greenhouses and for employee business trips.

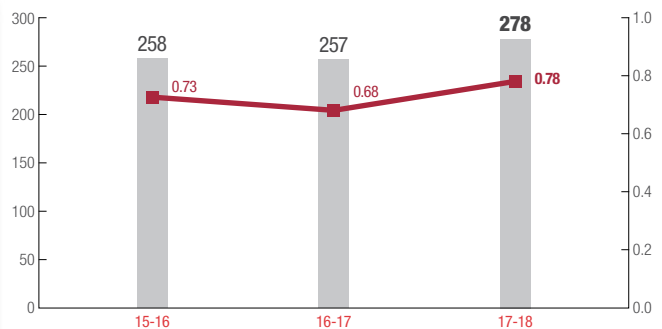
Breakdown of energy consumption in 2017-2018 by activity



Vilmorin & Cie's total energy consumption amounted to 278.3 million kWh in 2017-2018, up 8.4% compared to 2016-2017 (256.8 million kWh following restatement on a like-for-like basis). This increase is mainly due to the opening of a new seed production site in Hungary (7 million kWh), an expansion of the HM.CLAUSE research site in Thailand (6 million kWh) and an increase in the consumption of shelled corncobs to dry seeds in Brazil (4 million kWh) and India (1 million kWh).

Evolution of energy consumption

(in kWh and GJ/ €1,000 in sales)



Vilmorin & Cie's total greenhouse gas emissions (scope 1 and 2 excluding refrigerants) amounted to 71.1 million kgCO₂e in 2017-2018, up 5.6% compared to 2016-2017 (+941,537 kgCO₂e), due to increased energy consumption.

Regarding greenhouse gas emissions of scope 3, in particular related to Vilmorin & Cie's seed production by its farmer-multiplier partners, estimates have been made based on the latest available data from *EcolInvent*⁽¹⁾. The uncertainty factor is too great to provide a precise figure. However, these estimates made it possible to identify that, among the crops worked on by Vilmorin & Cie, some are more likely to emit carbon (tomatoes, peppers, summer squash, corn, etc.) and other capture carbon (beans, wheat, carrots, etc.) during their cultivation. When considering the distribution of acreages used per crop, the overall carbon footprint of seed production by Vilmorin & Cie's farmer-multiplier partners would be close to zero, with emitting and capturing crops cancelling out their emission impacts.

Source	Consumption (kWh)	%	Emissions of greenhouse gases (kgCO ₂ e)	%
Electricity	85,094,434	30.6%	26,530,907	37.3%
Mains gas	61,719,782	22.2%	14,751,028	20.7%
Diesel for mobile sources	51,263,218	18.4%	16,558,019	23.3%
Renewable energies	35,141,052	12.6%	0	0.0%
Gasoline for mobile sources	15,234,756	5.5%	4,859,887	6.8%
Other gas consumption	14,171,578	5.1%	3,735,554	5.3%
Other consumption of gasoline	9,252,269	3.3%	2,988,420	4.2%
Others	6,417,193	2.3%	1,700,258	2.4%
Total	278,294,281	100.0%	71,124,073	100.0%

⁽¹⁾ The EcolInvent database provides well-documented process data on thousands of products with regard to their environmental impact.

In order to reduce its energy consumption and its impact on climate change, Vilmorin & Cie has invested more than 2 million euros since 2015 in more than 100 actions.

The replacement of conventional lighting equipment with new devices incorporating LEDs is a way of reducing consumption that is often implemented, as at Seed Asia in Thailand, at Limagrain Europe's sites in Chappes, Rilland and Rosenthal, at Hazera in Brazil and Israel, and finally by HM.CLAUSE in La Bohalle.

In France, the *Energy Transition Law for Green Growth* made it mandatory on January 1, 2018 to implement a *Mobility Plan* for companies with more than 100 employees at the same site. Its objective is to propose alternative solutions for business trips. HM.CLAUSE SA has signed a partnership agreement with *Valence-Romans-Déplacements*, in order to benefit from personalized support and turnkey awareness actions. In 2017, HM.CLAUSE SA launched a survey to analyze the trends in home-to-work and professional transport for employees in France, and ask them about their desire to test "soft" transport modes. The analysis of these results and the resulting action plan were carried out with the *Health and Safety Committee (CHSCT)*:

- ✦ Carpooling stand (with the presence of the *IDVroom*) in April 2018,
- ✦ Bicycle stand (with the presence of *Valence-Romans-Déplacements*) in May 2018,
- ✦ Participation of the sites in Drôme, France in the Mobility Challenge on June 7, 2018. Successful participation for this first challenge with 80 participants and a "*Coup de cœur*" prize awarded by *Valence-Romans-Déplacements*.

Since business trips constitute one of the major energy consumption items, a tool to facilitate internal carpooling for business trips was launched in 2017. This tool, called *Carpooling*, is accessible to all the group's employees in France. From April 15 to July 15, 2018, a challenge was organized by Limagrain Europe SA to encourage its employees to use *Carpooling*. The carpooling trips made during these 3 months avoided the emission of 3,125 kg of CO₂, which is equivalent to the emissions of an average car for one year.

Finally, and much more significantly, the replacement of the Tuitjenhorn research center in the Netherlands by a new unit located in Warmenhuizen is an important step in the modernization of Hazera's research sites: it also contributes to limiting the environmental impacts of the group's activities, thanks to the new equipment and technologies implemented in its greenhouses and research facilities, particularly with regard to energy.

Water

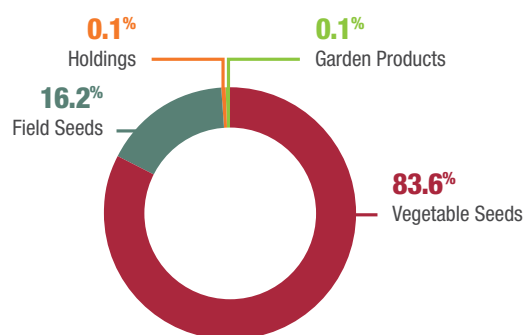
Vilmorin & Cie addresses the issue of water in two categories: the quality of discharges into water and consumption.

The group's Risk Management Guidelines provide for the analysis of all Vilmorin & Cie's water discharges and their treatment if necessary.

Most of Vilmorin & Cie's sites are equipped with appropriate equipment to minimize the risk of pollution, in particular by means of water treatment ponds. Furthermore, a global environmental management system will be deployed during the course of the next fiscal year.

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 (18%), borehole water (73%), surface water (6%) and rainwater (3%).

Breakdown of water consumption in 2017-2018 by activity



In fiscal year 2017-2018, Vilmorin & Cie's consumption of water is estimated at 1,917,807 m³, a decrease of 22% compared to 2016-2017 (2,461,780 m³ following restatement for comparable scope). Variations in the climate are very important factors on the evolution of Vilmorin & Cie's water consumption. For example, nearly 40% of this decrease (200,000 m³) is due to Hurricane Irma, which hit Florida in September 2017 and destroyed autumn crops. The remaining decrease is due to investments made in recent years, amounting to nearly 1.5 million euros since 2015.

For example, drip irrigation systems are now 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:

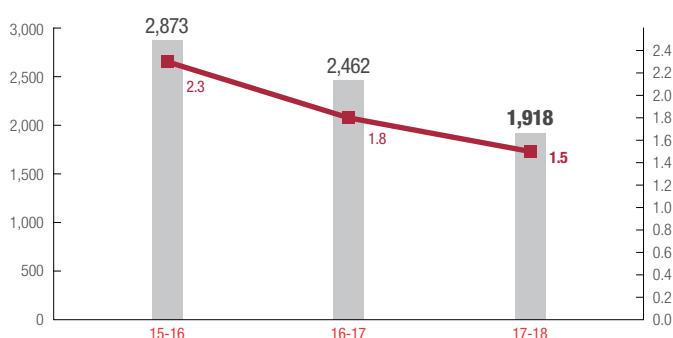
- ✦ soilless crops,
- ✦ open field mulching,
- ✦ a layer of sand for greenhouse crops to avoid evaporation.

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 vegetable seeds, the Business Unit Vilmorin-Mikado has initiated a water stress resistance test for beans.

Evolution of water consumption

(in thousands of m³ and liters/€ of sales)



In addition, the support and training of producers are key factors in reducing water consumption with Vilmorin & Cie's partners. In France, the Business Unit Limagrain Europe offers the "LG Vision Irrigation" decision support tool dedicated to irrigation management.

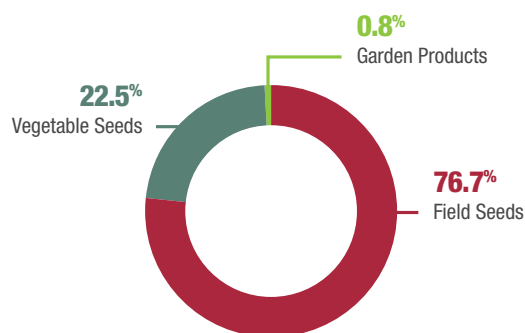
HYDRANEO® by Limagrain Europe, a unique tool for managing water stress

Adapting seeds to local soil and weather conditions and improving resistance to disease and water stress is one of Vilmorin & Cie's research priorities. For example, the concept *LG HYDRANEO®* was developed with this objective in mind. Launched in 2015, it is the result of several years of collaboration between the research and marketing teams of the Business Unit Limagrain Europe. *HYDRANEO®* aims to support farmers in the management of water stress, in a global way, by combining a plot risk diagnosis, tolerant corn varieties and adapted agronomic practices.

Measures to prevent, recycle and eliminate waste

The quantity of waste generated by Vilmorin & Cie is estimated to be 47,885 tonnes (including co-products) in 2017-2018 including 7,669 tonnes of ordinary waste (16%), 35,561 tonnes of organic waste (74.3%), 2,126 tonnes of dangerous waste (4.4%), 1,572 tonnes of sludge (3.3%) and 956 tonnes of other waste (2%). 77.3% of this waste is valorized through different channels: use for animals (12%), compost (8%), recycling (38%) and energy (15%). However, it should be noted that the performance of the different companies in the group remains highly variable on this topic.

Breakdown of the production of waste in 2017-2018 by activity



During the fiscal year, a call for tenders was issued to various service providers to manage waste at all Vilmorin & Cie sites in France, in order to rethink treatment needs and processes, and pool resources. This will make it possible to harmonize waste management and treatment in France for fiscal year 2018-2019.

Numerous investments have been made to reduce waste production and insure its recycling and disposal, through more than 100 actions implemented since 2015, such as the installation of storage spaces, the purchase of shredders for organic waste, the purchase of sorting bins and the establishment of a partnership with a foundation to recycle batteries.

Finally, in terms of treatment products, the construction of appropriate equipment has made it possible to minimize risks during storage, use or cleaning of materials. During fiscal year 2017-2018, HM.CLAUSE in Portes-lès-Valence, Limagrain Europe in Nérac, France, and Vilmorin-Mikado in Spain acquired such facilities.

At the same time, the Limagrain Europe Business Unit continued its audits using the *CALI (Chemistry Audit Limagrain)* standard. *CALI* is an internal reference system based on regulations and company standards, the purpose of which is to enable compliance audits for chemical risk control to be conducted on the basis of a list of regulatory requirements and internal Limagrain Europe standards. These audits apply in the areas of Health & Safety, Facilities & Structures and Waste Management.

Soil usage

Soil represents Vilmorin & Cie's primary production resource. Whether production takes place in the field, in tunnels or greenhouses, the soil is always used as a support for the plants from which the seeds distributed by Vilmorin & Cie will be produced. However, impact on soils remains limited, as Vilmorin & Cie's global seed production requires approximately 55,000 hectares, equivalent to 0.3% of French arable land. Nevertheless, there is great heterogeneity between the different crops. Indeed, 75% of this area is used for field seeds, including 50% for corn seeds.

Respect for the soil and its preservation are at the heart of all 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 techniques 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. 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.

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.

In 2017-2018, for the purpose of packing its seeds, Vilmorin & Cie consumed 11,315 tonnes of plastic transport film, 3,477 tonnes of paper bags, 136 tonnes of big bags, and 634 tonnes of other packing 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 packing materials, 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.

Other potential sources of pollution

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.

✚ Noise 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 insure 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.

Food wastage

Vilmorin & Cie, as a seed company, does not market food products. The Company is therefore not directly concerned by the stakes of food waste and has therefore not implemented any specific actions concerning this issue.

Provisions and guarantees for environmental risks

Vilmorin & Cie did not register any provisions or guarantees for environmental risks for fiscal year 2017-2018.

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, insure seed production; research work is carried out at more than 100 sites in close proximity to markets.

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 worldwide, 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 regions in which the Company has facilities. 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. A more detailed version of this mission is being drafted, in order to enable employees and other stakeholders to better understand the essence of Vilmorin & Cie's mission.

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. The newsletter for executives, called *Info+*, was redesigned during fiscal year 2017-2018 to be as close as possible to employees' expectations, with the aim of sharing information that strengthens the company project.

In 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

send out newsletters in print or electronic form, which are the ideal medium for communicating corporate strategy and promoting the actions that underpin this strategy.

Other meetings demonstrate the desire to work together on a common project to foster innovation.

The *ACL*, or *Association of Limagrain Researchers*, is a three-day meeting that brings together nearly 300 of the Group's researchers each year. The program includes plenary presentations and workshops on a theme that changes each year.

As the *ACL* did not take place in its usual format in 2017, the organizing Scientific Committee nevertheless wanted to propose a coordination event for the research community, by creating the *ACL Experience*. The ambition was to invite researchers from all over the world to collaborate on topics they themselves proposed. They were asked to answer the question "*In your opinion, as researchers in the Group, what are the topics which we should all be reflecting on together?*" In one month, 270 replies were received from researchers, covering a wide range of topics:

- ✦ How should we use new tools and technologies?
- ✦ How can we improve the efficiency of R&D and innovation?
- ✦ How can we work better together?
- ✦ How should we take into account new market needs and societal expectations?
- ✦ How to be a researcher in the Group today and tomorrow? etc.

Researchers were then asked to express their preference among these proposals grouped into 39 different themes and to declare whether they wished to contribute to one or several of them. 327 researchers expressed their opinions and 215 of them volunteered to participate in a focus group. Based on the results of this survey, the Scientific Committee selected about fifteen topics and set up working groups that had several months to work on a topic and formulate recommendations and action plans, presented at the *ACL 2018* held in January. In conclusion, faced with a constraint, collective intelligence and creativity can imagine new forms of collaboration and sharing at Group level.

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 fiscal year 2017-2018, two group agreements were signed in France. They concern:

- ✦ the renewal and enrichment of the "*Generation Contract*" agreement,
- ✦ the implementation of harmonized health coverage for employees in France.

As a follow-up to 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 30 employee representatives from ten European countries.

In 2014-2015, negotiations resulted in an update of the *European Works Council Agreement*, 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.

In 2018, a request for review was issued by the signatories to the agreement; negotiations with the social partners have begun.

At national level

44 countries out of the 48 countries where the group is present, i.e. 91.6%, have staff representation bodies of different types (works council, employee forums, staff representatives).

Collective agreements

26 collective agreements were negotiated and 23 signed in the different companies over the course of the fiscal year 2017-2018. They mainly concerned salaries 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, donation of rest days, organization of working time;
- ✚ In Japan: working time;
- ✚ In Brazil: salaries, benefits, overtime.

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 further 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.

As recognition for 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. Building on this success, *Limagrain Academy* is continuing to deliver quality training for all the Group's nationalities.

4.4.1.4. Induction programs

Further induction programs were run over the course of the fiscal year, concerning a total of 538 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.

Key figures

482
employees
followed an induction
program in their
Business Unit

....

56
employees
followed a Group
induction program

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, both 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 with regard to fighting corruption, and its *Code of Conduct*, are also explained.

Over the course of this past fiscal year, 56 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.

A Safety Committee oversees the running of this policy, relayed by the action of a safety coordinator.

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.

The indicators below show the evolution of the results of Vilmorin & Cie's safety approach:

	15-16 ⁽¹⁾	16-17 ⁽¹⁾	17-18
TF1	9.97	6.07	6.66
TF2	18.71	13	12.22
TG	0.11	0.08	0.13

⁽¹⁾ The indicators for the years 2015-2016 and 2016-2017 may have been modified since their last publication, in particular due to the reclassification of certain work accidents.

TF1 represents the frequency rate of accidents with lost time, i.e. the number of accidents with lost time reported per million hours worked. TF2 represents the frequency rate of accidents with and without stoppage time, or the total number of reported accidents per million hours worked. TG represents the accident severity rate, or the number of days of work stoppage reported following a work accident per thousand hours worked.

In 2015, Vilmorin & Cie set itself the ambitious objective of halving the frequency rate of accidents with lost time within three years. This frequency rate, which stood at 10 at the beginning of 2015, is 6.66 in 2017-2018.

The deployment of managerial safety visits continues. These visits are aimed above all at preventing exposure to occupational risks; they also strengthen the managerial model that Vilmorin & Cie promotes, which is characterized by interest and consideration for all those who work for and with Vilmorin & Cie, whether they are employees, temporary workers, trainees, subcontractors or visitors. In addition, this year Vilmorin & Cie initiated the development of a corpus of safety rules aimed at guaranteeing a common level of requirements for all Business Units. Developed in collaboration with all the safety coordinators in the Business Units in order to prevent and control our major risks, it defines the general safety requirements to be respected for the personnel working for and with Vilmorin & Cie. It is intended to be transformed by Vilmorin & Cie's Business Units into operational rules to meet general requirements by integrating the specificities of their activities.

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 this medical examination is to insure that employees are apt for their job health-wise.

In fiscal year 2017-2018, 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 2017-2018, 16 ongoing company agreements 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 this past year, representing 22.5% of total training hours organized at Vilmorin & Cie, as opposed to 22.35% 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 2017-2018, the global absenteeism rate was 4.74%⁽¹⁾. It was 3.44%⁽¹⁾ for managers and 5.30%⁽¹⁾ for non-managers, the same level as the previous year.

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, 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 37.8% 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

17-18	Total	Men (%)	Women (%)
Top executives	25	85	15
Executive managers	166	80	20
Group's global headcount	6,653	62.20	37.80

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 for six months by a mentor from a different Business Unit and a different function from their own. This program highlights and takes advantage of the experience of "senior" employees.

The mentoring campaign for 2017-2018 saw the launch of 11 mentor/mentored pairs across five Business Units, with the support of the Human Resources departments concerned.

39.3% 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" in France (those 57 years old and above) in their jobs stands at 97.42%, higher than the objective fixed at 90% and up 2 percentage points compared with 2016-2017. Worldwide the rate stood at 94.24%

Tutoring is also deployed to insure 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

⁽¹⁾ Hazera Seeds LTD (6.2% of total headcount) was not included in the calculation of this rate.

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 three 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 the low rate of disabled workers (2.2% 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 within Vilmorin & Cie, 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 in France.

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.

Several measures were deployed in the Business Units, such as:

- ✚ In Vilmorin & Cie's Corporate Department, the hiring of a hearing-impaired person for an 8-week internship, which was accompanied by sign language training for volunteer employees, and the hiring on a sandwich course of a person with a motor disability and using a wheelchair. The integration of these people with visible disabilities leads to a change in mentalities towards a better acceptance and integration of people with disabilities into the teams.

- ✚ At Hazera, in Israel, new facilities have been built for people with disabilities.

- ✚ At HM Clause, in Chile, access ramps have been created for people with reduced mobility.

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 insure 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, 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.

Moreover, during their induction program, new managers attend an awareness session on CSR. The Group's CSR department offers a dedicated training module and communication tools (eco-friendly gestures, a library of best 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

Dialogue with stakeholders is a fundamental component of the Group's CSR approach. It allows us to progress in understanding the challenges and motivations of others. Even difficult topics can be addressed in a direct and transparent way. The objective is to promote innovation and creativity, mobilize employees, strengthen the Company's image and reputation, and prevent and manage risks.

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 page 40. In addition to these partnerships, equity investments are sometimes made or joint ventures formed. The Franco-German joint venture Genective 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. Involvement in discussions related to the challenges faced by seed companies

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. Vilmorin & Cie has been, and continues to be, at the forefront of discussions related to intellectual property in plant matters. It has been a tireless advocate in debates related to the respective use of *Plant Breeders' Rights* and patents for a fair balance between the two systems of protection for plant innovations. Vilmorin & Cie defends a balance that protects intellectual property, without prohibiting the use of innovation as a source of other creations. In terms of plants, creating new varieties cannot be achieved without access to existing plants. This commitment can be illustrated by two major legal decisions for which Vilmorin & Cie's contributions were decisive: the recognition of the *breeder's exemption* in European patent law and the non-patentability of essentially biological processes.

Many initiatives have also been undertaken by the Business Units. Most of them have developed constructive dialogue with stakeholders in their area of operation, for example on water management. In addition, they organize visits and meetings, particularly with farmer multipliers*, to seek shared avenues for improvement together.

In the Netherlands, the Business Unit Hazera has engaged with the *SkyLark Foundation*. This foundation was created in 2006 in the Netherlands by farmers and the agri-food industry with the goal of supporting and promoting the development of sustainable agriculture. Soil fertility and preservation are viewed as the foundation for the development of sustainable agriculture. Eight other criteria are also taken into consideration: biodiversity, water, energy, crop protection, the local economy, human capital, product value, and nutrients. The Foundation is furthering knowledge and encourages training and exchanging best practices for the benefit of farmers. Hazera joined the *SkyLark Foundation* as a technical partner in growing onions. This enables Hazera's specialized teams to participate in the meetings related to the sustainable production of onions, and more generally, in all meetings dealing with sustainable agriculture.

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.

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 results for 2017-2018 show that out of 173 active suppliers, 77.5% (74.1% in 2016-2017) are engaged in a CSR approach and 68.2% (62.7% in 2016-2017) have ISO certification (14001, 9001, etc.). In fiscal year 2017-2018, three supplier audits were carried out to make sure the best practices of the supply chain were applied.

In order to evaluate the relevance of the offers in terms of sustainable development, a first analysis of the suppliers' CSR policy is used to classify them according to five 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 insure 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, the Business Unit 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.

4.4.3. Getting involved in society and taking action for the development of local communities

Vilmorin & Cie has chosen local management structures based on an organizational model so it can work in close proximity to its markets, very much involved in the regions in which it operates. A structure divided into ten 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 organization model, 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.

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 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

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, leading to the development of close ties within the various regions in which it operates.

With regard to seed production, the choice of locations, apart from its historical roots, is largely based on highly technical considerations. The aim is to find the appropriate agronomic conditions to insure production that meets the highest quality standards and to spread the risks inherent in agricultural production (climate, diseases, pests, etc.). Vilmorin & Cie favors, where technically possible, the production of seeds in the areas where they will be sold. Through the diversity of production areas, it contributes to the activity of agricultural holdings and to maintaining local employment. Production contracts with local farmers are therefore an important component of Vilmorin & Cie's territorial impact.

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 8,000 seasonal workers were employed by Vilmorin & Cie in 2017-2018.

4.4.3.2. Relations with individuals and organizations with an interest in the Company's activities

There are many stakeholders interested in the Company's activity and the forms of action to reach them are diversified.

Getting employees' families involved in Company activity

The main stakeholders interested in the Company's activity are the families of employees, who share the Company's daily life, but only in the form of narratives, without really knowing what the Company and its activities cover. Vilmorin-Mikado, at its La Ménitré site in France, and its Turkish subsidiary Vilmorin Anadolu organized an open house for employee families during the fiscal year.

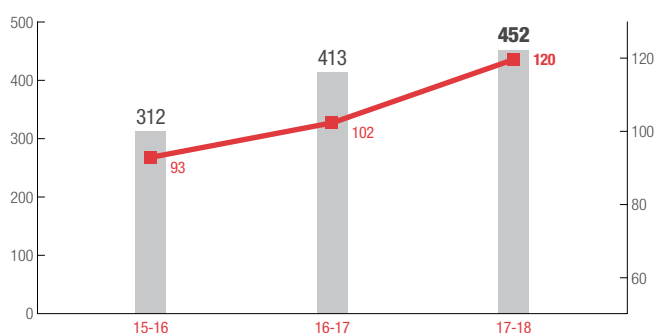
In France, 900 family and friends were able to discover the activity of Vilmorin-Mikado and the organization of a site with an industrial, administrative and research vocation. Organized by 60 volunteers, the discovery of Vilmorin-Mikado included guided tours and fun workshops, including the discovery of Japanese culture through the practice of origami. The organization of such an event and the ability of each person to present their company and work environment to their loved ones are sources of pride, and foster a sense of belonging, even within families.

Partnerships and corporate patronage

To help them with their charitable or solidarity actions, during fiscal year 2017-2018 the group devoted 5,604 of its employees' hours to non-profit associations.

Evolution of the societal commitment since 2015-2016

(amount in thousands of euros and number of actions)



Key figures

In 2017-2018,

120
initiatives
and
451,889
euros

were devoted to societal
actions, including almost

152,125
euros
to philanthropic
initiatives

Vilmorin & Cie aims to contribute to the development of its environment, and to this end, through its subsidiaries, is actively involved in various social, societal 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, dialogue, 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 challenges, as shared by all the Business Units, and a way of uniting employees around progress and innovation.

Since 2012, Limagrain has been a partner of *Fair Planet*, an NGO that has been active in Ethiopia, and whose aim is to insure the development of vegetable production by experimenting with high-performance varieties and training small-scale growers in how to use them. "*Bridging the seed gap*" is *Fair Planet*'s goal among small-scale vegetable growers in Ethiopia by breaking the vicious cycle of poor seed quality, poor vegetable quality, malnutrition, and poverty. Its method is to test varieties emerging from seed company research in local conditions to decide which ones are best adapted to local growing conditions and then to train growers on how to best bring out their potential. With these two benefits, growers can then develop a qualitative and quantitative production, enabling them to provide better food as well as develop economic activity that will insure their independence. *Fair Planet*, present at three sites in 2017-2018 (Dire Dawa, Haramaya, and Butajira), has focused its efforts on three crops (tomato, hot pepper, and onion), and is testing dozens of varieties. Concerning training, more than 1,000 growers have been trained since *Fair Planet* began and they are sharing their knowledge and available educational tools with their communities. By 2020, *Fair Planet* is expecting that 50,000 Ethiopian small-scale growers will have been reached directly or indirectly by its program.

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, 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.

HM.CLAUSE Kenya is actively involved in the protection of biodiversity by working with local NGOs who are striving to preserve the forests, biodiversity and ecosystems of Mount Kenya. A nursery, which reuses irrigation water from the seed production farm, has just been built on the HM.CLAUSE Kenya site to preserve young trees funded by the *Mount Kenya Trust* before they are transplanted. In addition, on the occasion of *World Environment Day*, June 1, the company contributed to the collection of waste dispersed in nature, organized by the *National Environment Management Authority*. Finally, it acts to preserve black rhinoceroses hunted for their high-value horn.

Keen to transmit the pleasure of learning and experimenting in the garden, since 2014, Vilmorin Jardin has been committed to *Jardins du Cœur*, workshops and employment integration programs by *Restos du Cœur*. These gardens, in addition to providing employment integration for people in difficult situations, provide vegetables to *Restos du Cœur* for distribution. Every year, Vilmorin Jardin renews a seed donation to the 42 *Jardins du Cœur* in France.

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 the region of its administrative headquarters in Auvergne. For the past four 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 enables imagining new avenues for progress and mutual assistance.

At the same time, and for four 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 at Mont Saint-Michel. The clean-up of this marsh was made possible thanks to the support of the Group and Michelin.

On the strength of these links with the *League for the Protection of Birds* and the *Auvergne Conservatory of Natural Spaces*, and as part of its new environmental program (see 4.3.3.1. Overall environmental policy on page 120), Vilmorin & Cie asked these two NGOs to conduct a biodiversity diagnosis of its Saint-Beauzire site in summer 2018.

Vilmorin & Cie, alongside LPO, is contributing to the protection of the Montagu's harrier in Auvergne

The *League for the Protection of Birds* (LPO) in Auvergne is running a program to protect the Montagu's harrier, a protected raptor which nests in wheat fields and whose young still inhabit the nest during harvest time. Vilmorin & Cie has chosen to take advantage of its strong ties with the farmer members of Limagrain, its reference shareholder, to commit to this program. Thanks to the natural observation talent of these farmers and a group of volunteer employees, 68 nesting couples of harriers were sighted in 2017 and their nests protected during harvest time. 64 young harriers were observed taking flight, including 61 thanks to the nest protection program put in place in the middle of wheat fields.

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 guidelines for sustainable development reporting in the G4 framework 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 2017-2018:

- ✦ the social, societal and environmental reporting covers 99.8% of all the consolidated sales in 2017-2018 for Vilmorin & Cie (100% of sales for the companies with an industrial site); however, the lack of follow-up in certain subsidiaries means Vilmorin & Cie has to calculate certain data from a reduced scope:
 - For energy, answers cover 99.8% of sales for 2017-2018. This represents 100% of sales for the companies with an industrial site⁽¹⁾.
 - For water, answers cover 98.7% of sales for 2017-2018. This represents 100% of sales for the companies with an industrial site⁽¹⁾.
 - For waste, answers cover 90.4% of sales for 2017-2018 of the companies questioned. This represents 100% of sales for the companies with an industrial site⁽¹⁾.

For each indicator disclosed for a restricted scope, this scope is given in accordance with the disclosed data.

For the scopes concerned, non-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.

Staff turnover has been calculated using the formula:

$$[(\text{Number of entries} + \text{Number of departures})/2] / \text{Total headcount}.$$

The senior retention rate was calculated using the formula:

$$\text{Number of employees over 57 years of age} / (\text{Number of employees over 57 years of age} + \text{Number of departures of employees over 57 years of age (excluding retirements)}).$$

Absenteeism has been calculated using the formula:

$$\text{Number of days of absenteeism} / (220 \times \text{Total headcount}).$$

⁽¹⁾ A list of companies concerned is available upon request from the Group CSR department.

4.5.4. Consolidation and internal control

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 non-financial reporting is based on:

- ✦ Corporate CSR which coordinates the Business Units, consolidates all the non-financial data and makes sure the societal and environmental data are coherent,
- ✦ Corporate Human Resources which insures the social data are coherent,
- ✦ Corporate Finance for the consolidation of data on headcounts,
- ✦ a network of "Business Units coordinators" who manages the reporting of subsidiaries and validates their data,
- ✦ "company contact points", designated by the Business Units coordinators, who transfer 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 2017-2018, reporting procedures for non-financial indicators were audited externally by Grant Thornton. At the same time, site audits were carried out, based on a selection of social, environmental and societal indicators, at five 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:

- ✦ HM.CLAUSE SA (France, Vegetable Seeds division),
- ✦ Limagrain Europe SA (France, Field Seeds division),
- ✦ Limagrain Nederland BV (Netherlands, Field Seeds division),
- ✦ Seed Asia Thailand (Thailand, Field Seeds division),
- ✦ Vilmorin Anadolu (Turkey, 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

Categories of article 225	Information	Chapters	Pages	GRI G4 correspondence	United Nations Global Compact correspondence
Social information					
I. a) Employment	Total headcount and analysis of employees by gender, age and geographical area	4.3.1.1. Vilmorin & Cie's employees	110	G4-9; G4-10; partial LA1; LA12	
	Recruitments and discharges		111	EC6; LA1	
	Compensation and its evolution	4.3.1.2. Attracting and retaining talents	113	Partial G4-51; G4-52; LA2	
I. b) Organization of working times	Organization of working times			G4-10	
	Absenteeism	4.4.1.5. An ambitious safety policy	131	LA6	
I. c) Social relations	Organization of social dialog, procedures for informing, negotiating with and consulting with personnel	4.4.1.2. Encouraging social dialogue and internal communication	128-129		3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	Report on collective agreements		129	G4-11	
I. d) Health and safety	Workplace health and safety conditions		130		
	Report on agreements signed with trade union organizations or staff representatives on workplace health and safety agreements	4.4.1.5. An ambitious safety policy	131		
	Work accidents, and in particular their frequency and severity, and also occupational diseases			LA6; LA7	
I. e) Training	Training policies implemented	4.3.1.4. Actions to promote mobility and skills development	116	LA10; LA11	
	Total number of hours of training		116	LA9; HR2	
I. f) Equal treatment	Measures taken to support gender equality		131	LA12	Businesses should: 2. make sure that they are not complicit in human rights abuses.
	Measures taken in favor of employing and integrating disabled persons	4.4.1.6. Committing to diversity	132	LA12	
	Policy to fight discrimination		131	LA12; HR3	
I. g) Promotion and respect of the stipulations of the International Labor Organization (ILO) with regard to:	respect for freedom of association and the right to collective bargaining	4.4.1.2. Encouraging social dialogue and internal communication	128-129	Partial HR4	4. eliminate all forms of forced and compulsory labor. 5. effectively abolish child labor. 6. eliminate discrimination in employment and occupation.
	eliminating discrimination in terms of employment and profession	4.4.1.6. Committing to diversity	131-132	HR3	
	eliminating forced or compulsory labor	4.3.2.3. Respect for Human Rights and the Rights of the Child	119-120	Partial HR6	
	the effective abolition of child labor		119-120	Partial HR5	

Categories of article 225	Information	Chapters	Pages	GRI G4 correspondence	United Nations Global Compact correspondence
Environmental information					
II. a) General environmental policy	Organization of the Company to take environmental questions into account and, where relevant, measures taken for environmental evaluation and certification	4.3.3.1. Overall environmental policy	121	Partial G4-1; G4-44	Businesses should: 7. support a precautionary approach to environmental challenges. 8. undertake initiatives to promote greater environmental responsibility.
	Measures taken for training and information for the protection of the environment	4.3.3.3. Limiting the environmental impact of business activities	123-127	Partial G4-43	
	Means devoted to the prevention of environmental risks and pollution		125	Partial EN31	
	Investment in provisions and risk guarantees for the environment (on condition this information is not seriously harmful to the Company in an ongoing litigation)		127	EN29; EN34	
II. b) Pollution and waste management	Measures to prevent, reduce or repair discharges into the air, water and soil that seriously affect the environment	4.3.3.3. Limiting the environmental impact of business activities	123-127	Partial EN10; EN20; EN21; EN27	Businesses should: 7. support a precautionary approach to environmental challenges. 9. encourage the development and diffusion of environmentally friendly technologies.
	Measures to prevent, recycle and eliminate waste		125	EN23; EN25	
	Measures to deal with noise pollution and any other form of pollution specific to an activity		126	EN27	
	Measures to fight against food waste		127		
II. c) Sustainable use of resources	Water consumption and supplies according to local constraints	4.3.3.2. Seeds in the context of agricultural, food and environmental challenges	124-125	EN8	Businesses should: 7. support a precautionary approach to environmental challenges. 9. encourage the development and diffusion of environmentally friendly technologies.
	Consumption of raw materials and measures taken to improve the efficiency of their use		126	EN1; EN2	
	Energy consumption, measures taken to improve energy efficiency and the use of renewable energies		123-124	EN3; EN5; EN6	
	Use of soils		125-126		
II. d) Climate change	Greenhouse gas emissions	4.3.3.2. Seeds in the context of agricultural, food and environmental challenges	123-124	EN15; EN16; EN18; EN19	
	Adaptation to the consequences of climate change		127		
II. e) Protection of biodiversity	Measures taken to preserve or develop biodiversity	4.3.3.3. Limiting the environmental impact of business activities 4.3.3.4. Adapting to the consequences of climate change	121-122	Partial EN13	

Categories of article 225	Information	Chapters	Pages	GRI G4 correspondence	United Nations Global Compact correspondence
Information concerning social commitments in favor of sustainable development					
III. a) Regional, economic and social impact of the company's business	In terms of employment and regional development	4.4.3. Getting involved in society and taking action for the development of local communities	134		
	On neighboring or local communities		134-136		
III. b) Relations with people or organizations interested in the activity of the company, in particular employment integration associations, educational institutions, associations for the protection of the environment, consumer associations and local populations	Conditions for dialog with these persons or organizations	4.4.2. Making stakeholder dialog a source of wealth 4.4.3. Getting involved in society and taking action for the development of local communities	133	G4-24; G4-26; G4-27	
	Actions of partnership or sponsorship		133-136		
III. c) Subcontractors and suppliers	Acknowledging social and environmental issues in the purchasing policy	4.4.2.3. A responsible purchasing policy to consolidate links with suppliers	133-134	EN33; LA15; HR11; S010	Companies should: 1. support and respect the protection of internationally proclaimed human rights. 2. make sure that they are not complicit in human rights abuses.
	Importance of subcontracting and acknowledgement of social and environmental responsibility in relations with suppliers and subcontractors		133-134	EN32; LA14; HR10; S09	
III. d) Loyal practices	Measures taken in favor of the health and safety of consumers	4.2.2. Ensuring that customers and consumers have accessible, safe and high-quality products	107		
	Actions taken to prevent corruption	4.3.2.2. Fighting corruption	118-119	G4-56; G4-58; S03; S04; S05	
III. e) Other actions undertaken in favor of Human Rights		4.3.2.3. Respect for Human Rights and the Rights of the Child	119-120	G4-56; G4-57; HR2; HR9	Businesses should: 1. support and respect the protection of internationally proclaimed human rights. 2. make sure that they are not complicit in human rights abuses. 4. eliminate all forms of forced and compulsory labor. 5. effectively abolish child labor. 10. work against corruption in all its forms, including extortion and bribery.

5 | Financial INFORMATION

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5.1. Consolidated Financial Statements

5.1.1. Consolidated income statement

In millions of euros	Note	17-18	16-17
Revenue from ordinary activities	5	1,346.0	1,414.0
Cost of goods sold		-687.3	-727.0
Marketing and sales costs		-190.0	-194.3
Research and development costs	8	-194.4	-192.4
Administrative and general costs		-180.4	-173.1
Other operating income and charges	9	3.2	- 8.9
Operating income		97.1	118.3
Profit from associated companies	18	23.3	33.9
Interest costs	10	-24.4	-22.1
Other financial income and charges	11	-13.6	-2.4
Income taxes	12	-5.5	-37.6
Profit from continuing operations		76.9	90.1
Profit from discontinued operations		-	-
Net income for the period		76.9	90.1
> Attributable to controlling company		74.1	86.9
> Attributable to non-controlling minority		2.8	3.2
Earnings from continuing operations per share – attributable to controlling company	13	3.56	4.17
Earnings from discontinued operations per share – attributable to controlling company	13	-	-
Earnings for the period per share – attributable to controlling company	13	3.56	4.17
Diluted earnings from continuing operations per share – attributable to controlling company	13	3.45	4.11
Diluted earnings from discontinued operations per share – attributable to controlling company	13	-	-
Diluted earnings for the period per share – attributable to controlling company	13	3.45	4.11

Details of the gains and losses for the fiscal year

In millions of euros	17-18	16-17
Income for the period	76.9	90.1
Variation in currency translations	-49.2	-27.8
Variation in the fair value of assets available for sale	-	-
Variation in the fair value of financial instruments	1.6	0.2
Change in method	-	-
Impact of taxes	-0.5	-0.1
Items that might be reclassified to profit or loss	-48.1	-27.7
Actuarial losses and gains	5.7	11.9
Impact of taxes	-4.4	-2.9
Items not to be reclassified to profit or loss	1.3	9.0
Other items in the total gains and losses for the period net of taxes	-46.8	-18.7
Total gains and losses for the period	30.1	71.4
> of which attributable to controlling company	30.3	71.2
> of which attributable to non-controlling minority	-0.2	0.2

5.1.2. Financial progress report

Assets

In millions of euros	Note	06.30.18	06.30.17
Goodwill	14	368.9	377.9
Other intangible fixed assets	15	692.7	688.3
Tangible fixed assets	16	290.2	292.4
Financial fixed assets	17	14.4	15.5
Equity shares	18	321.9	312.9
Deferred taxes	25	22.3	54.1
Total non-current assets		1,710.4	1,741.1
Inventories	19	474.0	447.9
Trade receivables and other receivables	20	514.5	501.7
Cash and cash equivalents	21	196.7	256.3
Total current assets		1,185.2	1,205.9
Total assets		2,895.6	2,947.0

Liabilities

In millions of euros	Note	06.30.18	06.30.17
Share capital	22	317.7	317.7
Reserves and income	22	877.3	879.0
Equity – controlling company	22	1,195.0	1,196.7
Equity – non-controlling minority	23	109.7	111.8
Consolidated equity		1,304.7	1,308.5
Provisions for employee benefits	24	57.4	64.2
Non-current financial debts	27	758.3	749.2
Deferred income taxes	25	97.1	130.4
Total non-current liabilities		912.8	943.8
Other current provisions	26	15.5	16.1
Accounts payable	28	428.7	424.6
Deferred income	29	29.6	33.0
Current financial debts	27	204.3	221.0
Total current liabilities		678.1	694.7
Total liabilities		2,895.6	2,947.0

5.1.3. Consolidated cash flow statement

In millions of euros	06.30.18	06.30.17
1 – Trading operations		
Income for the year	76.9	90.1
Results of companies consolidated under equity method after dividends	-6.0	-13.2
Depreciation, amortization and impairments	199.5	198.2
Net non-current provisions	1.1	-6.9
Variation in deferred taxes	-7.5	12.6
Income from capital operations	1.3	13.1
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	-0.6	-
Fair value losses and gains for financial fixed assets available for sale	-	-0.6
Cash flow	264.7	293.3
Dividends received on equity securities	-	-0.1
Variation in working capital needs with comparable scope		
> Inventories	-43.1	-11.6
> Trade debts	-44.3	-20.0
> Short-term debts	23.6	-0.6
Cash from operating activities	200.9	261.0
2 - Investment operations		
Disposal of fixed assets	3.4	6.8
Acquisition of fixed assets		
> Intangible fixed assets	-179.4	-172.6
> Tangible fixed assets	-43.5	-34.7
Variation in other financial fixed assets	-3.1	-0.7
Cash flow acquired through scope entries	-1.5	-0.1
Cash flow conceded through cash exits	-	-
Net impact of the disposal of assets and liabilities	-	-
Net increase/decrease in cash and cash equivalents	1.0	-3.8
Cash flows from investing activities	-223.1	-205.1
3 - Cash flows from financing activities		
Increase/decrease in equity	-	-
Transactions with non-controlling interests ⁽¹⁾	-	-5.8
Increase/decrease in financial liabilities ⁽²⁾	6.6	31.8
Dividends received on unconsolidated participations	-	0.1
Dividends paid out	-35.3	-24.9
Cash flows from financing operations	-28.7	1.2
4 - Net effect of currency translation	-8.7	-7.3
5 - Net increase/decrease in cash and cash equivalents	-59.6	49.8
6 - Cash and cash equivalents at beginning of period	256.3	206.5
7 - Cash and cash equivalents at end of period	196.7	256.3

⁽¹⁾ Application of the amended standard IAS 27: restatement of "Transactions with non-controlling interests." This line includes acquisition of the following securities:

	06.30.18	06.30.17
Limagrain Cereal Seeds	-	-3.5
Link Seed	-	-2.3
Transactions with non-controlling participations	-	-5.8

⁽²⁾ Increase/decrease in financial liabilities:

	06.30.18	06.30.17
Increase in non-current financial debts	12.8	148.7
Repayment of non-current financial debts	-	-126.5
Payment on derivatives	-	-
Net increase/decrease in current financial debts	-6.2	9.6
Variation in financial liabilities	6.6	31.8

5.1.4. Variation in consolidated equity

In millions of euros	Attributable to controlling company				Total	Attributable to non-controlling company	Total
	Capital	Premiums	Income and other reserves	Currency translation reserves			
07.01.16	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 capital stock of the parent company	-	-	-	-	-	-	-
Variation in the capital stock 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
Other items of the global income net of taxes	-	-	2.3	-46.1	-43.8	-3.0	-46.8
Net income	-	-	74.1	-	74.1	2.8	76.9
Global income for the fiscal year	-	-	76.4	-46.1	30.3	-0.2	30.1
Variation in treasury shares	-	-	0.2	-	0.2	-	0.2
Dividends paid out	-	-	-33.4	-	-33.4	-2.1	-35.5
Variations in scope	-	-	-	-	-	-	-
Effect of share purchase commitments	-	-	-	-	-	-	-
Variation in the share capital of the parent company	-	-	-	-	-	-	-
Variation in the share capital of the subsidiaries	-	-	0.3	-	0.3	0.2	0.5
Variation in minority interest shares	-	-	0.7	-	0.7	-	0.7
Bonds redeemable as shares ⁽¹⁾	-	-	-	-	-	-	-
Restatement	-	-0.2	0.2	-	-	-	-
Others	-	-	0.2	-	0.2	-	0.2
06.30.18	317.7	332.4	596.7	-51.8	1,195.0	109.7	1,304.7

⁽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, 2018 (website: <http://ec.europa.eu>).

The consolidated financial statements were approved by the Board of Directors on October 17, 2018 and will be submitted for approval to the Annual General Meeting of December 7, 2018.

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, in return for 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

The standards, interpretations and amendments to existing standards, adopted by the European Union and applicable to fiscal periods as of July 1, 2017 had no impact on the group’s financial statements:

The new standards, interpretations and amendments to existing standards, adopted by the European Union and applicable to fiscal periods as of July 1, 2018 have not been adopted in advance by Vilmorin & Cie:

- ✚ IFRS 15 “Revenues from Contracts with Customers”, and the IFRS 15 amendment concerning “Clarifications to IFRS 15,”
- ✚ IFRS 9 “Financial Instruments.”

IFRS 15 proposes a five-step model to recognize sales and therefore determine revenue to be recorded, the amount and the date from when it should be taken into account. Vilmorin & Cie has measured the impact of IFRS 15 on the group’s revenue with input from its key correspondents in its operating companies.

When considering the work completed during fiscal year 2017-2018, the group does not anticipate any significant impact on its future financial statements as a result of the application of the standard IFRS 15.

IFRS 9 deals with the recognition and measurement of financial assets and on the one hand proposes a new model for amortizing financial assets based on expected credit losses, and at the same time recommendations for recording forward cover that provides for a better indication of the company's objectives and strategy for managing risks.

The group does not anticipate any major impact on the recognition and measurement of financial assets, or on the impairment of financial assets.

The new standards, interpretations and amendments to existing standards, adopted by the European Union and applicable to fiscal periods as of July 1, 2019 or later, have not been adopted in advance by Vilmorin & Cie:

✚ IFRS 16 "Leases."

IFRS 16 mainly modifies the way in which leases will be presented for the lessee. Indeed, the standard no longer distinguishes between operating leases and finance leases, adopting a single model for the presentation of leases.

The group is currently studying any possible impact from the application of 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 he controls this investee, when he has exposure, or rights, to variable returns from involvement with the investee, and when he has the ability to use his power over the investee to affect the amount his 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, the resulting gain is recognized as a bargain purchase in profit or loss.

The consideration transferred includes the fair values of the transferred assets, Vilmorin & Cie's liabilities to the previous owners of the acquiree, and the participating interests 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 values non-controlling interests pro rata at the date of acquisition, 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, etc.) 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.

Any amortization should be linear over their 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 one-off accidents,
- ✚ 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 Licenses

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 is any indication of value loss. Since this germplasm does not produce any 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 amount is assessed 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 lease contracts are depreciated over the same duration as similar freehold assets.

Goods acquired through 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 an appropriate proportion of overheads 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,
- ✚ poor 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

A defined benefit plan is any scheme involving benefits paid out after termination of the work contract other than a defined contribution plan. 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 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 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 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,
- ✚ 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.

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 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 to distributors.

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 two joint ventures:

Prime Seed Co Zimbabwe and Prime Seed Co Botswana

In 2017, Vilmorin & Cie set up a sustainable partnership with its African partner Seed Co Zimbabwe, creating two joint ventures named Prime Seed Co Zimbabwe and Prime Seed Co Botswana, in order to develop its distribution markets for vegetable seeds in Africa.

Vilmorin & Cie holds 49% of the capital stock of these two new structures.

Note 3: Consolidation scope

1- Evolution of the consolidation scope

1.1 - On June 30, 2018, Vilmorin & Cie consolidated 109 companies in accordance with the rules set out in Note 1 paragraph 5 of the "Accounting methods and principles in IFRS standards."

	17-18	16-17
By global integration	93	92
By the equity method	16	14
Total	109	106

1.2 - Variations in scope occurring during the course of fiscal year 2017-2018 were as follows:

1.2.1 Entries to the consolidation scope

- ✚ Through the purchase of a stake
 - Prime Seed Co Botswana
 - Prime Seed Co Zimbabwe
- ✚ Through the creation of companies
 - Hazera Ethiopia

1.2.2 Exits from the consolidation scope

- ✚ Companies wound up
 - None
- ✚ Following internal reorganizations
 - None

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	Hazera Ethiopia	Prime Seed Co Zimbabwe	Prime Seed Co Botswana
Date of entry in scope	12/25/2017	07/01/2017	07/01/2017
% acquired			
Over the fiscal year	100.00%	48.92%	49.00%
Previously held	-	-	-
Total held	100.00%	48.92%	49.00%
Consolidation method adopted⁽¹⁾	GI	EM	EM
Acquisition price of the shares			
Agreed during the fiscal year	0.2	1.6	-
Previously agreed	-	-	-
Total	0.2	1.6	-
Fair value of assets and liabilities acquired			
Fixed assets	-	0.5	-
Working capital needs	-	0.8	-
Provisions for risks	-	0.1	-
Indebtedness net of cash	-0.2	-	-
Deferred taxes	-	-0.1	-
Equity acquired	0.2	1.3	-
Goodwill⁽²⁾	-	0.3	-

⁽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 2016-2017 has been established in the following conditions:

- ✚ In order to neutralize the impact of currency variations, the income statement on June 30, 2017 has been restated by applying the average rate on June 30, 2018.
- ✚ Companies exiting the scope during fiscal year 2017-2018 have been neutralized for the previous fiscal year, namely:
 - None
- ✚ Companies entering the scope during fiscal year 2017-2018, and providing new business, have been added to the financial statements on June 30, 2017, namely:
 - Prime Seed Co Botswana
 - Prime Seed Co Zimbabwe
- ✚ Information is restated as follows:

In millions of euros	Variation %	17-18	16-17 restated
Revenue from ordinary activities	-0.9%	1,346.0	1,358.5
Operating income	-16.3%	97.1	116.0
Income from continuing operations	-12.0%	76.9	87.4
Income from discontinued operations	-	-	-
Income for the period	-12.0%	76.9	87.4

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, 2018 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 2017-2018

In millions of euros	Vegetable Seeds	Field Seeds	Garden Products & Holdings	Unallocated	Total
Revenue from ordinary activities	673.1	623.3	49.6	-	1,346.0
Operating income	114.8	2.3	-20.0	-	97.1
Income from continuing operations	80.7	20.4	-24.2	-	76.9
Income from discontinued operations	-	-	-	-	-
Total consolidated net income	80.7	20.4	-24.2	-	76.9
Non-current assets	596.2	1,001.8	112.4	-	1,710.4
> Including investments for the period	115.4	102.9	10.0	-	228.3
Current assets	609.6	473.1	102.5	-	1,185.2
Total assets	1,205.8	1,474.9	214.9	-	2,895.6
Equity ⁽¹⁾	-	-	-	1,304.7	1,304.7
Non-current liabilities	79.4	113.5	719.9	-	912.8
Current liabilities	220.3	274.1	183.7	-	678.1
Total liabilities	299.7	387.6	903.6	1,304.7	2,895.6

⁽¹⁾ The line "Equity" for all Vilmorin & Cie's companies is not broken down per business segment.

2.2 - 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.

Note 5: Revenue from ordinary activities

1- Analysis by nature

In millions of euros	Variation %	17-18	16-17
Sales of goods	-5.0%	1,290.7	1,359.0
Sales of services	-5.7%	8.3	8.8
Royalties received	1.7%	47.0	46.2
Total	-4.8%	1,346.0	1,414.0

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 %	17-18	16-17
Europe	1.6%	768.9	756.6
Americas	-13.7%	264.9	306.9
Asia and Oceania	-19.1%	123.2	152.3
Africa and Middle East	-6.6%	133.7	143.2
Total	-5.0%	1,290.7	1,359.0

3- Analysis by product

Analysis of sales according to product families is as follows:

In millions of euros	Variation %	17-18	16-17
Vegetable and flower seeds	-5.5%	638.1	675.5
Other field seeds	-0.7%	549.4	553.5
Forage and lawn seeds	2.7%	34.3	33.4
Garden products	-5.5%	55.5	58.7
Other products	-64.6%	13.4	37.9
Total	-5.0%	1,290.7	1,359.0

4- Revenue from ordinary activities at constant exchange rates

With constant exchange rates for the period, the revenue from ordinary activities for the previous fiscal year would have come to 1,358.5 million euros compared with 1,346 million euros for this past fiscal year, a decrease of 0.9%.

Note 6: Personnel costs

1- Evolution of personnel costs

In millions of euros	17-18	16-17
Gross salaries	291.5	289.9
Social charges	101.6	99.3
Profit-sharing schemes	11.0	12.3
Total	404.1	401.5

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

	17-18	16-17
France	2,500	2,528
Non-France	4,767	4,691
Total	7,267	7,219

2.1.2 Analysis by employee status

	17-18	16-17
Management	1,994	1,948
Non-management	5,273	5,271
Total	7,267	7,219

2.2 - Permanent headcount at the end of the fiscal year

2.2.1 Analysis France/Non-France

	17-18	16-17
France	2,062	2,076
Non-France	4,591	4,484
Total	6,653	6,560

2.2.2 Analysis by employee status

	17-18	16-17
Management	2,002	1,938
Non-management	4,651	4,622
Total	6,653	6,560

2.2.3 Analysis by function

	17-18	16-17
Administration	1,058	1,017
Research	1,945	1,899
Agronomic production and factory	1,803	1,784
Sales and marketing	1,847	1,860
Total	6,653	6,560

Note 7: Provisions for the depreciation, amortization and impairment of tangible and intangible fixed assets

In millions of euros	17-18	16-17
Provisions for the amortization and impairment of intangible fixed assets		
> Development programs ⁽¹⁾	-155.0	-149.3
> Other intangible fixed assets	-13.1	-14.3
Sub-total	-168.1	-163.6
Provisions for the depreciation and impairment of tangible fixed assets	-31.4	-32.2
Total	-199.5	-195.8

⁽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	17-18	16-17
Development programs activated during the fiscal year	171.3	164.8
Provisions for the amortization of development programs recorded as fixed assets	-155.0	-149.3
Total research and development costs	-241.4	-240.2
Tax relief for research	30.7	32.3
Net costs for the year	-194.4	-192.4

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	17-18	16-17
Costs identified and recorded as intangible fixed assets (cf. Note 15)	171.3	164.8
Provisions for amortization	-155.0	-149.3
Net increase in activated research and development costs	16.3	15.5

It is important to note that out of a total investment in research and development of 241.4 million euros, only 171.3 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 1.2 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	17-18	16-17
Effect on the income for the period	16.3	15.5
Effect on amortization and depreciation	155.0	149.3
Effect on the cash flow	171.3	164.8
Effect on the investment flows	-171.3	-164.8
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	17-18	16-17
Litigation	-4.0	-4.0
Income from the sale of fixed assets	-1.4	-
Income from the sale of consolidated securities	-	-
Government subsidies	4.4	4.6
Reorganization costs	-	-6.2
Impairment on fixed assets	0.4	-6.1
Other charges and income	3.8	2.8
Total	3.2	-8.9

2- Further information

2.1 - On operations for fiscal year 2017-2018

2.1.1 Reorganization costs

These mainly concern:

In millions of euros	Amount
Limagrain Europe	0.2
Miscellaneous	-0.2
Total	-

2.1.2 Impairment of fixed assets

These mainly concern:

In millions of euros	Amount
Mikado Kyowa Seed	0.4
Total	0.4

2.2 - On operations for fiscal year 2016-2017

2.2.1 Reorganization costs

These mainly concern:

In millions of euros	Amount
Limagrain Europe	-3.7
Vilmorin Jardin	-1.0
Miscellaneous	-1.5
Total	-6.2

2.2.2 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

Note 10: Interest costs

1- Evolution

In millions of euros	17-18	16-17
Interests on loans and bank overdrafts ⁽¹⁾	-24.3	-23.1
Interest on financial leasing agreements	-0.1	-
Losses and gains of fair value on hedging instruments	-	-
Losses and gains on the disposal of hedging instruments	-	-
Cash income	2.8	2.4
Miscellaneous ⁽²⁾	-2.8	-1.4
Total	-24.4	-22.1

⁽¹⁾ The increase in interest charges is mainly due to an increase in rates in the USA, and the increase in the interest charge on Brazilian activities.

⁽²⁾ This line mainly concerns commission paid out on Vilmorin & Cie's syndicated credit, and also commission on financial operations.

2- Further information

The total funding costs can be broken down as follows:

In millions of euros	17-18	16-17
Interest charges	-27.3	-24.6
Interest income	2.9	2.5
Total	-24.4	-22.1

Note 11: Other financial income and charges

1- Evolution

In millions of euros	17-18	16-17
Gains or losses on the sales of unconsolidated securities, profits and losses from winding up business, income from consolidation exits	-	-15.3
Interest income	1.5	1.7
Interest charges	-1.5	-1.9
Provisions for the impairment of securities and other financial assets	-	14.8
Provisions for risks and other financial charges	-0.1	-0.2
Gains or losses on currency translation	-12.1	0.1
Net interest charges on commitments for personnel benefits	-1.4	-1.7
Other financial gains and losses	-	0.1
Total	-13.6	-2.4

2- Further information

2.1 - On operations for fiscal year 2017-2018

No particular operation occurred during fiscal year 2017-2018.

2.2 - On operations for fiscal year 2016-2017

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:

- 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.

2.2.2 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.

Note 12: Income taxes

1- Evolution

In millions of euros	17-18	16-17
Current taxes	-13.0	-25.0
Deferred taxes	7.5	-12.6
Total	-5.5	-37.6

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 2017-2018 can be largely explained by lower tax rates resulting from the latest significant tax reforms in France and the United States, combined with the use of tax deficits carried forward and tax credits in France and other countries in a context of slower business growth.

2.2 - Fiscal integration operations

The fiscal integration scopes set up in the group (article 223 A et seq. of the French tax code) between the different French companies were as follows on June 30, 2018:

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 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).

In December 2017, a new law on income (corporation) tax was enacted in France, lowering the basic tax rate on companies in France to 25%, gradually over the coming five years period. This change has resulted in a reassessment of the deferred tax assets and liabilities recognized on June 30, 2018 in the French subsidiaries.

In December 2017, a new tax law was enacted in the United States; in particular, this law included a lowering of the American federal rate from 35% to 21%. This change came into effect on December 28, 2017, and modified the amount of current taxes recognized for the fiscal year, and also lead to a reassessment of the deferred tax assets and liabilities on June 30, 2018 in the American subsidiaries.

A comparison between the recorded income tax charge and the theoretical income tax charge is as follows:

As a %	17-18	16-17
Theoretical tax rate in France	34.43	34.43
Impact of partnerships (using the equity method)	-6.00	-6.44
Differences between the tax rates applied in France and other countries	-6.41	-5.61
Other permanent differences	-2.80	12.15
Impact of dividend distributions	9.21	7.35
Adjustments of taxes and taxes with no base	-18.40	-5.45
Unrecognized losses	14.35	10.63
Temporary differences	-0.61	-3.37
Impact of capital gains and losses from disposals and asset value losses	-4.02	-11.14
Impact from the variations in the deferred taxes rate in France and the USA	-12.01	-
Effective tax rate	7.74	32.56

2.5 - Details of tax receivables and debts due

In millions of euros	17-18	16-17
Tax receivables due	54.5	51.1
Tax debts due	-12.2	-12.2
Total net	42.3	38.9

2.6 - Information on tax losses

On June 30, 2018, Vilmorin & Cie held a total of 226.4 million euros of tax losses.

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, 2018, the amount of tax losses activated on losses carried forward amounted to 75.8 million euros, representing deferred tax assets of 21.7 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	17-18	16-17
Attributable to the controlling company in continuing operations	74,106,212	86,877,749
Attributable to the controlling company in discontinued operations	-	-
Attributable to the controlling company in the consolidated income	74,106,212	86,877,749
Number of Vilmorin & Cie shares apart from treasury shares	20,828,025	20,825,749
Earnings from continuing operations per share	3.56	4.17
Earnings from discontinued operations per share	-	-
Earnings per share	3.56	4.17

- 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	17-18	16-17
Income attributable to the controlling company in continuing operations before conversion	74,106,212	86,877,749
Impact on the income attributable to the controlling company of the conversion of ORA bonds	-2,145,663	-1,192,236
Income attributable to the controlling company in continuing operations after conversion	71,960,550	85,685,513
Income attributable to the controlling company in discontinued operations after conversion	-	-
Income attributable to the controlling company in the consolidated income after conversion	71,960,550	85,685,513
Number of shares held by Vilmorin & Cie before conversion excluding treasury shares	20,828,025	20,825,749
Creation of new shares after conversion of ORA bonds	-	-
Number of shares held by Vilmorin & Cie after conversion of ORA bonds excluding treasury shares	20,828,025	20,825,749
Earnings from continuing operations per share	3.45	4.11
Earnings from discontinued operations per share	-	-
Diluted earnings per share	3.45	4.11

✦ Dividends paid out per share

	Dividends distributed in December 2017	Dividends distributed in December 2016
Amount distributed	€33,334,243.20	€22,917,292.20
Details	€1.60 x 20,833,902 shares	€1.10 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.

Otherwise, there is no goodwill pending allocation.

1.2 - Goodwill impairment test

Vilmorin & Cie carried out impairment tests on its goodwill on June 30, 2018 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 (value in use).

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 4.8% to 5.8% 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 management, on the basis of a discount rate of 6.0% and a perpetual growth rate of 2%. It also takes account of 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.

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, or half a point in the particular case of the Garden Products CGU, 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

07.01.16	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
Acquisitions and increases	-
Impact of minority redemption commitments	-
Exits	-
Allocation of goodwill	-
Variations in scope	-
Reclassifications	-
Currency translations	-9.1
06.30.18	382.2

2.2 - Impairments

In millions of euros	
07.01.16	11.2
Exits	-
Impairments	2.4
Variations in scope	-
Reclassifications	-
Currency translation	-0.2
06.30.17	13.4
Exits	-
Impairments	-
Variations in scope	-
Reclassifications	-
Currency translation	-0.1
06.30.18	13.3

2.3 - Net values

In millions of euros	
06.30.17	377.9
06.30.18	368.9

3- Further information

3.1 - Analysis by business segments

In millions of euros	06.30.18	06.30.17
Vegetable Seeds	98.3	101.9
Field Seeds	259.2	264.3
Garden Products and Holdings	11.4	11.7
Total net of impairments	368.9	377.9

3.2 - Variations in scope

Variations in scope concern the following operations:

In millions of euros	Total
Fiscal year 17-18⁽¹⁾	
None	-
Total	-
Fiscal year 16-17	
None	-
Total	-

⁽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 17-18	
None	-
Total	-
Fiscal year 16-17	
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
07.01.16	-	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
Acquisitions and increases	-	171.3	2.3	0.6	0.5	0.1	-	4.6	179.4
Exits	-	-	-	-1.9	-0.7	-	-	-0.1	-2.7
Variations in scope	-	-	-	-	-	-	-	-	-
Currency translations	-	-12.9	-3.1	-0.5	-0.5	-0.1	-0.2	-	-17.3
Reclassifications	-	-	-	3.3	-0.1	-	-	-3.1	0.1
06.30.18	-	1,786.0	270.5	97.8	70.5	34.7	11.7	4.0	2,275.2

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
07.01.16	-	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
Provisions / Impairments	-	155.0	-	10.3	2.4	-	0.4	-	168.1
Exits	-	-	-	-1.8	-0.2	-	-	-	-2.0
Variations in scope	-	-	-	-	-	-	-	-	-
Currency translations	-	-9.9	-	-0.5	-0.5	-	-	-	-10.9
Reclassifications	-	-	-	0.6	-0.7	-	-	-	-0.1
06.30.18	-	1,459.5	1.9	63.6	45.2	6.9	5.4	-	1,582.5

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
06.30.17	-	313.2	269.4	41.3	27.1	27.8	6.9	2.6	688.3
06.30.18	-	326.5	268.6	34.2	25.3	27.8	6.3	4.0	692.7

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
07.01.16 (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
New fixed assets	0.1	-	0.1
Fixed assets taken out	-0.1	-	-0.1
Currency translations	-	-	-
Reclassifications	0.1	-	0.1
Provisions for amortization	-0.1	-	-0.1
06.30.18 (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
07.01.16	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
Fiscal year 17-18	-	-0.4	-	-	-	-0.4
06.30.18	0.9	5.7	0.4	8.3	-	15.3

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
Fiscal year 17-18	
None	-
Total	-
Fiscal year 16-17	
None	-
Total	-

2.4 - Analysis of germplasm per business segment

In millions of euros	06.30.18	06.30.17
Vegetable Seeds	97.7	98.0
Field Seeds	170.9	171.4
Garden Products and Holdings	-	-
Total net impairments	268.6	269.4

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
07.01.16	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
Acquisitions and increases	0.3	4.9	4.2	8.0	0.9	5.7	19.5	43.5
Exits	-2.3	-6.8	-0.3	-3.7	-0.2	-5.0	-0.2	-18.5
Variations in scope	-	-	-	-	-	-	-	-
Currency translations	-1.0	-6.7	-0.6	-5.2	-0.5	-1.5	-0.2	-15.7
Reclassifications	-	9.0	2.0	6.8	0.2	0.7	-20.3	-1.6
06.30.18	31.1	261.8	100.3	194.4	15.5	62.4	17.1	682.6

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
07.01.16	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
Provisions/ Value losses	0.1	9.7	4.8	10.3	1.1	5.4	-	31.4
Exits	-0.3	-5.6	-0.3	-3.5	-0.2	-4.4	-	-14.3
Variations in scope	-	-	-	-	-	-	-	-
Currency translations	-	-1.9	-0.1	-2.7	-0.3	-0.9	-	-5.9
Reclassifications	0.1	-0.1	-0.1	-0.4	-0.1	-0.7	-	-1.3
06.30.18	3.3	128.1	67.9	137.4	12.2	43.5	-	392.4

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
06.30.17	30.7	135.4	31.4	54.8	3.4	18.4	18.3	292.4
06.30.18	27.9	133.7	32.4	57.0	3.3	18.9	17.1	290.2

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
06.30.17	-	-	0.3	0.2	0.5
06.30.18	0.2	-	0.2	0.1	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
07.01.16	0.1	0.7	-	0.8
Fiscal year 16-17	0.4	-	-	0.4
06.30.17	0.5	0.7	-	1.2
Fiscal year 17-18	-	-0.4	-	-0.4
06.30.18	0.5	0.3	-	0.8

2.3 - Variations in scope

Variations in scope concern the following operations (net of amortization):

In millions of euros	Total
Fiscal year 17-18	
None	-
Total	-
Fiscal year 16-17	
None	-
Total	-

2.4 - Commitments on leasing contracts

In millions of euros	Total	< 1 year	1 to 5 years	> 5 years
Direct financing lease	5.8	2.0	2.8	1.0
Simple lease contracts	48.5	13.9	27.7	6.9

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
07.01.16	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
Increases	0.2	-	3.7	4.1
Decreases	-	-4.1	-0.5	-4.8
Variations in scope	-	-	-	-
Currency translations	-	-0.2	-	-0.2
Reclassifications	-	-0.2	-	-0.2
06.30.18	7.6	3.6	8.5	19.7

1.2 - Provisions

In millions of euros	Financial assets available for sale	Other non-current financial assets	Loans and other receivables	Total
07.01.16	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
Provisions	-	-	-	-
Write-back	-	-	-	-
Variations in scope	-	-	-	-
Currency translations	-	-	-	-
Reclassifications	-	-	-	-
06.30.18	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
06.30.17	2.1	8.1	5.3	15.5
06.30.18	2.3	3.6	8.5	14.4

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	06.30.18		06.30.17		Financial data in last known balance sheet	
	% held	Net (in M€)	% held	Net (in M€)	Equity (in M€)	Income (in M€)
Boreal Finland	6.54	0.6	6.54	0.6	7.9	0.1
Avesthagen	4.14	-	4.14	-	-12.1	-
Exotic Systems	20.23	0.9	20.23	0.9	1.3	-0.5
Miscellaneous		0.8		0.6		
Total		2.3		2.1		

2.2 - Variations in scope

Variations in scope correspond to the following operations (net of provisions):

In millions of euros	Total
Fiscal year 17-18	
None	-
Total	-
Fiscal year 16-17	
None	-
Total	-

Note 18: Equity shares

1- Details of equity shares

In millions of euros	06.30.18	06.30.17
AgReliant Genetics Inc.	5.3	4.6
AgReliant Genetics LLC	174.2	175.3
Australian Grain Technology (AGT)	23.6	23.0
Bio Seeds	3.8	3.9
Canterra Seeds	5.1	5.3
Carthage Génétique	0.4	0.3
DLF France	1.8	1.8
Genective	9.6	6.1
Genoplante-Valor	1.5	1.5
GIE Semences de Brie	-	0.2
Hengji Limagrain	3.5	4.2
Prime Seed Co Botswana	0.9	
Prime Seed Co Zimbabwe	1.5	
Seed Co Zimbabwe	73.4	70.4
Soltis	17.0	16.0
Unisigma	0.3	0.3
Total	321.9	312.9
Variation for the fiscal year	9.0	7.5

2- Further information

Variation for the fiscal year corresponds to the items below:

In millions of euros	17-18	16-17
Proportion of income for the fiscal year	23.3	33.9
> AgReliant Genetics Inc.	1.1	0.7
> AgReliant Genetics LLC	12.5	21.6
> Australian Grain Technology (AGT)	2.9	3.9
> Bio Seeds	-0.2	1.0
> Canterra Seeds	-	0.2
> Carthage Génétique	-	0.1
> DLF France	0.1	0.1
> Genective	0.5	0.1
> Genoplante-Valor	-	-
> GIE Semences de Brie	-0.2	-
> Hengji Limagrain	-0.8	-1.6
> Prime Seed Co Botswana	-	-
> Prime Seed Co Zimbabwe	-0.1	-
> Seed Co Zimbabwe	5.3	5.7
> Soltis	2.2	2.1
> Unisigma	-	-
Variation in scope, variation in percentages of interest and others ⁽¹⁾	7.2	0.1
Distributions	-17.3	-20.7
Currency translation	-4.2	-5.8
Total	9.0	7.5

⁽¹⁾ For fiscal year 2017-2018:

• increase in the capital stock of Genective	3.0
• the entry of Prime Seed Co Botswana in the consolidation scope followed by an increase in the capital stock	0.9
• the entry of Prime Seed Co Zimbabwe in the consolidation scope	1.6
• the increase in the capital stock of Seed Co Zimbabwe	0.8
• others	0.9

For fiscal year 2016-2017:

• the entry of Carthage Génétique in the consolidation scope	0.3
• others	-0.2

3- Financial information of the main equity shares

3.1 - For fiscal year 2017-2018

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	Genective
Sales	23.1	24.9	2.7	0.4	29.8	35.0	487.0	-
Net income	3.0	0.3	-0.1	0.1	10.8	2.2	22.4	0.1
Assets	21.7	8.7	2.1	4.0	75.7	39.6	518.7	13.8
Liabilities (excluding equity)	4.8	3.4	1.6	0.1	21.8	29.3	307.6	5.5

In millions of euros	GIE Semences de Brie	Soltis	Seed Co Zimbabwe ⁽⁴⁾	Canterra Seeds ⁽³⁾	Hengji Limagrain	Carthage Génétique ⁽⁵⁾	Prime Seed Co Botswana ⁽⁴⁾	Prime Seed Co Zimbabwe ⁽⁴⁾
Sales	1.1	18.5	53.1	20.0	6.5	0.5	0.6	4.8
Net income	-0.5	3.5	18.0	0.3	-2.2	0.1	-	-0.2
Assets	1.3	41.5	213.7	15.2	21.9	1.0	2.9	6.2
Liabilities (excluding equity)	1.4	17.8	52.2	5.8	14.2	0.3	1.0	3.8

⁽¹⁾ Accounts closed on December 31, 2017

⁽²⁾ Accounts closed on June 30, 2018

⁽³⁾ Accounts closed on September 30, 2017

⁽⁴⁾ Accounts closed on March 31, 2018

⁽⁵⁾ Interim close on June 30, 2018

3.2 - 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

Note 19: Inventories

1- Evolution of net book values

In millions of euros	06.30.18			06.30.17		
	Gross value	Provision	Net value	Gross value	Provision	Net value
Raw materials and other supplies	140.3	-11.7	128.6	133.0	-7.5	125.5
Production in progress	163.8	-19.0	144.8	144.4	-19.2	125.2
Goods	73.7	-7.1	66.6	69.5	-8.3	61.2
Finished products	160.9	-26.9	134.0	157.5	-21.5	136.0
Total	538.7	-64.7	474.0	504.4	-56.5	447.9
Variation for the fiscal year			26.1			3.5

2- Further information

2.1 - Variations for the fiscal year correspond to the following items:

In millions of euros	17-18	16-17
Variations in scope (net of provisions)	-	-
Variations in gross values	51.5	15.0
Variations in provisions including:	-8.4	-3.5
> New provisions	-37.2	-29.2
> Provisions used	27.2	22.6
> Provisions written back	1.6	3.1
Reclassifications	0.4	-
Currency translations	-17.4	-8.0
Total	26.1	3.5

2.2 - Variations in scope concern:

In millions of euros	Total
Fiscal year 17-18	
None	-
Total	-
Fiscal year 16-17	
None	-
Total	-

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, 2017: 11.2%
- ✚ On June 30, 2018: 12.0%

Note 20: Trade receivables

1- Evolution of net book values

In millions of euros	06.30.18	06.30.17
Customer receivables	384.4	369.9
Advance payment to suppliers	20.7	24.8
Personnel and social security	1.1	1.1
State, income taxes	54.5	51.1
Other tax receivables	45.8	48.2
Other operating receivables	10.6	11.1
Prepayments	13.8	12.5
Gross total	530.9	518.7
Customer receivables	-16.4	-17.0
Advance payment to suppliers	-	-
Other operating receivables	-	-
Total provisions	-16.4	-17.0
Net book values	514.5	501.7
Variation for the fiscal year	12.8	9.0

2- Further information

2.1 - Variations for the fiscal year comprise the following main items:

In millions of euros	17-18	16-17
Variations in scope (net of provisions)	-	-
Variations in provisions including	-0.8	-3.4
> New provisions	-5.2	-5.4
> Provisions used	3.5	0.7
> Provisions written back	0.9	1.3
Other gross variations	44.5	25.1
Reclassifications and others	-0.5	0.7
Currency translations	-30.4	-13.4
Total	12.8	9.0

2.2 - Variations in scope concern:

In millions of euros	Total
Fiscal year 17-18	
None	-
Total	-
Fiscal year 16-17	
None	-
Total	-

Note 21: Cash and cash equivalents

1- Evolution of fair values

In millions of euros	06.30.18	06.30.17
Financial current accounts	4.0	4.5
Placement securities held for purposes of transaction	29.6	86.2
Cash and bank in hand	163.1	165.6
Total	196.7	256.3
Variation for the fiscal year	-59.6	49.8

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 17-18	
Variations in scope	0.2
Variation in gross values	-50.6
Currency translations	-9.2
New provisions	-
Reclassifications and others	-
Total	-59.6
Fiscal year 16-17	
Variations in scope	0.2
Variation in gross values	57.2
Currency translations	-7.3
Reclassifications and others	-0.3
Total	49.8

2.2 - Variations in scope concern:

In millions of euros	Total
Fiscal year 17-18	
Hazera Ethiopia	0.2
Total	0.2
Fiscal year 16-17	
Korea MKS	0.2
Total	0.2

Note 22: Shareholders' equity - attributable to controlling company

1- Composition of the shareholders' equity

In millions of euros	06.30.18	06.30.17
Parent capital stock	317.7	317.7
Issue premium	332.4	332.6
Parent legal reserve	24.3	23.0
Other parent reserves	-2.6	5.5
Consolidation reserves and others	500.9	436.7
Currency translation reserves	-51.8	-5.7
Income for the fiscal year	74.1	86.9
Total	1,195.0	1,196.7
Variation for the fiscal year	-1.7	45.1

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	06.30.18	06.30.17
Consolidation reserve and others	119.1	117.8
Currency translation reserve	-12.2	-9.2
Income for the fiscal year	2.8	3.2
Total	109.7	111.8
Variation for the fiscal year	-2.1	-0.6

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	€55.7M
Interest rate	1% ⁽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 on the bonds redeemable as shares (ORA) is as follows:

In millions of euros	Gross total of ORA bonds	Impact on the balance sheet		
		Debt component	Deferred taxes assets	Equity component
07.01.16	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
Restatement of the interest on the debt component	-	-0.5	0.2	0.3
06.30.18	55.7	1.0	-0.3	55.0

Note 24: Provisions for employee benefits

Provisions for employee benefits are analyzed as follows:

In millions of euros	06.30.18	06.30.17
Provisions for lump sums paid at retirement	19.6	19.6
Commitments for "work medal" bonuses and other benefits	1.0	1.1
Pension plans and similar schemes	36.8	43.5
Provisions for employee benefits	57.4	64.2
Financial assets	-	-0.2
Net recorded commitment	57.4	64.0

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 51% 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 24% 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	17-18	16-17
Current value of obligations at opening of the fiscal year	221.0	226.0
Cost of services rendered for the year (net of contributions)	3.7	5.0
Financial cost	5.8	5.9
Participants' contributions	-	-
Welfare services paid out	-9.8	-9.5
Cost of past services recorded	0.4	0.5
Effect of liquidation / reduction of future services	-	-
Currency translations and others	-3.0	-8.2
Variations in scope	-0.1	-
Revaluations	-1.0	1.3
> Changes in demographic hypotheses	-0.3	-3.9
> Changes in financial hypotheses	-0.9	2.3
> Adjustments linked to experience	0.2	2.9
Current value of obligations at close of the fiscal year (a)	217.0	221.0

Evolution of the fair value of the assets of defined contribution schemes is as follows:

In millions of euros	17-18	16-17
Fair value of forward assets at opening of the fiscal year	157.0	150.2
Financial charges	4.4	4.2
Expected returns on forward assets	4.7	13.3
Employers' contributions	3.3	3.0
Participants' contributions	-	-
Welfare services paid out	-7.7	-7.8
Effect of liquidation / reduction of future services	-	-
Variations in scope	-	-
Currency translations and others	-2.1	-5.9
Fair value of forward assets at close of the fiscal year (b)	159.6	157.0

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, 2018:

In millions of euros	06.30.18	06.30.17
Adjusted value of the commitment	217.0	221.0
Fair value of assets of schemes	-159.6	-157.0
Provisions for employee benefits (a – b)	57.4	64.0

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	17-18	16-17
Cost of services rendered	3.7	5.0
Cost of past services recorded	0.4	0.5
Net financial cost	1.4	1.7
Recognized actuarial losses or gains	-	-0.1
Effect of liquidations / reductions	-	-
Other charges	-	-
Recorded charge	5.5	7.1

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	17-18	16-17
Returns on forward assets	-4.7	-13.3
Actuarial losses or gains	-1.0	1.4
> Changes in demographic hypotheses	-0.4	-3.9
> Changes in financial hypotheses	-0.9	2.3
> Adjustments linked to experience	0.3	3.0
Statement of the capping of assets	-	-
Items recognized in the statement of the global income during the fiscal year	-5.7	-11.9

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	
		2018	2017	2018	2017
Average duration of the plan	years	13.60	13.80	16.80	16.80
Adjustment rate		1.70	1.55	2.60	2.70
Salaries progression rate	%	2.50	2.50	Not available	Not available
Inflation rate		1.80	1.80	3.25	3.30

Americas

As a %		2018	2017
Average duration of the plan	years	12.70	13.20
Adjustment rate		4.10	3.85
Salaries progression rate	%	3.00	3.00
Inflation rate		Not available	Not available

Middle East and Asia

As a %		2018	2017
Average duration of the plan	years	9.70	9.40
Adjustment rate		2.47	2.64
Salaries progression rate	%	2.62	2.50
Inflation rate		1.60	1.49

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 3.41%, which is 7.3 million euros. A 25 percentage-point drop in the adjustment rate increases the value of the commitment by 3.66%, which is 7.8 million euros.

4- Nature of the assets of the plans

The assets for the plans are invested in the following:

In millions of euros	06.30.18	06.30.17
Listed assets	157.2	154.5
Shares	80.7	80.6
Government bonds	1.8	15.9
Corporate bonds	19.0	36.8
Other bonds	33.1	-
Cash and cash equivalents	4.2	2.1
Other listed securities	0.5	0.6
Real estate	2.4	2.4
Insurance contracts	15.5	16.1
Unlisted assets	2.4	2.5
Real estate	-	-
Insurance contracts	2.4	2.5
Total	159.6	157.0

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	06.30.18	06.30.17
Estimate of the benefits to be paid out		
< 1 year	7.3	7.4
From 2 to 5 years	38.0	37.8
From 6 to 10 years	44.3	44.9
Employer contributions planned for N+1	3.3	3.0

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
07.01.16	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
Variations in scope	-	-	-	-
Variations influencing income	-4.8	-12.3	7.5	-
Variations influencing reserves	-3.1	1.7	-	-4.8
Reclassifications	-21.9	-21.9	-	-
Currency translations	-2.0	-0.8	-	-
06.30.18	22.3	97.1	7.5	-4.8

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 17-18		
None	-	-
Total	-	-
Fiscal year 16-17		
Genica group	0.7	-
Limagrain Cereal Seeds	2.6	-
Total	3.3	-

2.2 - Variations affecting reserves

In millions of euros	Deferred taxes assets	Deferred taxes liabilities	Net deferred taxes
Fiscal year 17-18			
Hedges	-0.5	-	-0.5
Restatement of ORA bonds	-	-	-
Restatement of pension commitments - IAS 19R	-2.6	1.8	-4.4
Variations in scope and miscellaneous	-	-0.1	0.1
Total	-3.1	1.7	-4.8
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

Note 26: Other current provisions

1- Evolution of book values

In millions of euros	06.30.18	06.30.17
Commercial litigation	2.5	2.9
Other risks and litigation	10.4	7.6
Reorganization costs	2.6	5.6
Employee benefits	-	-
Total	15.5	16.1
Variation for the fiscal year	-0.6	3.7

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 17-18	
Variations in scope	-
Variations in provisions	-0.4
> Provisions for the fiscal year	6.8
> Write-back used	-4.1
> Write-back not used	-3.1
Reclassifications	-
Currency fluctuations	-0.2
Total	-0.6
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 fluctuations	-0.2
Total	3.7

2.2 - Variations in scope concern the following operations:

In millions of euros	Total
Fiscal year 17-18	
None	-
Total	-
Fiscal year 16-17	
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	06.30.18	06.30.17
Debt component of the bonds redeemable as shares (ORA) ⁽¹⁾	0.5	1.0
Bank loans	143.5	132.4
Minority redemption commitments	-	-
Lease/hire purchase	0.6	0.5
Derivatives ⁽²⁾⁽³⁾	-1.5	0.1
Other financial debts	615.2	615.2
Total	758.3	749.2
Variation for the fiscal year	9.1	-29.3

⁽¹⁾ Cf. Note 23

⁽²⁾ Cf. Note 30

⁽³⁾ Including active derivatives: -1.5 million euros

1.2 - Current financial debts

In millions of euros	06.30.18	06.30.17
Debt component of the bonds redeemable as shares (ORA) ⁽¹⁾	0.5	0.5
Bank loans	199.1	202.0
Lease/hire purchase	0.2	0.2
Derivatives ⁽²⁾	-	-
Current accounts	0.2	0.1
Interest incurred	4.3	4.2
Other financial debts	-	14.0
Total	204.3	221.0
Variation for the fiscal year	-16.7	50.7

⁽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	06.30.18	06.30.17
Non-current financial debts	758.3	749.2
Current financial debts	204.3	221.0
Cash and bank in hand (cf. Note 21)	-196.7	-256.3
Net financial debts	765.9	713.9
Variation for the fiscal year	52.0	-28.4

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
07.01.16	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
Increase	12.8	-	12.8
Decrease	-	-6.3	-6.3
Variations in scope	-	-	-
Currency translations	-5.8	-6.2	-12.0
Reclassifications	4.2	-4.2	-
Restatement of the shares redeemable as shares (ORA) ⁽¹⁾	-0.5	-	-0.5
Restatement of derivatives	-1.6	-	-1.6
Minority redemption commitment	-	-	-
06.30.18	758.3	204.3	962.6

⁽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 17-18			
None	-	-	-
Total	-	-	-
Fiscal year 16-17			
None	-	-	-
Total	-	-	-

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	€300M	€150M
Due date (bullet amortization)	May 26, 2021	May 26, 2021
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 an initial five-year period with a fixed redemption, with an extension clause of two years. A second extension option was exercised in 2016 taking the due date back 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	€300.0M	€130.0M	€100.0M	USD120.0M
Company to which the loan was granted	Vilmorin & Cie ⁽¹⁾	Vilmorin & Cie ⁽²⁾	Vilmorin & Cie ⁽²⁾	Vilmorin USA Corp ⁽³⁾
Outstanding				
> On June 30, 2017	-	€79.0M	€100.0M	USD120.0M
> On June 30, 2018	-	€65.0M	€100.0M	USD120.0M
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 million euros, and had not been used on June 30, 2018. 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 2017-2018.

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
06.30.18			
Financial debts with fixed rate	596.3	29.5	625.8
Financial debts with variable rate ⁽¹⁾	162.0	174.8	336.8
Total	758.3	204.3	962.6
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

⁽¹⁾ Including non-current derivative assets of -1.5 million euros.

Taking hedge rates into account, financial debts with variable rate were covered up to 68.6 million euros at the end of June 2018.

Note 28: Accounts payable

1- Evolution of the book values

In millions of euros	06.30.18	06.30.17
Suppliers and other accounts payable	230.0	226.8
Debts on the acquisition of fixed assets	21.1	21.3
Advance payments received from customers	14.9	7.5
Social security	80.3	79.1
Taxes	23.8	25.4
Other operating debts	56.2	61.8
Other non-operating debts	2.4	2.7
Total	428.7	424.6
Variation for the fiscal year	4.1	-13.2

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	17-18	16-17
Variations in scope	-	-
Other variations	29.3	-3.9
Currency translations	-25.2	-9.3
Total	4.1	-13.2

Variations in scope concern:

In millions of euros	Total
Fiscal year 17-18	
None	-
Total	-
Fiscal year 16-17	
None	-
Total	-

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	06.30.18	06.30.17
Total amount	29.6	33.0
Variation for the fiscal year	-3.4	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	17-18	16-17
Subsidies written back into the income	-0.1	-0.1
Restatement of tax relief for research for the fiscal year	0.4	0.6
Variations in scope	-	-
Others	-3.7	1.1
Total	-3.4	1.6

Note 30: Financial instruments

1-Financial instruments by category

1.1 - Analysis by category of instrument

1.1.1 On June 30, 2018

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	2.4	-	-	-	-	2.4
> Derivatives – assets	-	-	-	1.5	-	1.5
> Cash and cash equivalents	29.6	-	-	-	-	29.6
Financial assets not evaluated at their fair value						
> Financial assets	-	12.0	-	-	-	12.0
> Customers and other receivables	-	500.7	-	-	-	500.7
> Cash and cash equivalents	-	167.1	-	-	-	167.1
Financial assets on 06.30.18	32.0	679.8	-	1.5	-	713.3
Financial liabilities evaluated at their fair value						
> Financial liabilities	-	-	-	-	-	-
> Derivatives – liabilities	-	-	-	-	-	-
Financial liabilities not evaluated at their fair value						
> Financial liabilities	-	-	964.1	-	-	964.1
> Suppliers and other payables	-	-	428.7	-	-	428.7
Financial liabilities on 06.30.18	-	-	1,392.8	-	-	1,392.8

1.1.2 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 payables	-	-	424.6	-	-	424.6
Financial liabilities on 06.30.17	-	-	1,394.7	0.1	-	1,394.8

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 assets and liabilities not evaluated at their fair value, excluding financial liabilities, and whose book value is close to the fair value.

1.2.1 On June 30, 2018

In millions of euros (fair value)	Level 1	Level 2	Level 3	Total
Financial assets evaluated at their fair value				
> Financial assets	-	-	2.4	2.4
> Derivatives – assets	-	1.5	-	1.5
> Cash and cash equivalents	29.6	-	-	29.6
Financial liabilities evaluated at their fair value				
> Financial liabilities	-	-	-	-
> Derivatives – liabilities	-	-	-	-
Financial liabilities not evaluated at their fair value				
> Financial liabilities	-	950.3	-	950.3

1.2.2 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

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, 2018, 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	Israeli Shekel	Turkish lira	Other currencies	Total
06.30.18										
Assets ⁽¹⁾	952.4	483.1	16.7	53.1	28.6	30.9	90.5	37.8	323.5	2,016.6
Liabilities ⁽¹⁾	1,038.6	158.7	0.2	5.5	1.8	15.7	34.0	4.1	132.7	1,391.3
Differential	-86.2	324.4	16.5	47.6	26.8	15.2	56.5	33.7	190.8	625.3
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

⁽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
06.30.18				
Forward exchange contracts	42.9	42.9	-	-
Exchange options	-	-	-	-
Total	42.9	42.9	-	-
06.30.17				
Forward exchange contracts	15.7	15.7	-	-
Exchange options	-	-	-	-
Total	15.7	15.7	-	-

2.1.4 Information on the value of instruments set up to hedge currency exchange

In millions of euros	Total
06.30.18	
Contracts on commercial transactions	
> Cash flow hedge ⁽¹⁾	-
Contracts on financial transactions	
> Fair value hedge	NS
06.30.17	
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, 2018 is not significant (NS)

⁽²⁾ The intrinsic value of contracts on June 30, 2017 is not significant (NS)

2.1.5 Information on risk exposure to instruments set up to hedge currency

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	12.8	9.9	5.2	0.2	0.2	-7.2	49.1
Forward purchasing	-	-	-	-	-	250.0	-
Forward selling	-15.6	-4.2	-	-	-0.2	-	-
Net position after management	-2.8	5.7	5.2	0.2	-	242.8	49.1

In millions for each currency	Turkish lira	Hungarian forint	Polish zloty	Russian ruble	Chinese renminbi yuan	Czech crown	Israeli shekel
Net position before management	15.6	1,271.0	31.4	1,466.2	9.0	113.7	- 27.5
Forward purchasing	-	-	-	869.0	-	-	-
Forward selling	-21.9	-1,444.0	-8.8	-	-	-21.7	-
Net position after management	-6.3	-173.0	22.6	2,335.2	9.0	92.0	-27.5

On June 30, 2018, the exchange rates for one euro were: 1.1658 US dollar, 0.88605 GB pound, 1.5787 Australian dollar, 1.7247 New Zealand dollar, 1.5442 Canadian dollar, 129.04 yen, 16.0484 South African rand, 5.3385 Turkish lira, 329.77 Hungarian forint, 4.3732 Polish zloty, 73.1582 Russian ruble, 7.717 Chinese renminbi yuan, 26.02 Czech crown and 4.2627 Israeli shekel.

On June 30, 2018, 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 euro variation against the currency (as a %)	-10%	-10%	-10%	-10%	-10%	-10%	-10%
Impact on income	-0.3	0.7	0.4	-	-	0.2	0.4
Hypothesis of euro variation against the currency (as a %)	10%	10%	10%	10%	10%	10%	10%
Impact on income	0.2	-0.6	-0.3	-	-	-0.2	-0.3

In millions of euros	Turkish lira	Hungarian forint	Polish zloty	Russian ruble	Chinese renminbi yuan	Czech crown	Israeli shekel
Hypothesis of euro variation against the currency (as a %)	-10%	-10%	-10%	-10%	-10%	-10%	-10%
Impact on income	-0.1	-0.1	0.6	3.5	0.1	0.4	-0.7
Hypothesis of euro variation against the currency (as a %)	10%	10%	10%	10%	10%	10%	10%
Impact on income	0.1	0.1	-0.5	-2.9	-0.1	-0.3	0.6

A drop of 10% in the euro rate against other currencies would have a positive impact of 5.1 million euros on the financial income. An increase of 10% in the euro rate against other currencies would have a negative impact of -4.2 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
06.30.18				
Assets	16.1	12.3	3.2	0.6
Liabilities ⁽¹⁾	962.6	204.3	671.3	87.0
Differential	-946.5	-192.0	-668.1	-86.4
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

⁽¹⁾ Including derivative assets of -1.5 million euros maturing from 1 to 5 years.

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
		2019	2020	2021	2022	> 2022	
Cash flow hedge operations	68.6	-	-	-	68.6	-	
Interest rate swap							1.5
Fair value operations through profit and loss⁽¹⁾	-	-	-	-	-	-	
Interest rate swap							-
Total	68.6	-	-	-	68.6	-	1.5

⁽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 was not significant on June 30, 2018.

2.2.4 Information on exposure to interest rates risks

On the basis of net financial indebtedness on June 30, 2018, a variation of $\pm 1\%$ in interest rates after forward cover instruments would represent an extra financial charge or income limited to 0.6 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, 2018, Vilmorin & Cie held 5,877 shares with a book value of 0.3 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 2018, the main resources implemented by Vilmorin & Cie comprised:

- ✦ a bond loan of 450 million euros maturing in May, 2021,
- ✦ two mid-term Schuldschein loans for the amount respectively of:
 - 65 million euros, set up by Vilmorin & Cie in March 2013, of which 45 million euros mature 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, 2018.

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, 2018, 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	
06.30.18				
Non-current financial debts				
> Debt components of the bonds redeemable as shares (ORA)		0.5	-	0.5
> Bank loans		141.7	1.8	143.5
> Commitments to purchase minority shares		-	-	-
> Financial lease/hire purchase		0.6	-	0.6
> Derivatives ⁽¹⁾		-1.5	-	-1.5
> Other financial debts		530.0	85.2	615.2
Total non-current debts		671.3	87.0	758.3
Current financial debts	204.3			204.3
Total	204.3	671.3	87.0	962.6
Future interest on loans and other liabilities	14.7	31.0	3.7	49.4
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			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

⁽¹⁾ Including derivative assets of -1.5 million euros maturing from 1 to 5 years.

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, 2018, Vilmorin & Cie had not identified any significant risk.

At close, the chronological breakdown of customer receivables was as follows:

In millions of euros	06.30.18	06.30.17
Receivables not yet due	290.9	277.2
Receivables due:		
> delay of zero to three months	56.3	58.8
> delay of three to six months	11.3	10.5
> delay of six to twelve months	11.7	8.4
> delay greater than one year	14.2	15.0
Gross customer and other receivables	384.4	369.9

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	06.30.18	06.30.17
Endorsements, sureties, guarantees	4.3	4.8
Other commitments	0.3	1.8
Total	4.6	6.6

2- Guarantees given

In millions of euros	06.30.18	06.30.17
Endorsements, sureties, guarantees	2.3	5.7
Clause of return to better fortune	-	-
Other commitments	0.5	-
Total	2.8	5.7

3- Reciprocal commitments

In millions of euros	Nominal	Due dates		
		< 1 year	1 to 5 years	> 5 years
06.30.18				
Lease agreements	5.0	1.8	2.2	1.0
Simple rental agreements	48.5	13.9	27.7	6.9
Forward purchase of currency (cf. Note 30)	43.0	43.0	-	-
Forward interest rate cover (cf. Note 30)	68.6	-	68.6	-
Interest to pay on mid- and long-term debts	49.4	14.7	31.0	3.7
Mid- and long-term research contracts	0.2	0.2	-	-
Other commitments	23.9	11.0	12.9	-
Total	238.6	84.6	142.4	11.6
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

Forward cover of interest rates concerns the following operations:

3.1 - On June 30, 2018

Mid-term bank loans (and other amounts)	€68.6M	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, 2017

Mid-term bank loans (and other amounts)	€6.0M	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
06.30.17 ⁽¹⁾	9.5	19.9	12.1
06.30.18⁽¹⁾	6.8	22.3	9.9

⁽¹⁾ 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, 2018 stood at 3.0 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, 2018

In millions of euros	Assets	Liabilities
Operating debts and receivables	1.7	35.0
Financial debts and receivables	-	-
Total	1.7	35.0

2.2 - Charges and income for fiscal year 2017-2018

In millions of euros	Charges	Income
Purchases and sales of goods	-69.9	4.5
Corporate allocations	-9.2	6.2
Other operating charges and income	-24.5	3.1
Financial charges and income	-0.2	-
Total	-103.8	13.8

3- Remuneration of the Executive Committee

In millions of euros	06.30.18	06.30.17
Global amount of remunerations and benefits paid to the Executive Committee:		
> Short-term benefits	1.5	1.7
> Benefits paid out after employment	-	-
> Other long-term benefits	-	-
> Severance pay	0.8	1.2
> Payment through shares	-	-
> Directors' fees paid to the Executive Committee	-	-

The Executive Committee comprised five members during fiscal year 2017-2018, as opposed to six in 2016-2017.

On average, the contractual benefits due when the mandate 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 0.8 million euros on June 30, 2018, 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 invoiced 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 invoiced came to 11.3 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 53.2 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

The main operations occurring after the closing of the accounts were as follows:

✚ Full take-over of the company AdvanSeed (Denmark)

In July 2018, through its subsidiary Vilmorin SA, Vilmorin & Cie completed the full take-over of the company AdvanSeed, whose head office is located in Odense, Denmark.

AdvanSeed specializes in the breeding, production and distribution of hybrid spinach and leafy vegetable seeds.

✚ Reorganization of the Seed Co group

In August 2018, the company Seed Co Limited, a subsidiary of Vilmorin & Cie, reorganized its business activities. As a result of this operation, Vilmorin & Cie directly holds 29% of the company Seed Co International, previously a 100% subsidiary of Seed Co Limited.

This reorganization resulted in:

- the distribution in kind of 71% of Seed Co International securities to the shareholders of Seed Co Limited,
- a capital stock increase of Seed Co International, totally subscribed to by Vilmorin & Cie,
- the separate listing of the company Seed Co International on the stock markets of Botswana and Zimbabwe.

✚ Litigation with Arcadia Biosciences

On September 5, 2018, Vilmorin & Cie was called by Arcadia Biosciences to appear before the New-York state court for failure to respect confidentiality agreements signed in 2009.

The origin of this litigation lies in another litigation arising in September 2017 between Arista Cereal Technologies (a sister company of Vilmorin & Cie) and Arcadia Biosciences before the United States Patent and Trademark Office (USPTO) as part of legal proceedings against Arista's patent of one of their technologies (high-fiber wheat). On August 14, 2018, the U.S. Patent Office ruled in favor of Arista and rejected the claims of Arcadia Biosciences concerning Arista's patent.

The above-described proceedings have not led to any provision being made, since the group is not in a position to assess the financial risk at this initial stage.

Appendix 1: 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.	% Voting rights	% 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	GI
1 - HM.CLAUSE						
Alliance Semillas	Argentina	Pavon 1478 - Capital Federal - CP 1151 Buenos Aires		100.00	100.00	GI
Henderson Seed Joint Venture Trust t/a 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	Unit 1801, 18th Floor, Empire Tower, 1 South Sathorn Road, Yannawa, Sathorn 10120 Sathorn, Bangkok		100.00	99.98	GI
HM.CLAUSE Brasil Comercio de Sementes Ltda	Brazil	Rua 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 Almería 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. Aspendos Bulvari No : 106/B Kurt İşhanı, Muratpaşa - 07200 Antalya		100.00	99.98	GI
Niculata Investments (Pvt) Ltd t/a Prime Seed Co Zimbabwe	Zimbabwe	1st Floor, S.A.Z. Building, Northend Park, Borrowdale - Harare		48.92	48.92	EM
Plant Development Australia PTY. LTD.	Australia	165, Templestowe Road - Templestowe Lower - VIC 3107		100.00	99.98	GI
Prime Seed Co International (Proprietary) Limited	Botswana	Plot 42800 Phakalane - P.O.Box 47143 Phakalane Gaborone		49.00	49.00	EM
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 S.A. de C.V.	Mexico	Ave. Manuel Gomez Morin 3881 3er piso Col. Centro Sur - 76090 Queretaro		100.00	100.00	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

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 Ethiopia	Ethiopia	Selma City mall Bole sub city, Woreda 3, House n° new, Addis Ababa		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 - Netherlands		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. Marywilka 34 I - 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	EM
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 - Seoul		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 Ménitrie	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 Edouard 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	Denmark	Erhvervvej 13 - 8700 Horsens		100.00	95.21	GI
Limagrain Central Europe Cereals Sro	Czech Republic	Praha 9 – Podedvorská 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	Hüdavendigar 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 1I2O		50.00	50.00	EM
6 - LIMAGRAIN CEREAL SEEDS						
Canterra Seeds Holding, Ltd.	Canada	1500, 410 22nd 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
7 - LIMAGRAIN SOUTH AMERICA						
Limagrain Argentina SA	Argentina	Calle Esmeralda 130 4to piso - Buenos Aires		95.90	95.90	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

Name	Country	Head Office	SIREN No.	% Voting rights	% Interest	Consolidation method
8 - LIMAGRAIN ASIA-PACIFIC						
Australian Grain Technologies Pty Ltd	Australia	20 Leitch Road - 5371 Roseworthy South Australia		32.77	32.77	EM
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, 23rd 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	1 st Floor, S.A.Z. Building, Northend Park, Borrowdale - Harare		29.45	29.45	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 sahilli, 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
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	Corporation Service Company 251 Little Falls Drive - 19808 Wilmington - 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

Appendix 2: Fees paid to the Statutory Auditors and to members of their network

On June 30, 2018:

In euros	06.30.18		
	KPMG	Visas 4	Total
Certification and limited half-yearly review of the individual and consolidated financial statements			
> Vilmorin & Cie	166,933	42,418	209,351
> Globally integrated subsidiaries	767,539	19,500	787,039
Services other than certification of the financial statements			
> Vilmorin & Cie	5,343	1,500	6,843
> Globally integrated subsidiaries	43,824	0	43,824
Total	983,639	63,418	1,047,057

On June 30, 2017:

In euros	06.30.17		
	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
> Globally integrated subsidiaries	804,746	19,757	824,503
Services other than certification of the financial statements			
> Legal, fiscal, social	61,289	-	61,289
Total	1,039,773	64,110	1,103,883

5.1.6. Statutory Auditors' report on the consolidated financial statements

Fiscal year closing June 30, 2018

To the Shareholders of the Company Vilmorin & Cie SA,

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meeting, 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, 2018 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, 2018 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 the 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, 2017 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, 2018, the values of goodwill and germplasm for the group stood respectively at 368.9 million euros and 268.6 million euros within the total balance sheet of 2,895.6 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 (CGUs) 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 the goodwill and germplasm are tested to insure that their book value is not higher than their 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 its 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 require 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.

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 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, representing KPMG S.A., by the General Meeting of Shareholders of March 2, 1990, and representing Visas 4 Commissariat by the General Meeting of Shareholders of February 21, 1995.

On June 30, 2018, KPMG S.A. was in its 28th uninterrupted year of mission, and Visas 4 Commissariat in its 23rd year, and respectively the 25th and 24th year since the shares of the Company were 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 significant 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 in 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.

5

The Statutory Auditors
Paris-La Défense and Clermont-Ferrand, October 17, 2018

KPMG Audit
Département de KPMG SA
Catherine PORTA, *Partner*

Visas 4
Commissariat
Emily STRICKLAND, *Partner*

5.2. Corporate Financial Statements

5.2.1. Income statement

In thousands of euros	Note	17-18	16-17
Sales	3	82,165	78,277
Purchases		-401	-449
Gross margin		81,764	77,827
Other operating income	4	18,435	12,561
Operating resources		100,198	90,388
Other purchases and external charges		-69,427	-64,190
Taxes		-1,812	-1,706
Personnel charges		-27,393	-27,535
Depreciation and amortization	5	-11,752	-9,860
Operating charges		-110,384	-103,290
Operating result		-10,185	-12,902
Joint operations		-5,036	-4,754
Financial income	6	22,931	39,569
Extraordinary income	7	1,754	-16,182
Income taxes	8	21,365	20,522
Net income for the fiscal year		30,828	26,253

5.2.2. Balance sheet Assets

In thousands of euros	Note	Gross 06.30.18	Depreciation Amortization Provisions	Net 06.30.18	Net 06.30.17
Intangible fixed assets	9	93,476	-37,203	56,273	63,091
Tangible fixed assets	10	3,035	-2,027	1,008	1,109
Financial fixed assets	11	1,105,825	-89,292	1,016,533	1,016,909
Fixed assets		1,202,335	-128,522	1,073,814	1,081,109
Inventories	12	182	0	182	210
Accounts receivable	13	7,912	-159	7,753	4,805
Other receivables	13	479,509	0	479,509	429,174
Cash and bank in hand	14	12,628		12,628	66,400
Current assets		500,232	-159	500,073	500,589
Accruals	15	4,090		4,090	1,932
Total assets		1,706,657	-128,681	1,577,976	1,583,630

5.2.3. Balance sheet Liabilities

In thousands of euros	Note	Net 06.30.18	Net 06.30.17
Capital stock		317,717	317,717
Issue premiums		332,374	332,613
Reserves		24,356	23,043
Carried forward		1	8,155
Income for the fiscal year		30,828	26,253
Equity	16	705,276	707,781
Other shareholders' funds	16	823	2,209
Provisions for liabilities and charges	17	9,032	6,629
Loans and financial debts	18	780,466	784,200
Accounts payable	19	17,059	18,347
Other debts	19	65,091	62,959
Current liabilities		862,615	865,507
Accruals	20	231	1,505
Total liabilities		1,577,976	1,583,630

5.2.4. Statutory Auditors' report on the annual financial statements

Fiscal year closing June 30, 2018

To the Shareholders of the Company Vilmorin & Cie SA,

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meeting, we have conducted the audit of the annual corporate financial statements of the Company Vilmorin & Cie S.A. concerning the fiscal year closing on June 30, 2018 as they are appended to this report.

We certify that the annual financial statements give a true and fair view of the results of operations for the year ended June 30, 2018 and of the financial position and assets and liabilities at the end of the fiscal year, with respect to French accounting rules and principles.

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 annual 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, 2017 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.

Observation

Without calling into question the opinion expressed above, we draw your attention to the point presented in Note 2 "Accounting methods and principles" and Note 25 "Off balance sheet commitments" of the Notes to the annual corporate financial statements concerning the application, as of July 1, 2017, of regulation ANC 2015-05 on financial instruments.

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 annual 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 annual 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 annual financial statements.

Valuation of equity shares

Risk identified

Equity shares, shown in the balance sheet on June 30, 2018 for a net amount of 1,008 million euros, when considering the balance sheet total of 1,578 million euros, represent one of the most important items of the assets. They are recorded on their date of entry at acquisition cost, and amortized on the basis of their value in use, representing what the company would agree to pay for them if it had to acquire them.

As indicated in Note 2 to the annual financial statements, at each close of the fiscal year, the company estimates the value in use of each of its stakes to determine whether this value in use is less than the net book value.

This analysis is based on a multi-criteria approach taking into account:

- ✚ first the contribution of each subsidiary to the consolidated financial statements of the group;
- ✚ then, where applicable, the economic value determined by reference to future cash flows, taking into account the activity developed and the outlook for the future.

In addition, for listed securities, the value in use is determined by taking into account the stock market price.

In this context and in view of the uncertainties inherent in certain elements, and in particular the likelihood that forecasts will be made, we considered the correct valuation of equity shares to be a key point of the audit.

Audit procedures implemented to address identified risks

In order to assess the reasonable nature of the estimate of the value in use of equity shares, based on the information provided to us, our work consisted mainly in verifying that the estimate of these values determined by Management is based on an appropriate justification of the valuation method and the figures used and, depending on the securities concerned, to:

For assessments based on historical items:

- ✚ verify that the shareholders' equity used is consistent with the financial statements of the entities audited or subject to analytical procedures and that any adjustments made to the shareholders' equity are based on supporting documentation;
- ✚ 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.

Information given in the management report and in the other documents provided to the shareholders on the financial position and the annual financial statements

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.

We certify that the information relating to payment periods mentioned in article D.441-4 of the French Commercial Code is true and fair and consistent with the annual financial statements.

Report on the corporate governance

We attest to the existence, in the Board of Directors' management report on corporate governance, of the information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning information provided pursuant to the provisions of article L.225-37-3 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.

Other information

In accordance with the law, we have verified that the various disclosures relating 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, representing KPMG S.A., by the General Meeting of Shareholders of March 2, 1990, and representing Visas 4 Commissariat by the General Meeting of Shareholders of February 21, 1995.

On June 30, 2018, KPMG S.A. was in its 28th uninterrupted year of mission, and Visas 4 Commissariat in its 24th year, and respectively the 25th and 24th year since the shares of the Company were 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 significant 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 in 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 17, 2018

KPMG Audit
Département de KPMG SA
Catherine PORTA, *Partner*

Visas 4
Commissariat
Emily STRICKLAND, *Partner*

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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 - France.
- ✚ Jurisdiction: French jurisdiction.

6.1.2. Legal status

Vilmorin & Cie is a “Société Anonyme” (limited liability company), with a Board of Directors, governed by the provisions of 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 country, 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 four 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 added to 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 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 on 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 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

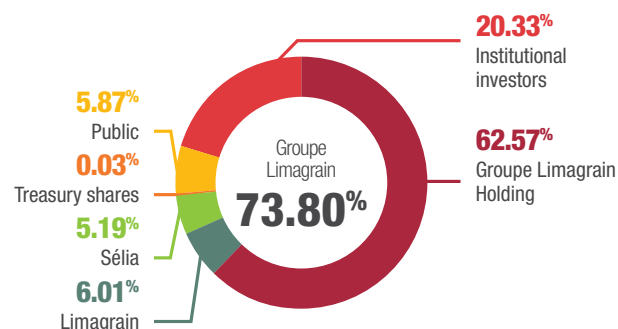
6.2.1. Capital stock

The capital stock on June 30, 2018, 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 74), directly or indirectly holds 73.8% of its capital stock.

More than 20% of the capital stock is held by institutional investors, about half of whom are based outside France (United States, Luxembourg, United Kingdom, Singapore, Germany, Switzerland, etc.). Almost 10,000 individual Vilmorin & Cie Shareholders, owning either registered or bearer shares, hold almost 6% of the capital stock.

6.2.1.1. Analysis of capital stock on June 30, 2018



6.2.1.2. Analysis of the capital stock and the voting rights on June 30, 2018

	Single vote shares	Double vote shares	% of capital stock	Total number of votes ⁽¹⁾	% of total number of votes ⁽¹⁾
Groupe Limagrain Holding	187,185	12,848,698	62.57%	25,884,581	71.92%
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⁾	5,877	-	0.03%	-	-
Limagrain	281,979	15,092,786	73.80%	30,461,674	84.64%
Public	5,391,647	67,490	26.20%	5,526,627	15.36%
Total	5,673,626	15,160,276	100.00%	35,988,301	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: none.
- ✦ 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 Coopérative Limagrain decided to readjust the Shareholders' agreements signed in 2010. This readjustment was published by the AMF on December 28, 2016⁽³⁾. 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.

⁽¹⁾ Today Bpifrance Participations.

⁽²⁾ This agreement can be consulted on: www.amf-france.org.

⁽³⁾ This readjustment can be consulted on: www.amf-france.org.

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 it was 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.

6.2.1.3. Evolution of the capital stock

Decision and date	Nature of the capital stock 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	Conversion of shares at nominal price of FRF 100 to 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
11. 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
07.97 to 06.30.98	93 warrants exchanged corresponding to 31 shares	FRF 300 + Premium of FRF 180	FRF 890,341,500	2,967,805
07.98 to 06.30.99	927 warrants exchanged corresponding to 309 shares	FRF 300 + Premium of FRF 180	FRF 890,434,200	2,968,114
07.99 to 06.30.00	336 warrants exchanged corresponding to 112 shares	FRF 300 + Premium of FRF 80	FRF 890,467,800	2,968,226
07.00 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
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 allotment 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 2017-2018 (respectively July 1, 2017 and June 30, 2018), 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

	06.30.16			06.30.17			06.30.18		
	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	13,035,868	62.57	71.95	13,035,883	62.57	71.94	13,035,883	62.57	71.92
Limagrain	1,251,455	6.01	6.82	1,251,455	6.01	6.81	1,251,455	6.01	6.81
Sélia	1,081,550	5.19	5.91	1,081,550	5.19	5.91	1,081,550	5.19	5.91
Treasury shares	9,314	0.04	-	8,153	0.04	-	5,877	0.03	-
Groupe Limagrain	15,378,187	73.81	84.67	15,377,041	73.81	84.66	15,374,765	73.80	84.64
Public and various	5,455,715	26.19	15.33	5,456,861	26.19	15.34	5,459,137	26.20	15.36
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 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 8, 2017

In order to provide Vilmorin & Cie with the necessary means to ensure its future development, particularly internationally, the Annual General Meeting of December 8, 2017 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 (sixteenth and seventeenth resolutions).

The Annual General Meeting of December 8, 2017 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 (eighteenth resolution).

The total nominal amount of these issues may not exceed 500 million euros, as presented in the nineteenth resolution.

6.3. Vilmorin & Cie 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

Vilmorin & Cie's liquidity contract, initially entrusted to the company Natixis, was transferred on July 2, 2018 to the company Oddo BHF, following the long-term partnership that became effective between Natixis and Oddo BHF.

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
- ✦ At the end of the liquidity contract entrusted to Natixis for Vilmorin & Cie's shares:
 - number of shares: 5,877
 - cash: 341,717.60 euros
- ✦ On June 29, 2018:
 - number of shares: 5,877
 - cash: 341,717.60 euros

6.3.3. Performance of the shares

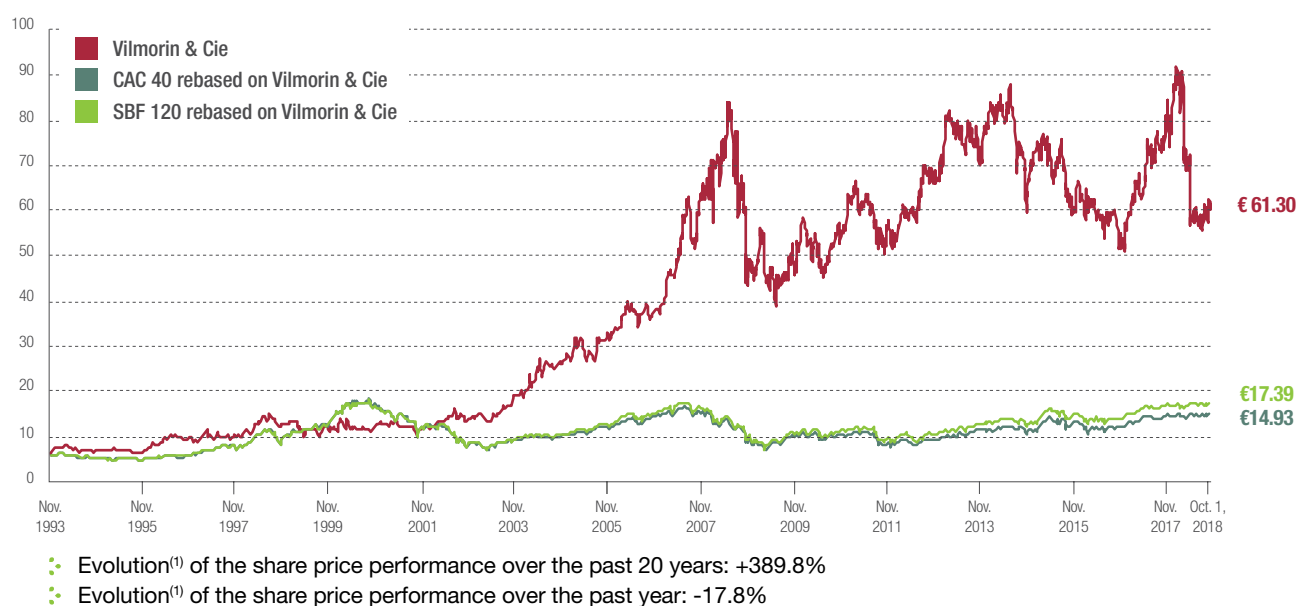
In recent years, Vilmorin & Cie's share price has undergone contrasting trends. It thus grew strongly in 2017 and early 2018, reaching 91.70 euros on January 9, 2018, and approaching its all-time high, with a market capitalization of around 1.9 billion euros. Nevertheless, since the end of February 2018, the share price has recorded a negative trend following the downward revisions of the annual objectives communicated when the results for the first semester and sales for the third quarter were disclosed. During fiscal year 2017-2018, the share price fell by 17.3%⁽¹⁾, while the CAC 40 index rose by 3.9% (Source: Euronext). However, in 2016-2017, Vilmorin & Cie's share price rose above the CAC 40 with +24.6%⁽¹⁾ compared to +20.8% (Source: Euronext).

Even though fiscal year 2017-2018 was marked by temporary difficulties in vegetable seeds and field seeds, 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 33) 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 15.9% over the past seven years⁽¹⁾ (Source: internal).

⁽¹⁾ Evolutions on October 1, 2018, calculated on the basis of a reinvestment of dividends received in shares, and taking into account the free allotments of shares made by the Company.
Sources: Natixis and 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 the introduction to the French stock market in 1993 up until October 1, 2018



Over the past seven years (from October 1, 2011 up until October 1, 2018)



⁽¹⁾ Evolutions on October 1, 2018, calculated on the basis of a reinvestment of dividends received in shares, and taking into account the free allotments of shares made by the Company.
Sources: Natixis and internal.

6.3.3.2. Share scorecard report⁽¹⁾

	15-16	16-17	17-18
Daily average of transactions			
> number of shares	4,841	7,947	13,887
> thousands of euros	318.60	495.47	1,036.06
Maxima and minima⁽²⁾			
> highest rate	80.20	77.30	91.70
> lowest rate	56.02	52.50	56.40
Closing rate of the fiscal year in euros⁽²⁾	58.24	71.24	57.80
Net yield per share %⁽³⁾	1.89%	2.25%	2.34%

⁽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⁾
2017				
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
October	307,933	24.425	82.68	74.60
November	451,847	36.450	86.00	75.50
December	382,744	32.198	89.49	80.45
2018				
January	266,542	23.740	91.70	86.90
February	342,250	28.505	90.40	74.50
March	453,546	32.467	74.10	68.90
April	385,487	24.500	72.30	56.50
May	266,285	15.457	60.00	57.30
June	306,316	17.927	60.90	56.40
July	155,170	8.909	58.80	55.50
August	176,390	10.499	61.10	56.90
September	146,729	8.728	62.60	56.70

⁽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 allotment 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 8, 2017, 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, as well as European Regulation No. 596/2014 of April 16, 2014, supplemented by the Commission's Delegated Regulation (EU) of March 8, 2016, 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 100 euros per share, with the number of shares thus acquired being limited to a ceiling of one million shares, representing a maximum potential commitment of 100 million euros.

This purchasing program is authorized for a maximum period of 18 months.

During fiscal year ending on June 30, 2018, the Company conducted, either directly or indirectly, the following operations:

- ✦ number of shares purchased = 186,889
- ✦ average purchasing price = 74.90 euros
- ✦ number of shares sold = 189,165
- ✦ average selling price = 75.37 euros
- ✦ number of treasury shares held on June 30, 2018: 5,887 corresponding to less than 0.1% of the capital stock, at a purchasing value of 337,360.41 euros, which is an average unit price of 57.40 euros.

It is proposed to the Annual General Meeting of December 7, 2018 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 L225-209 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,
- ✦ 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 one million shares representing a maximum potential commitment of 100 million euros.

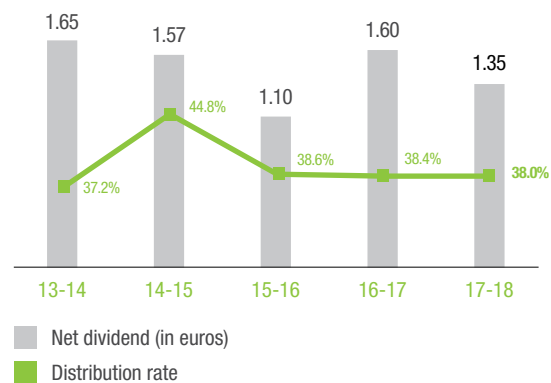
6.3.4. Dividends and profit distribution policy

6.3.4.1. Dividends over the last five fiscal years and distribution policy⁽¹⁾

The net dividend per share proposed to the Annual General Meeting of December 7, 2018 is 1.35 euros, down in nominal value compared to the previous fiscal year but corresponding to a distribution rate of 38%, in line with the average of previous fiscal years.

Net dividend and distribution rate

(in euros and as a %)



⁽¹⁾ Historical data not restated for allotments of free shares (two capital stock increases through the allotment of free shares with one new share for every ten existing shares took place in January 2013 and January 2015. The share price was mechanically and successively divided by 1.10 from these two dates).

	13-14	14-15	15-16	16-17	17-18
Number of shares receiving dividend	18,937,956	20,829,597	20,833,462	20,833,079	20,833,902 ⁽²⁾

⁽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 14, 2018)

Dividends claim limit

The legal limit is five years from the date when the dividend 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 automatically subject to the single flat-rate withholding tax at a rate of 12.8% and to social security contributions at a rate of 17.2%, i.e. an overall tax rate of 30%.

At the taxpayer's request, dividends may be subject to the progressive income tax scale after application of a 40% allowance, if applicable. In addition, dividends will be subject to social security contributions at a rate of 17.2%.

Taxation is carried out in two stages.

When dividends are paid, the following are deducted at source:

- ✦ An income tax prepayment of 12.8%;
- ✦ Social security contributions.

The following year, when income is declared, dividends are submitted to the single flat-rate or the income tax scale and the amounts withheld when the dividends are paid are deducted from the tax due or refunded in the event of an excess.

By way of exception, and at the taxpayer's request, individuals belonging to a tax household whose reference tax income for the penultimate year is less than 50,000 euros (for single, widowed or divorced persons) or 75,000 euros (for persons subject to joint taxation) may be exempt from the income tax prepayment.

Non-French residents

Dividends received by individual non-French resident shareholders have tax withheld at source, the rate of which varies as follows:

- ✦ 12.8% for dividends received by individuals who are not tax residents in Non-Cooperative States or Territories (NCSTs);
- ✦ 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-93761 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

This service is available every working day from 8.45 am until 6 pm, Paris time.

www.planetshares.bnpparibas.com

The website has a contact form for holders of registered shares.

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

All the information published by Vilmorin & Cie is accessible on its 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, evolution of Vilmorin & Cie's 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.

Finally, from the home page of the website, Vilmorin & Cie offers the possibility of subscribing to receive the Company's disclosures by email.

6.4.1.2. Relations with analysts, institutional investors and the press

In 2017-2018, 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 2017-2018 concurrently with the disclosure of the results for the fiscal year and the first semester.

Once a year, Vilmorin & Cie organizes a visit to its facilities, in France or another country, for analysts and journalists.

Telephone conferences

Vilmorin & Cie organized three telephone conferences and presentations in 2017-2018 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 2017-2018, Vilmorin & Cie participated in thirteen meetings with investors and analysts in the form of conferences or roadshows, including several outside France (London, New York, Geneva, etc.). In all, the Company met almost 200 investors in 2017-2018.

Press file

The press file for journalists is sent out at the time of the Company's main financial disclosures.

Membership of CLIFF

Vilmorin & Cie has been a member of CLIFF, the French professional association of investor relations, since 2015.

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, 2018, the total number of individual Shareholders of either nominative or bearer shares stood at almost 10,000.

Publications

Letters to the shareholders

The Letter to the shareholders is printed in French 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 have also included a thematic dossier providing insights into Vilmorin & Cie's strategy. After presenting the theme of innovation until June 2017, with a particular focus on plant biotechnologies* or on major strategic crops such as tomato and wheat, the November 2017 letter marked the beginning of a new collection whose theme is the internationalization of Vilmorin & Cie's activities. A focus was thus placed on Vilmorin & Cie's presence in North America.

Vilmorin & Cie takes advantage of its annual presence at the Actionaria Fair to distribute its letter to shareholders present on 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 in French, 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 in French 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 conferences

Organized for the first time in 2014, thematic conferences are 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 through the time devoted to questions and answers. Key topics are dealt with such as innovation (including plant biotechnologies* and GMOs*), international strategy, Vilmorin & Cie's activities in Africa, and some of the specific aspects of the seed profession.

Shareholders' meetings

In 2017-2018, Vilmorin & Cie exchanged with its Shareholders at a meeting held in Strasbourg. The Company will continue to organize these privileged moments of exchange with its Shareholders during the course of 2018-2019. 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 ten years, was present at this event in November 2017, 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 are all present. Last year's Actionaria was marked by Vilmorin & Cie's presence at the Chairmen's Agora. The Company will be present once again for the 2018 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 2017-2018 will take place on December 7, 2018 in Paris. Detailed information concerning General Meetings is presented on page 239.

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 two years, and they may be re-elected.

As part of the partial renewal of its Committee, Vilmorin & Cie welcomed three new individual Shareholders during fiscal year 2017-2018. Recruitment was based on applications received following the call for applications published in the January 2018 letter to shareholders and on the Company's website. The members of the CCS and the financial communication team then made the selection.

On June 30, 2018, the Committee comprised:

✚ six individual Shareholders representing the Shareholders:

- Pascale DEVERAUX (Auvergne-Rhône-Alpes, France),
- Jean GERMAN (Ile-de-France, France),
- Michel GUÉRILLOT (Normandy, France),
- Christian MAMY (Ile-de-France, France),
- Pierre-Yves PELISSIER (Ile-de-France, France),
- Jean-Claude PETIT (Hauts-de-France, France).

✚ two Members of the Board from Limagrain:

- Philippe BLATEYRON,
- Pierre-Antoine RIGAUD.

It is managed by:

- ✚ Vilmorin & Cie's Chief Financial Officer: Vincent SUPIOT,
- ✚ the financial communication team: Valérie MONSÉRAT, Head of Financial Communication and Investor Relations, Rose MOREIRA, Financial Communication and Individual Shareholder Relations Officer, and Camille CUGNET, Financial Communication Officer.

The Committee met three times during fiscal year 2017-2018 at different sites of the group, including that of the Business Unit Vilmorin-Mikado (Vegetable Seeds) near Angers to visit its research center and seed production factory.

The Committee's work has helped to make recommendations on communications devoted to individual Shareholders (Actionaria Fair, Annual General Meeting, the thematic conferences 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 shareholders' meetings organized by the Federation, and also distributes its letters to shareholders to investment clubs.

6.4.2. Documents accessible to the general public

The historical financial information, previous Annual Reports, Letters to the shareholders (in French), the documents of the General Shareholders' Meeting (notice to attend, minutes of the Annual General Meeting of Shareholders) and the documents concerned by "regulated information" within the scope of Article 221-1 of the General Regulations of the AMF (in particular press releases, half-yearly and annual information) may be consulted on the Vilmorin & Cie website: **www.vilmorincie.com**, in the section Publications. The Company's by-laws are also available on Vilmorin & Cie's website, in the section Publications.

The documents may also be consulted at the Company's head office, 4 Quai de la Mégisserie – F-75001 Paris.

6.4.3. Scheduled agenda for 2018-2019

The dates are provided as an indication and are subject to modification.

November 5, 2018	Disclosure of sales at the end of the first quarter ⁽¹⁾
November 22 and 23, 2018	Actionaria Fair at the Palais des Congrès in Paris
December 7, 2018	Annual General Meeting of Shareholders in Paris
December 12, 2018	Detachment of the dividends
December 14, 2018	Payment of the dividends
March 4, 2019	Disclosure of sales and results for the first semester ⁽¹⁾
April 25, 2019	Disclosure of sales at the end of the third quarter ⁽¹⁾
August 5, 2019	Disclosure of sales for the fiscal year ⁽¹⁾
October 15, 2019	Disclosure of results for the fiscal year ⁽¹⁾

⁽¹⁾ Disclosure after trading on the Paris stock market.

6.4.4. Contacts

✚ Vincent SUPIOT, Chief Financial Officer
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✚ Valérie MONSÉRAT, Head of Financial Communication and Investor Relations
E-mail: valerie.monserat@vilmorincie.com

✚ Camille CUGNET, Financial Communication Officer
E-mail: camille.cugnet@vilmorincie.com

✚ Rose MOREIRA, Financial Communication and Individual Shareholder Relations Officer
E-mail: rose.moreira@vilmorincie.com

✚ Tel.: +33 (0)4 73 63 44 85

✚ Fax: +33 (0)4 73 63 41 80

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7 | **JOINT ANNUAL GENERAL MEETING** of December 7, 2018

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7.4. Draft resolution of an ordinary nature	249
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7.1. Agenda

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

Second resolution

Regulatory agreements

Third resolution

Application of the profits

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 2017-2018

Sixth resolution

Appointment of a new Board Member

Seventh 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

Eighth resolution

Issue of bonds and other assimilated debt securities

Ninth resolution

Decision on the components of the remuneration granted for fiscal year 2017-2018 to Mr. Philippe AYMARD, Chairman and CEO

Tenth resolution

Approval of the fixed and variable components of total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended June 30, 2018 to Mr. Emmanuel ROUGIER, Delegate CEO

Eleventh resolution

Approval of the fixed and variable components of total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended June 30, 2018 to Mr. Daniel JACQUEMOND, Delegate CEO

Twelfth 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 the Delegate CEO

Draft resolutions of an extraordinary nature

Thirteenth 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

Fourteenth 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

Fifteenth 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

Sixteenth resolution

Global limit of the amount to be issued

Seventeenth 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

Eighteenth resolution

Increase of the capital stock through the incorporation of issue premiums, reserves, profits or any other items with a view to allocating free shares to shareholders

Draft resolution of an ordinary nature

Nineteenth 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, 2018 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

The AGM acknowledges the presentation of the special report of the Statutory Auditors on operations governed by article L.225-38 of the French Commercial Code mentioning the absence of any new agreements.

Third resolution

Application of the profits

The AGM, following the proposal of the members of the Board of Directors, decides to apply the profits of 30,827,772.92 euros in the following manner:

• Net profits on June 30, 2018	30,827,772.92 euros
• Application to legal reserve	1,541,388.65 euros
• Profits available on June 30, 2018	29,286,384.27 euros
• Dividends to distribute	28,125,767.70 euros
• Carried forward	1,160,616.57 euros

After this application, the final amount to carry forward will be 1,161,933.37 euros.

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 1.35 euros per share.

The AGM decides that the dividends will be detached on December 12, 2018 and will be paid on December 14, 2018.

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 years, 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	
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	-	-
2016-2017	€33,334,243.20 ⁽¹⁾ i.e. €1.60 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, 2018 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 2017-2018.

Fifth resolution

Fixing the amount for attendance fees for fiscal year 2017-2018

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 Board Members for fiscal year 2017-2018, at 45,000 euros.

Sixth resolution

Appointment of a new Board Member

After hearing the report of the Board of Directors, the AGM decides to appoint as Board Member Mr. Claude RAYNAUD 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, 2021.

Seventh 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 one million shares, representing a maximum potential sum of 100 million euros, 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 8, 2017 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.

In compliance with applicable regulations, the Board of Directors shall inform the AGM of any operations carried out.

Eighth 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 sixteenth 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 eighteen (18) months. It supersedes the authorization previously granted by the AGM of December 8, 2017.

Ninth resolution

Decision on the components of the remuneration granted for fiscal year 2017-2018 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 2017-2018 to Mr. Philippe AYMARD, Chairman and CEO.

Tenth resolution

Approval of the fixed and variable components of total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended June 30, 2018 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, after hearing the report of the Board of Directors on corporate governance, pursuant to article L.225-100 of the French Commercial Code, approves the fixed and variable items making up the total compensation and benefits of all kinds attributable to Mr. Emmanuel ROUGIER by virtue of his mandate as Delegate CEO for the fiscal year ending June 30, 2018.

Eleventh resolution

Approval of the fixed and variable components of total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended June 30, 2018 to Mr. Daniel JACQUEMOND, Delegate CEO

The Annual General Meeting, deliberating in compliance with conditions of quorum and majority required for Ordinary General Meetings of shareholders, after hearing the report of the Board of Directors on corporate governance, pursuant to Article L.225-100 of the French Commercial Code, approves the fixed and variable items making up the total compensation and benefits of all kinds attributable to Mr. Daniel JACQUEMOND by virtue of his mandate as Delegate CEO for the fiscal year ending June 30, 2018.

Twelfth 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 the Delegate CEO

The Annual General Meeting, deliberating in compliance with conditions of quorum and majority required for Ordinary General Meetings of shareholders, after hearing the report of the Board of Directors on corporate governance, and 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 the Delegate CEO.

7.3. Draft resolutions of an extraordinary nature

Thirteenth 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 sixteenth 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, or 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 might 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 will 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 Ordinary Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.

Fourteenth 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 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 sixteenth 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 amounts 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 sums required for the legal reserves, 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 Ordinary Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.

Fifteenth 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, through 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 sixteenth 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 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 effect.

If the Board of Directors uses the delegation granted in this resolution, it must report back to the following Ordinary Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.

Sixteenth resolution

Global limit of the 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 thirteenth, fourteenth and fifteenth resolutions above, whether immediate, deferred or potential, and also any issue of securities according to the provisions of the eighth 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.

Seventeenth 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 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 million euros 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 laws 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 8, 2017.

Eighteenth resolution

Increase of the capital stock through the incorporation of issue premiums, reserves, profits or any other items with a view to allocating free shares to shareholders

The AGM, deliberating on the conditions of quorum and majority required for Ordinary General Meetings of shareholders, after acknowledging the report of the Board of Directors, and in compliance with articles L.225-129-2 and L.225-130 of the French Commercial Code:

✚ delegates to the Board of Directors, for the duration of 26 months, commencing as of the date of this AGM, with the faculty of sub-delegation, in compliance with legislative provisions, its authority to proceed with one or several increases in capital stock, according to the terms and at the time it deems most opportune, through the incorporation in the capital stock, issue premiums, reserves, profits or any other items for which capitalization complies with legislation and the by-laws in the form of allocating free shares to the shareholders.

✚ decides that the total amount for any increases in the capital stock liable to be made must not exceed 90 million euros. This ceiling shall remain distinct and autonomous with regard to the ceiling fixed in the sixteenth resolution or any other resolution that replaces it, and may not in any circumstances exceed the total amount of above-mentioned issue premiums, reserves, profits or other items that exist before the increase in capital stock, exclusively of any extra shares issued, in compliance with applicable regulatory and legislative provisions, and where appropriate, with any contractual stipulations allowing for other cases of adjustment, to preserve the rights of bearers of securities or other rights providing access to the capital stock.

✚ decides that, in the case where the Board of Directors exercises this delegation, in compliance with the provisions of article L.225-130 of the French Commercial Code, the rights of allotment forming odd lots shall not be negotiable, and that the corresponding securities shall be sold; the amounts deriving from the sale shall be allocated to the holders of the rights according to the conditions established by the regulations.

✚ grants full powers to the Board of Directors, with the option of sub-delegation under the conditions set by law, to implement this delegation and notably determine the issuance terms and conditions, deduct from one or more available reserve accounts the costs relating to the corresponding capital stock increase and if deemed appropriate, deduct all sums necessary to bring the legal reserve up to at least ten per cent of the new capital stock after each issuance, take due note of the completion of all increases in capital stock resulting therefrom and perform all necessary formalities to complete any increases in capital stock.

If the Board of Directors uses the delegation granted in this resolution, it must report back to the following Ordinary Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.

The present authorization supersedes any others previously granted with the same purpose.

7.4. Draft resolution of an ordinary nature

Nineteenth 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 Delegate Chief Executive Officer.

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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

F-92066 Paris-La Défense Cedex

Represented by Ms.Catherine PORTA

Date of renewal: 2014

Date of expiry of term of office: 2020 (Annual General Meeting deliberating on the financial statements closing on June 30, 2020)

VISAS 4 COMMISSARIAT

56, boulevard Gustave Flaubert – F-63010 Clermont-Ferrand

Represented by Ms.Emily STRICKLAND

Date of renewal: 2017

Date of expiry of term of office: 2023 (Annual General Meeting deliberating on the financial statements closing on June 30, 2023)

8.1.1.2. Substitute Statutory Auditors

SALUSTRO REYDEL

2, avenue Gambetta - Tour Eqho - CS 60055

F-92066 Paris-La Défense Cedex

Date of appointment: 2014

Date of expiry of term of office: 2020 (Annual General Meeting deliberating on the financial statements closing on June 30, 2020)

8.1.2. Fees of the Statutory Auditors and members of their network

This information is presented in Appendix 2 of the section 5 Consolidated Financial Statements, page 212 of this Annual Report.

8.2. 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 2017-2018:

✦ the activity report, Vilmorin & Cie’s consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements for fiscal year 2016-2017 as presented on pages 86 thru 96 and 142 thru 210 of the “document de référence” filed with the Autorité des Marchés Financiers on October 27, 2017 under the reference No. D.17-1007.

✦ 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 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 2017-2018. 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.

8.3. Technical glossary

A

Autogamous: Pollination of the ovules of a flower by its own pollen; self-fertilization or self-pollination.

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.

D

DHS/VAT tests: New varieties in the common EEC catalog are subjected to DHS (distinctness, homogeneity and stability) and VAT (agronomic and technological value) trials whenever appropriate. The results of the trials are reviewed by a Technical Committee. These new varieties must therefore demonstrate an agronomic (better tolerance to cold, disease, etc.) and/or technological (better ability to bake, etc.) improvement, and integrate environmental criteria (better adaptation to soil, climate, etc.). VAT requires 2 years of studies.

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).

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

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:

> <https://www.dictionnaire.com>
> www.gnis-pedagogie.org
> www.larousse.fr
> Wikipedia
> Internal. Vilmorin & Cie.

8.4. Financial glossary

C

Current data: Current data are the data expressed with the historical currency exchange rates for the period, and not adjusting for changes in the consolidation scope.

Current operating margin: The current operating margin is defined as the accounting operating margin restated for impairments and reorganization costs.

E

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

G

Gearing: Gearing is defined as the ratio comparing the net financial debt⁽¹⁾ to equity⁽²⁾.

L

Leverage: Leverage is defined as the ratio comparing the net financial debt to the EBITDA.

Like-for-like data: Like-for-like data concern data that are restated for constant consolidation scope and currency exchange rates.

R

Research investment: Research investment corresponds to gross research expenditure before any research costs are recorded as fixed assets.

⁽¹⁾ Net financial debt is equal to net financial indebtedness.

⁽²⁾ Shareholders' equity corresponds to the line "Consolidated equity", represented in the Financial Progress Report.



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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.