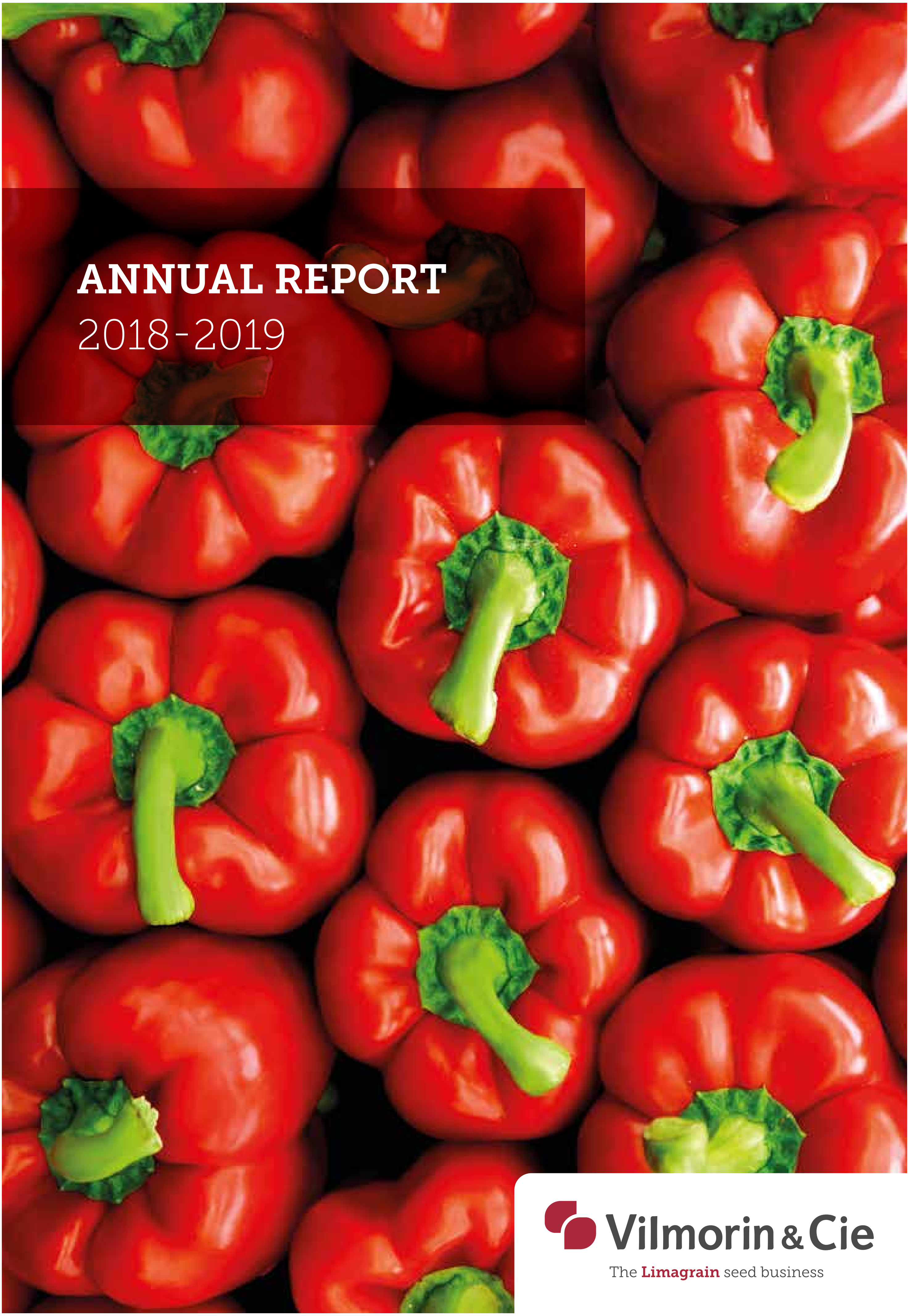
ANNUAL REPORT
2018-2019



Vilmorin & Cie

The **Limagrain** seed business

CONTENTS

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www.vilmorincie.com

The words followed by a "*" are defined in the glossary.

ANNUAL REPORT
2018-2019

PROFILE

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

4th
largest
seed company

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

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

No. 1
worlwide
for vegetable seeds

Vilmorin & Cie, a single core business of seeds

Focused on its know-how in seed and plant breeding, Vilmorin & Cie meets food challenges through genetic progress. Seeds, the first link in the food chain, are a concentrate of solutions.

Vilmorin & Cie preserves the independence and freedom of choice of farmers regarding their other production factors.

No. 6
worlwide
for field seeds

MESSAGE FROM THE BOARD OF DIRECTORS

"Vilmorin & Cie offers farmers a specific model, focused on seed and the control of plant genetics."

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

> "Vilmorin & Cie posted growth this year for all its activities and is making major progress in its strategic priorities."

Dear Shareholders,

To feed 10 billion people by 2050, food production will have to increase by 60%. This major challenge will be accompanied by increasing urbanization, heterogeneous climate change and the need to preserve natural resources. It will therefore be necessary to manage to produce more but above all to produce better.

- As a seed company, Vilmorin & Cie has a key role to play in meeting these challenges. Because seed, the first link in the food chain, is clearly a concentrate of solutions.
  Through scientific progress applied to the plant world, Vilmorin & Cie constantly offers seed varieties that are better adapted to the climates and specificities of each region but also more resistant to disease and more productive, and strives to serve all forms of agriculture. Vilmorin & Cie's CSR(1) program, which was enhanced during the year, formalizes this commitment: its main priority is to contribute to the sustainable progress of agriculture through the use of seeds. This program, which promotes actions that Vilmorin & Cie was already implementing on a daily basis, is deeply rooted in its DNA.
- In addition, with its offer focused on seeds and the control of plant genetics, Vilmorin & Cie proposes a specific model. It is positioned as a real alternative to the agrochemical players who offer farmers an integrated model, covering all their needs (seeds, fertilizers, plant protection products, etc.) but not taking into account the necessary diversity of agricultural production systems.
- Building on the specificity of its model, and more than ever convinced of its relevance, Vilmorin & Cie continued its development in 2018-2019 and succeeded in posting growth for all its activities in a context of uncertain markets. Sales thus amounted to nearly 1.4 billion euros, up 4.5%(2). Total net income amounted to 77.9 million euros, up slightly(3) compared to the previous fiscal year.

Continuing to deploy its strategy of innovation and international development, Vilmorin & Cie made major progress this year in its strategic priorities:

- In Vegetable Seeds, thanks to a year of significant growth (+3.5%(2)), Vilmorin & Cie is now No. 1 worldwide, demonstrating the relevance of its strategy combining innovation and proximity to markets.
- In Field Seeds, the fiscal year was marked by a strong increase in business (+5.2%(2)), with, in particular, a high quality performance in Europe, but also by the strengthening of research capacity and the pursuit of international development: in this respect, the acquisition of Sursem and Geneze in South America marks a major step in Vilmorin & Cie's development in this continent with proven potential.

In the wake of the past year, our ambition for 2019-2020 is to continue to strengthen our competitive positions, while pursuing with determination the implementation of our strategic vision.

In times when markets are often volatile, we can rely more than ever on the dynamism and competence of our teams, the constant support of Limagrain, our reference shareholder, as well as our loyal and committed long-term shareholders.

To thank them for their loyalty, at the beginning of 2019, Vilmorin & Cie allotted free shares to them, for the third time, and is proposing a dividend corresponding to a significant increase in the distribution rate.

Vilmorin & Cie's Board of Directors

(1) Corporate Social Responsibility.
(2) On a like-for-like basis.
(3) With current data.

1

PRESENTATION of Vilmorin & Cie

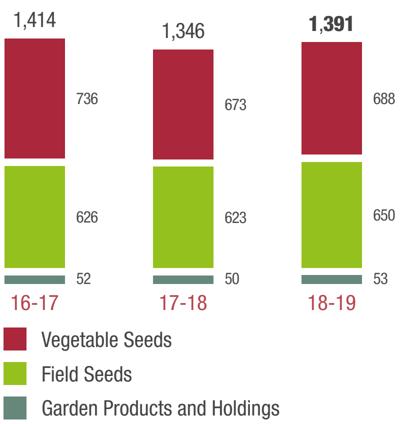
1.1. KEY FIGURES

1.1.1. The group's key indicators

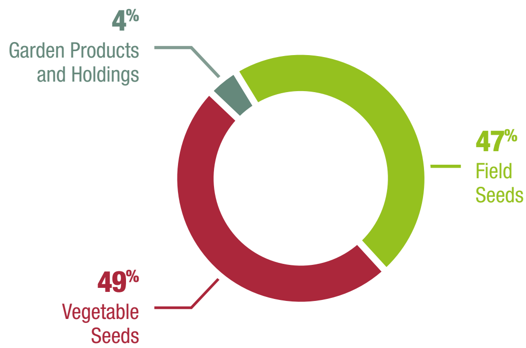
1,634
million euros of sales[1]
(1,391 million euros)[2]

1.2
billion euros of market capitalization
on June 28, 2019

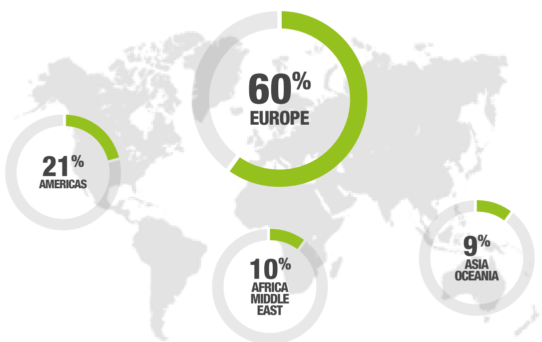
Evolution of sales
(in millions of euros)
(Revenue from ordinary activities)



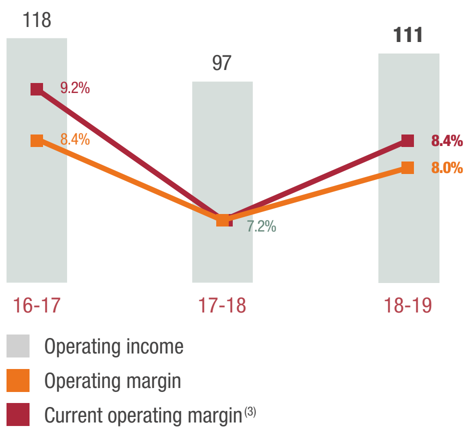
Analysis of sales in 2018-2019 according to activity
(as a %)



Analysis of sales in 2018-2019 according to geographical zone
(as a %)



Evolution of the operating income and the operating margin
(in millions of euros and as a % of sales)

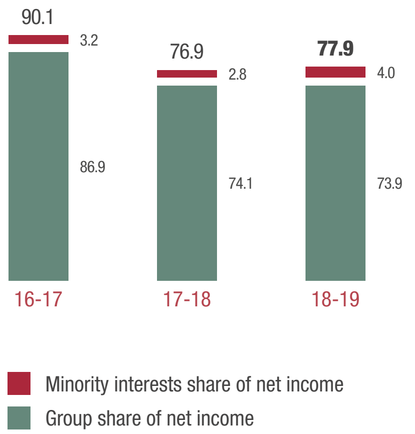


(1) Integrating 50% of AgReliant (North America. Field Seeds) which is 243 million euros.
Because of the application of the standard IFRS 11, certain companies have been recorded using the equity method since fiscal year 2014-2015.
(2) Disclosed data (taking into account the impact of the standard IFRS 11, i.e. excluding AgReliant).
(3) The current operating margin is defined as the book operating margin, restated for impairments and reorganization costs.

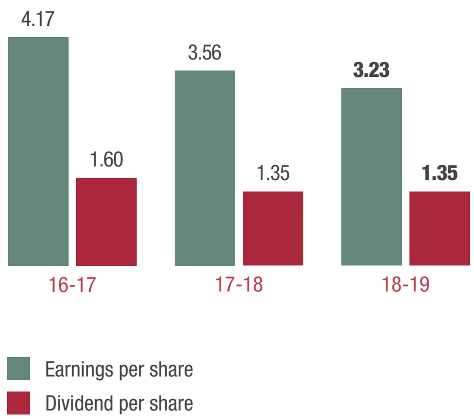
Net income
77.9
million euros
including a group share of 73.9 million euros

42%
distribution rate
of income in 2018-2019

Evolution of net income
(in millions of euros)

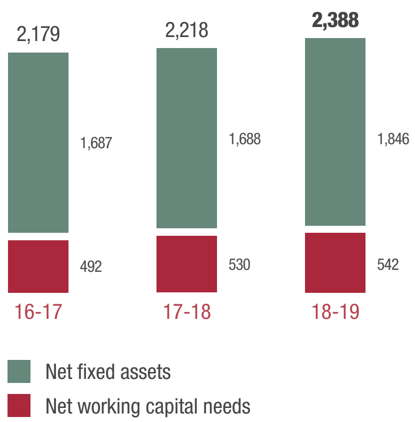


Evolution of the group earnings per share (EPS) and dividend per share[1]
(in euros)

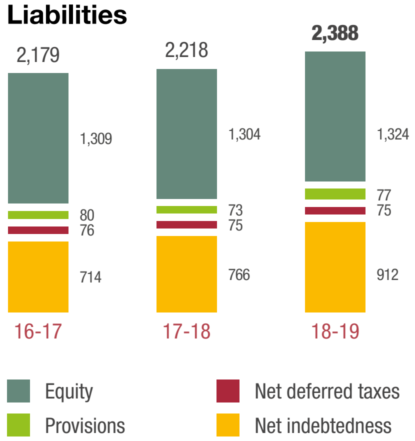


Balance sheet structure on June 30
(in millions of euros)

Assets



Liabilities

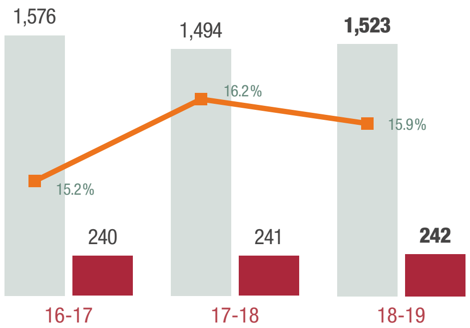


(1) Data not restated for the allotment of free shares in January 2019.

15.9%
of seed sales 2018-2019
invested in research

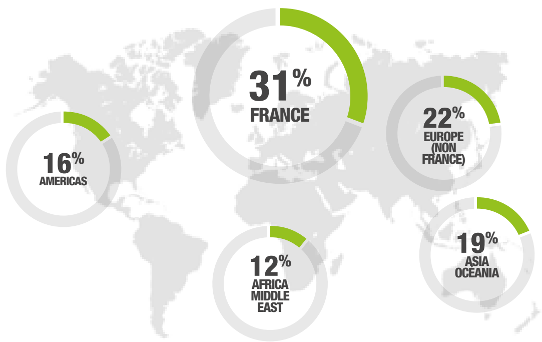
More than 7,200
permanent staff[2]
in the world
(6,850 employees)[3]

Evolution of investment in research[1]
(in millions of euros and as a % of sales)

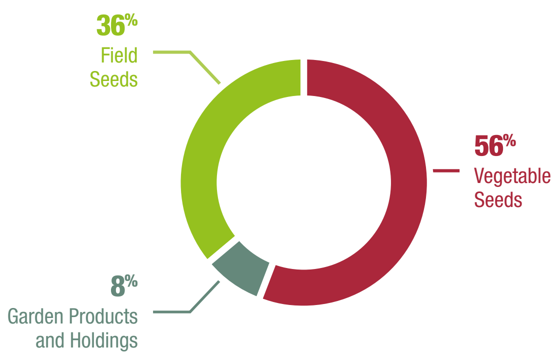


Sales of seeds
Investment in research
Investment in research/sales of seeds

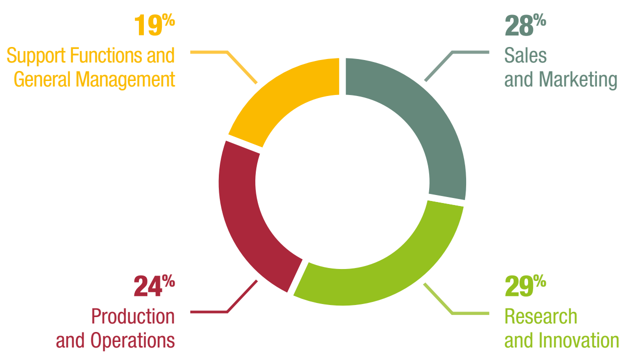
Analysis of permanent staff in 2018-2019 according to geographical zone
(as a %)



Analysis of permanent staff in 2018-2019 according to activity
(as a %)



Analysis of permanent staff in 2018-2019 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). Because of the application of the standard IFRS 11, certain companies have been recorded using the equity method since fiscal year 2014-2015.
(3) Disclosed data (taking into account the impact of the standard IFRS 11), i.e. excluding AgReliant.

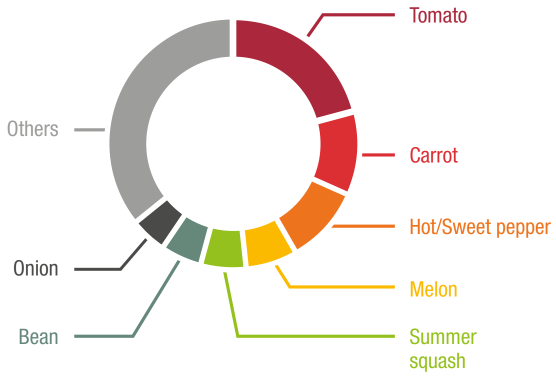
1.1.2. Key indicators 2018-2019 for each activity

Vegetable Seeds

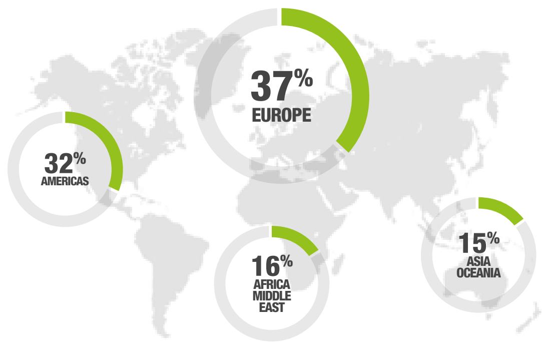
No.1
worldwide

687.5
millions euros of sales contributed to consolidated sales
(+3.5% on a like-for-like basis)

Analysis of sales according to crop



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



3,812
permanent staff

36
countries with locations

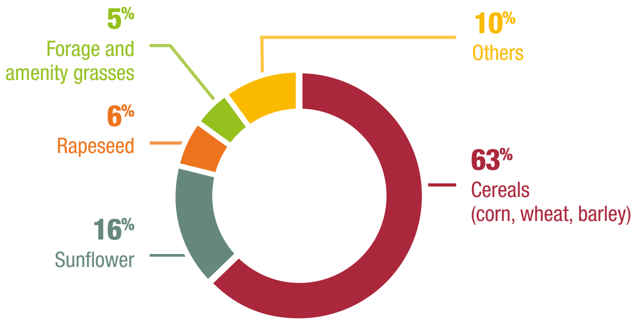
95%
of sales from proprietary varieties*

Field Seeds[1]

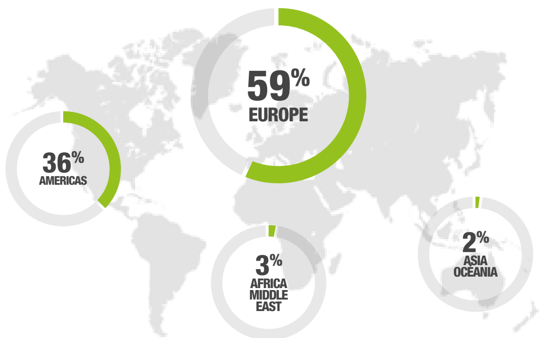
No. 6
worldwide

892.6
million euros of sales
contributed to consolidated sales[1]
(+0.4% on a like-for-like basis)

Analysis of sales according to crop
(as a %)



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



2,901
permanent
staff

35
countries
with locations

More than
50%
of sales
from proprietary varieties*

(1) Integrating 50% of AgReliant (North America. Field Seeds). Because of the application of the standard IFRS 11, certain companies have been recorded using the equity method since fiscal year 2014-2015.
Taking into account the impact of the standard IFRS 11, i.e. excluding AgReliant, sales came to 649.9 million euros.

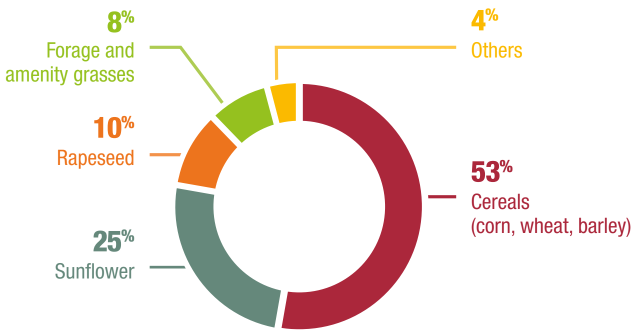
Field Seeds in Europe

565.3
million euros of sales
contributed to consolidated sales
(+5.7% on a like-for-like basis)

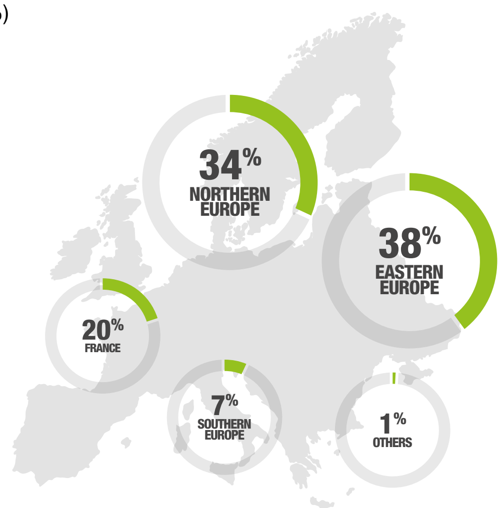
1,507
permanent
staff

20
countries
with locations

Analysis of sales according to crop
(as a %)



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



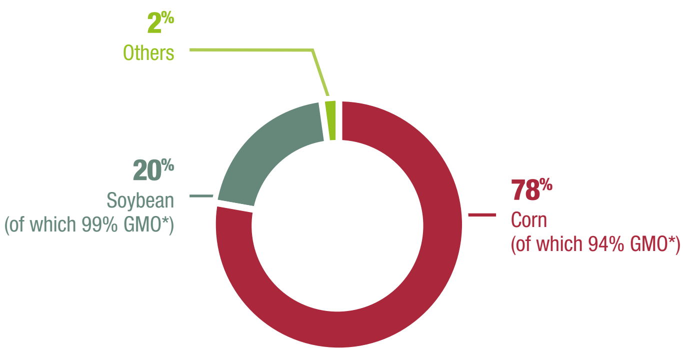
Field Seeds in North America(1)

485.4
million euros(2) of sales contributed to consolidated sales
(-10.6% on a like-for-like basis)

847
permanent employees(3)

2
countries with locations

Analysis of sales according to crop
(as a %)



(1) These activities have been recorded using the equity method since 2014-2015, because of the application of IFRS 11.
(2) Total sales for AgReliant 2018-2019.
(3) Total sales for AgReliant 2018-2019.

Field Seeds in development zones(4)

84.6
million euros of sales contributed to consolidated sales
(+2.3% on a like-for-like basis)

971
permanent staff

13
countries with locations

(4) Data including wheat seed activities in North America (i.e. sales of 5.7 million euros).

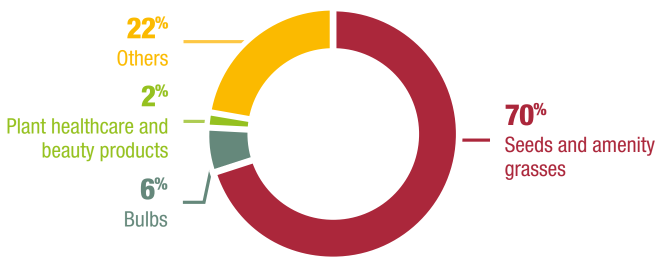
Garden Products and Holdings

53.4
million euros of sales contributed to consolidated sales
(+8.9% on a like-for-like basis)

560
permanent staff

3
countries with locations

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



1.2. HISTORY

A solid history of 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. In 2018, Vilmorin & Cie significantly reinforced its organization and commercial positions in this region with the integration of the companies Sursem (Argentina) and Geneze (Brazil),
- in Africa, 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 over the continent,
- in Asia, business is 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 Genective, 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	Activity
1743	Foundation 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	Kyoma	Japan	Acquisition	Vegetable Seeds
	Keygene	Netherlands	Research partnership and minority stakee	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) Approval from the European Commission in 2013.

Year	Company name	Country	Nature of the operation	Activity
2015	Tropdicorp	Vietnam	Acquisition	Vegetable Seeds
	DNA	Brazil	Specific assets	Field Seeds
	Canterra Seeds	Canada	Research partnership and minority stake	Field Seeds
	Hengji Limagrain Seeds	China	Minority stake	Field Seeds
	Golden Acres Genetics(1)	United States	Acquisition	Field Seeds
2016	Genica Research	United States	Acquisition	Vegetable Seeds
2017	Prime Seed Co	Zimbabwe and Botswana	Minority stake	Vegetable Seeds
2018	Graines Gondian	France	Purchase of business activities	Garden Products
	AdvanSeed	Denmark	Acquisition	Vegetable Seeds
	Sursem et Geneze(2)	Argentina and Brazil	Acquisition	Field Seeds

(1) Acquisition made by AgReliant (North America. Field Seeds).
(2) Operation achieved through the acquisition of Mars Holding B.V., a Dutch company holding Sursem and Geneze.

1.3. CHALLENGES FACING THE SEED SEGMENT

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. Seeds, the first link in the food chain, are a concentrate of solutions to meet food challenges.

In addition, to create more efficient seeds, investment in research and access to the widest possible plant biodiversity are essential, as is the ability to integrate digital transformation into all fields of activity, which significantly modifies the seed business.

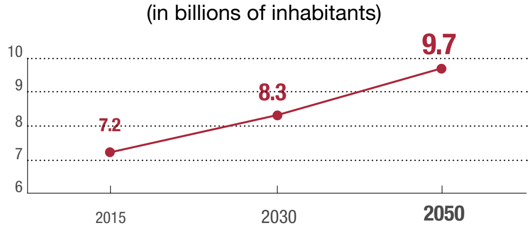
1.3.1. Producing more and better to meet food challenges

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 adapting to climate changes
- And by resorting to less 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 therefore a major strategic stake.

Examples:

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

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 of Sub-Saharan Africa is expected to double over this period – that will contribute most to this increase in the coming decades.

The growth in the world population is accompanied by greater urbanization (in 2050, two out of three 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 60% in order to meet the food needs of humanity *(Source: IFPRI 2018)*.

1.3.1.1. Growing use of commercial seeds

Meeting world food requirements, producing more and better – particularly utilizing less resources – has become a major challenge. Indeed:
- arable land is slowly being eaten away on a world scale, because of urbanization, desertification and the overall deterioration in soil quality,
- growing conditions are becoming more complex because of the greater need to take environmental factors into account, but also because of climate variations and increasingly limited access to natural resources, particularly water.

In such a context, 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.

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)*.

1.3.1.2. GMOs*, a response to 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.

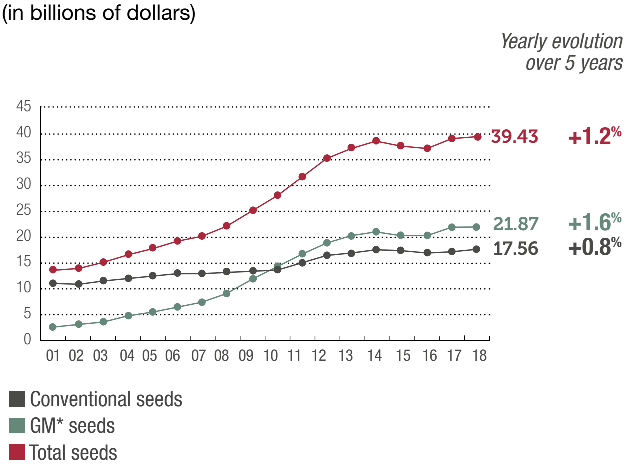
They provide greater efficiency to agricultural production, while considerably reducing production costs. And by reducing agrochemical treatment, they indirectly contribute to respecting the environment, and tomorrow they will also make it possible to manage water resources better.

The 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 5 years, GM* field seeds have on average grown by 1.6% every year.

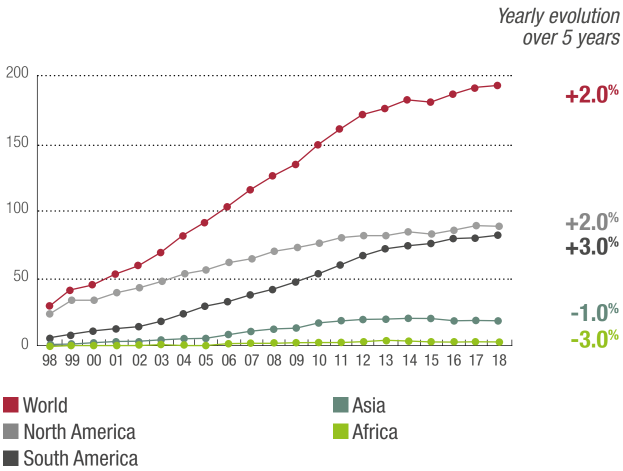
Evolution of the seeds market between 2001 and 2018
(in billions of dollars)



Source: AgbioInvestor 2018.

Evolution of the acreage of genetically modified plants between 1998 and 2018

(in millions of hectares)



Source: ISAAA 2019.

The world regulatory environment for GMOs*

In 2018, GM* seeds represented 191.7 million hectares (an increase of 1.9 million hectares compared to 2017) cultivated by 17 million farmers in 26 countries, the main ones being the United States, Brazil, Argentina, Canada and India.

Corn and soybean are the main genetically modified crops in the world, followed by cotton and canola (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."

70 countries have established and apply regulations on GMOs*; 44 have regulations solely concerning imports.

Source: ISAAA 2019 (http://isaaa.org/resources/publications/briefs/54/executivesummary/default.asp).

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 92% of corn acreage is GMO*, rising to 94% for soybean and 100% for sugar beet. And with regard to Brazil, even though GM* technology for corn was only adopted in 2007, today its adoption rate already stands at 89%, with soybean reaching 96% adoption.

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 120,000 hectares in 2018. The same is true of India, where the only GM* crop is cotton. *(Source: ISAAA 2019)*.

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 22 billion US dollars in 2018 *(Source: AgbioInvestor 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 two insects (corn borer and corn root worm) and tolerance to herbicides. In 2017, stacked traits represented 42% of the market *(Source: ISAAA 2019)*, with this figure being even higher for corn seeds caround 80%).

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

1.3.2. Having access to plant biodiversity and investing in research

Plant breeding is at the heart of improving the competitiveness of agriculture. Positioned upstream of agricultural production chains, seed is a key element in meeting the economic, environmental and food security challenges facing Vilmorin & Cie. In order to rise to these challenges, it is essential to have access to plant biodiversity and to invest in research.

1.3.2.1. Having access to genetic resources*

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.

In this respect, particular attention should be paid to the protection of the rights of creators of new plant varieties, an essential source of research funding.

Moreover, 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.

1.3.2.2. Investing permanently in research

The seed business involves a high level of investment. 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, so that new varieties of more efficient seeds can be developed. The seed market is indeed one of the most demanding segments in terms of investment in research. Accordingly, Vilmorin & Cie spent nearly 16% of its seed sales on research in 2018-2019.
Vilmorin & Cie's investment in research is presented in more detail as of page 48.

Consequently, the creation of new seed varieties and, more generally, the seed business, require access to genetic resources* and also strong expertise, time and investment, particularly in research.

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

1.3.3. Integrating digital transformation

Like all sectors of activity, the seed sector is impacted by digital transformation. The lightning growth in the capacity to collect, analyze, process and exploit ever-increasing volumes of data requires Vilmorin & Cie to constantly adapt in all its activities.

1.3.3.1. Digitalization of agriculture

As a player involved in agriculture and vegetable production, close to its customers and users of its products and services, Vilmorin & Cie is taking part in the digital transformation of agriculture. Although its applications and scale may vary according to geographical regions, digital technology is having an impact on all forms of agriculture wherever they are conducted. Massive data collection, precision agriculture and disintermediation are the three axes of digital mutation in agriculture.

Digital data is the foundation of everything. The multiplication of data sources, through satellite imagery or sensors, whose use is becoming more widespread because of a significant drop in prices, makes it possible to describe the activity in all its dimensions more and more accurately. This is leading to a change of approach. Agriculture progressed through the accumulation of local knowledge as crops were harvested, and therefore over time. From now on, it is the ability to simultaneously access multi-local data from various conditions that is becoming a source of major advances.

As it is collected and analyzed, this data will be the source of precision agriculture (which is the practical application of digital agriculture), whose objective is to optimize production conditions to make the best use of production factors, such as soil, agricultural equipment, fertilizers, seeds or plant protection products. The investment and training required to use precision agriculture can be a barrier to its use in regions where farms are generally small in size.

In this case, agricultural contractors can play a role as intermediaries and prescribers. In terms of seed, sowing density modulation, prediction of sowing or harvest dates, or choice of varieties are some of the applications.

As in other market segments, in agriculture digital also means an increase in disintermediation. To buy, sell or receive advice, farmers now have new methods of action and new contacts. It can also be an opportunity for Vilmorin & Cie to contact its end customers more directly.

1.3.3.2. Digital technology used for plant breeding

Creating a variety means being able to identify, in the widest possible range of available genetic bases, the combination that will best meet the criteria sought. Therefore, digital technology, through its description and analysis capabilities, provides valuable assistance to breeders*. Genotyping, decoding the plant's genome, and phenotyping, which is the description of its physical characteristics, have greatly benefited from the development of digital technology and are two major contributors to the exponential growth in data volume. Digital also allows for real-time availability of collected data, wherever it is in the world. There can therefore be no plant breeding* today without mastering different IT domains: infrastructure, databases, applications, security, etc. Given its now strategic importance, Vilmorin & Cie's Research and Development IT is managed globally.

1.3.3.3. The impact of digital technology on customer relations

The possibilities offered by the Internet, messaging and social networks open up new opportunities for business relations, advice and communication. Such opportunities are further amplified by the development of tools for those on the move, and increasingly efficient mobile networks. This trend allows a weaker relationship between producers and users, questions the distribution process, and opens up new avenues of loyalty programs and consulting. All over the world, although the applications and uses are different, the exchange of information and advice between farmers and seed companies is increasing. And even though seed companies do not have all the skills required, the implementation of platforms combining product and relational skills will certainly be developed. Vilmorin & Cie is particularly attentive to these developments.

1.3.3.4. Ensuring that information systems are secure

The multiplication of data, processing and access points provides many possibilities for digital malicious acts aimed at destabilizing the organization, misusing private information or extorting the Company. Vilmorin & Cie implemented an ambitious program for the safety of information systems during the fiscal year. It is based first of all on the specific skills of the employees recruited to carry out this project, which combines technical systems, internal procedures and controls, supervision and processing. These actions are complemented by essential awareness raising on the subject run for employees, first and foremost those of the Information Systems Department. Finally, to verify the impact of the initial measures and to get the structure up to speed on this subject, a first computer intrusion test was conducted at the end of the fiscal year.

This information is also presented in detail in part 1.9 Risk factors, page 69.

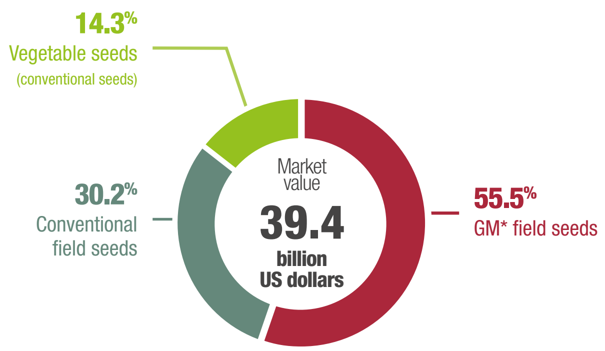
1.4. THE SEED MARKET

An essentially growing seed market

The world market for seeds, the value of which was estimated to be around 39 billion US dollars in 2018 *(Source: AgbioInvestor 2018*), is essentially growing, thanks to several complementary factors, the most important of which is global population growth.

Over the past five years, this market has grown at an average annual rate of more than 1% *(Source: AgbioInvestor 2018)*.

World market for commercial seeds 2018

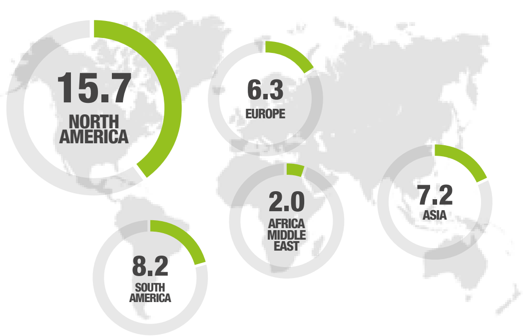


Source: AgbioInvestor 2018.

Analysis of the market (in value) by geographical region

(in billions of US dollars)

Market value
39.4
billion US dollars



** Mexico is included in the region of South America.*
Source: AgbioInvestor 2018.

1.4.1. The market for vegetable seeds

The value of the world market for vegetable seeds was estimated to be at around 5.7 billion US dollars in 2018 *(Source: AgbioInvestor 2018)*. After the impact during fiscal year 2017-2018 of several short-term difficulties, vegetable seed markets remained contrasted in 2018-2019. Their evolution, which varied according to region, was disturbed by a tense geopolitical and monetary context in several regions, particularly in South America and the zone Africa/Middle East.

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. As a result, the world production of vegetables is continuing to develop.

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.

1.4.1.1. 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. In addition, within each species, there are a multitude of product types (melons, for example, have about 20 main typologies, with the greatest diversity in Europe and Asia), and therefore wide commercial line-ups, offering a wide variety in terms of shape, size, color and taste.

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.

1.4.1.2. Innovation at the heart of market growth

The vegetable seeds market is highly sensitive to the technical performance of seeds. Indeed, the varieties that 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.

1.4.2. The market for field seeds

The value of the world field seeds market was estimated to be almost 34 billion US dollars in 2018 *(Source: AgbioInvestor 2018)*, including almost 22 billion US dollars for genetically modified seeds.

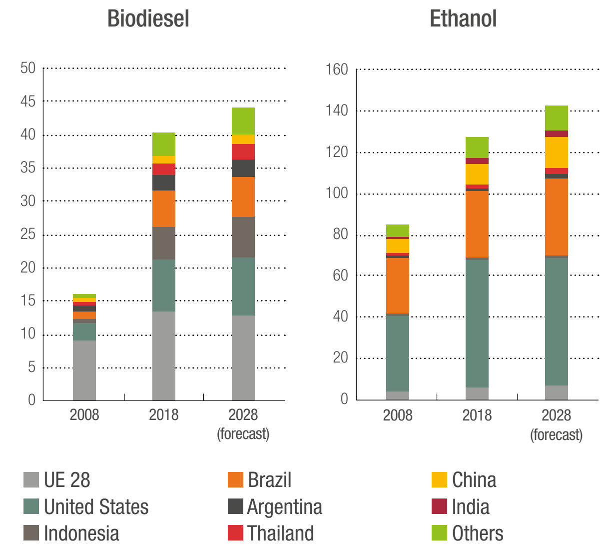
Corn holds the position of top crop in terms of value, representing almost 15 billion US dollars, whereas wheat is the most widely cultivated world crop in terms of acreage (215 million hectares in 2018, about 15% of arable land) *(Sources: USDA, FAO)*.

Wheat 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.

As for corn, it offers several outlets to meet both food and non-food needs. It is an important raw material for:
- animal feed: grain corn or forage corn,
- industrial sectors, in particular for the development of plant chemistry (also known as "green chemistry") including the market for biodegradable plastics,
- the energy sector, with agrofuels, principally ethanol, produced from corn, representing more than 40% of corn applications in the United States.

The growth of the latter two markets, which are still limited in size, can have a positive impact on the volume of commercial seed activity. Vilmorin & Cie therefore remains attentive to developments in these markets.

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



Source: perspectives OCDE-FAO.

The environment for field seeds markets remained difficult over fiscal year 2018-2019. It was affected by a lack of stability and visibility, particularly with regard to the 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 2019
(in euros per tonne)

Sources: "Marché des céréales", France Agrimer. September 2019.

1.4.2.1. The market for field seeds in Europe

The European market is dominated by corn, straw cereals (wheat, barley), and by rapeseed and sunflower.

In a context of still generally gloomy markets, corn acreage, after several years of significant decline, returned to growth this year, with a significant increase in the main markets where it is grown.

At the same time, sunflower areas in Europe increased slightly, despite a significant decrease in Ukraine. Rapeseed acreage fell sharply as a result of the drought in the summer of 2018.

Evolution of cultivated acreage in Europe(1)
(in millions of hectares)

	Acreage 18-19	Evolution over 1 year
Total corn	25.4	+3%
> Grain corn	16.7	+4%
> Forage corn	7.3	+1%
Soft (bread) wheat	21.0	+3%
Sunflower	19.9(2)	+1%
Rapeseed	6.6	-5%

Source: internal estimates.

(1) The main countries in which Vilmorin & Cie is present.
(2) Ukraine and Russia represent more than 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 are only marginally grown in Europe with about 132,000 hectares in 2018 (mainly in Spain and Portugal). Down by 8% this past year compared to the year before, they remain modest on a world scale, and represent much less than 1% of world acreage *(Source: ISAAA 2019)*.

1.4.2.2. The market for corn seeds in North America

In 2019, the last part of the commercial campaign proved extremely difficult in the United States, due to the exceptionally wet weather conditions that affected the Corn Belt in May and June. This record-breaking climate accident had a major impact on sowing, preventing farmers from accessing their fields and disrupting collection and distribution operations.

Despite the large areas that could not be sown as a result, the area under corn in the United States increased by 1% in 2019 *(Source: USDA 2019)*, covering 36.4 million hectares. Corn yields, on the other hand, are expected to decline significantly.

At the same time, soybean acreage fell sharply (-14%) to 31 million hectares.

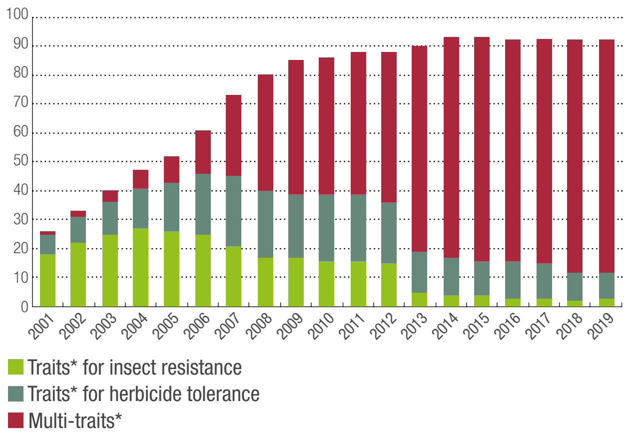
The predominant position of genetically modified plants

Representing 39% of the world acreage for all crops combined *(Source: ISAAA 2019)*, the United States is by far the biggest producer of genetically modified plants. Today they cover 92% of cultivated acreage in corn. Varieties stacking several resistance traits* represent a significant share of the market, estimated to be around 80% of GM* corn acreage *(Source : ISAAA 2019)*.

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



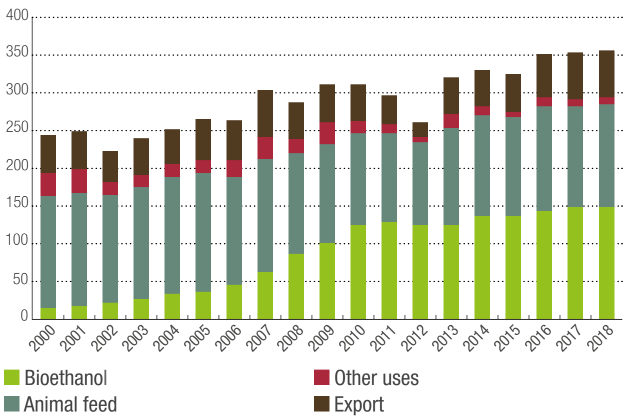
Source: USDA 2019.

Agrofuels, a significant outlet for corn production

As of 2000, corn production in the United States has been 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 2018-2019, it stood at more than 40%.

Evolution of the total applications for corn in the United States

(in millions of tonnes)



Source: perspectives OCDE-FAO.

The development of digital 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, digital 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 growing practices.

This trend also concerns other geographical zones, particularly Europe.

1.4.2.3. The market for seeds in development zones

South America

With average annual growth of nearly 3% over the past five years, the South American market represented more than 20% of the world market value for seeds in 2018, a total of 8.2 billion US dollars. It is positioned as the second largest world seeds market in terms of value *(Source: AgbioInvestor 2018)*, and has immense potential, especially in field seeds.

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 2018, including around 17 million hectares in Brazil *(Source: USDA)*. Soybean and corn together account for more than 87% of the South American seed market, mainly concentrated in Brazil and Argentina.

- Brazil, the world's 3rd largest market for field seeds, has the particularity of offering, in some regions, two corn harvests per year: "safra" (summer crop) and "safrinha" (winter crop). In 2018-2019, acreages of "safra" and "safrinha" increased; however, the market remains volatile and has been impacted again this year by strong competitive pressure on prices.

  The country is also characterized by a very high adoption rate of genetically modified varieties, in particular for corn, which stood at 89% in 2018. Brazil is therefore the second largest world market in terms of GM* corn acreage *(Source: ISAAA 2019)*.

- Argentina is the world's fourth largest market for field seeds, with about 28 million hectares, more than half of which are devoted to soybeans (16 million hectares). Soybeans are now a pillar of the country's economy with the rapid adoption of GMOs*: about 98% of soybeans are produced from GMO* seeds.

Asia

With the third largest seeds market in the world, Asia represents more than 7 billion US dollars *(Source: AgbioInvestor 2018)*. Characterized by a continuous population increase, (which already represents more than half the world population), the emergence of the middle classes and changing consumer habits, the Asian market is very buoyant. Agriculture, which is mainly dedicated to domestic consumption, is undergoing significant changes in farm size, mechanization and the use of inputs*. Rice, vegetables, corn and cotton are the main species, in value, on the continent.

In this 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 seed varieties, which the majority do not have today.

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

Corn is the main crop grown in Africa, and in 2018 represented around 20% of world grain corn acreage, with around 39 million hectares *(Source: ISAAA 2019)*. 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 87% in 2018 for corn *(Sources: ISAAA 2019 and USDA)*.

1.4.3. A concentrated competitive environment

In recent years, several mergers have been concluded, between major operators in the seed and agrochemical sectors, in a competitive environment that was already highly concentrated. As a result, even if market integration remains uneven across zones and species, the top five seed companies now account for more than 60% of the world's commercial seed market (in terms of seed sales)[1].

These movements highlight a trend 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 have not significantly changed the size of the main operators.

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.

In this competitive landscape, Vilmorin & Cie maintains its competitive position as the No. 4 seed company worldwide. Now No. 1 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 the Company's capacity to pursue its development. Vilmorin & Cie is convinced that the integrated model proposed by certain players that covers all the farmer's needs cannot be universal, as agriculture is diverse and varied. Vilmorin & Cie also remains convinced of the relevance of its model, which focuses on seeds and the control of plant genetics, and of its strategy, which is based on three major axes: vegetable seeds, corn seeds and wheat seeds.

Vilmorin & Cie's development model is set out from page 43 and its strategy from page 47.

(1) Sources: company disclosures and internal estimates, AgbioInvestor 2018.

Global competitive panorama
(Seed business)

No. 1	Bayer
No. 2	Corteva Agriscience
No. 3	Syngenta
No. 4	Vilmorin & Cie
No. 5	BASF
No. 6	KWS
No. 7	DLF
No. 8	Rijk Zwaan
No. 9	LPHT
No. 10	Sakata

Sources: company disclosures and internal estimates for sales in 2018.
Vilmorin & Cie for 2018-2019; Vilmorin & Cie and KWS data before IFRS11.
Bayer and BASF: internal estimates as if the acquisitions and disposals made by Bayer and BASF had taken place on January 1, 2018 in order to give a more realistic picture of the size and performance of the two companies following these operations.

1.5. 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 agrochemical 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 2018-2019, Vilmorin & Cie made consolidated fiscal sales for the year of 1,391 million euros, up 3.3% with current data compared with the previous fiscal year and 4.5% on a like-for-like basis.

Vilmorin & Cie

The **Limagrain** seed business

Vegetable Seeds
49%
of sales for 2018-2019

3 Business Units

- HM.CLAUSE
- Hazera
- Vilmorin-Mikado

Field Seeds
47%
of sales for 2018-2019

6 Business Units

- Limagrain Europe
- Limagrain South America
- Limagrain Cereal Seeds
- Limagrain Asia-Pacific
- Limagrain Africa
- AgReliant[1]

Garden Products
4%
of sales for 2018-2019[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.

1.5.1. Vegetable Seeds

Vegetable Seeds sales in 2018-2019
687.5
million euros
(+3.5% on a like-for-like basis)

No. 1 worldwide for vegetable seeds, Vilmorin & Cie creates, produces and distributes novel seeds for professional vegetable production. Its customers are growers – who produce vegetables for fresh markets – and indirectly processors, specialists in canning and deep freezing.

Vilmorin & Cie's product line-up comprises more than 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. Highly diversified, Vilmorin & Cie's product portfolio also comprises local crops such as kabocha squash for Japan, and fennel for Italy and France.

For several 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, cauliflower and summer squash, No. 2 in bean, No. 3 in sweet pepper.

1.5.1.1. 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 (taste, appearance, etc.), taking their cultural diversity into account, while optimizing added value for professional vegetable producers. In total, Vilmorin & Cie offers several thousand different varieties of vegetable seeds, in order to meet the diversity of needs of each of the sector's players throughout the world.

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 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 hub has a sales organization specifically adapted to its areas of influence. This structure thus promotes close proximity to world markets, from research to distribution. Moreover, the Business Units work in close coordination to best combine their product portfolios, brands, sales forces and distribution networks.

Set up more than 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

1.5.1.2. Performances for 2018-2019: significant growth in business, in a context of contrasting markets

On June 30, 2019, sales for Vegetable Seeds for the fiscal year stood at 687.5 million euros, an increase of 2.1% with current data, and 3.5% on a like-for-like basis compared with the previous fiscal year.

After a fiscal year 2017-2018 marked by stability in activity, the Vegetable Seeds concluded this past year with a significant improvement. Vilmorin & Cie thus achieved a very good commercial performance, especially since the evolution of vegetable markets was heterogeneous over the fiscal year, disrupted by a tense geopolitical and monetary context in several geographical zones, particularly in South America and the Middle East.

The increase in business concerns all regions, with the exception of the Maghreb, penalized by unfavorable market conditions, mainly in Morocco.
After a slow start to the fiscal year, the end of the year was particularly dynamic in South America and the Middle East, with sustained growth in Turkey in particular, despite an unstable monetary environment. As a result, over the full year, sales grew significantly in these geographical zones.

The increase in business is also reflected in Europe and Asia, particularly in China, thanks to strong growth in carrot seed sales. In North America, after a decline in fiscal year 2017-2018, the return to growth was confirmed this year and was based in particular on a strong performance of third-party brand business.

With regard to crops, the best performances were posted for carrot – a crop for which Vilmorin & Cie has strengthened its position as world leader – bell pepper, melon, cucumber and summer squash. Vilmorin & Cie, continues to propose a highly diversified product portfolio in order to get the best possible cover for extremely fragmented markets, and also made headway in several local crops such as kabocha squash in Japan.

In addition, the programmed withdrawal from the distribution of agricultural supplies in Japan, initiated in 2017-2018 by the Business Unit Vilmorin-Mikado, has been completed. Its residual impact on sales for fiscal year 2018-2019 was 6 million euros.

Working within contrasting vegetable seeds markets that nevertheless basically remain promising, Vilmorin & Cie had significantly strengthened its commercial positions by the end of this past fiscal year. Consequently, Vilmorin & Cie is now clearly positioned as No. 1 worldwide in vegetable seeds, demonstrating the pertinence of its strategy combining innovation and proximity to markets.

1.5.1.3. Highlights in 2018-2019

Targeted operations to consolidate competitive positions

Acquisitions and new facilities established in recent years in key geographical areas (South Korea for example) 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 2016 of the American company Genica Research, specialized in research, breeding*, production and distribution – by delegation – of hybrid* vegetable seeds, is a fine illustration. It enabled Vilmorin & Cie to strengthen its different approaches to distribution, by initiating an activity under third-party brands, which performed very well during fiscal year 2018-2019.
  Moreover, as a result of this acquisition, Vilmorin & Cie gained access to complementary proprietary genetic resources* of high quality and to a pipeline of very rich products in several major crops (sweet pepper, hot pepper, cucumber, summer squash, along with tomato, eggplant, melon and watermelon), which should continue to contribute to the development of the Vegetable Seeds activity over the coming years.
- Similarly, the acquisition in 2013 of the American company Shamrock, active in a diversified product portfolio including lettuce, enabled Vilmorin & Cie to significantly strengthen its breeding program for this species in the United States.
- Vilmorin & Cie is pursuing its targeted external growth policy. In this context, 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 and present commercially in 23 countries (mainly in Asia, the Middle East, South America and Europe), the company posts annual sales of around 3 million euros. Through this acquisition, Vilmorin & Cie has complemented its product portfolio. By integrating spinach, a crop it has not worked on until now, it has 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. AdvanSeed has been operationally integrated into the Business Unit Vilmorin-Mikado.

Accelerating innovation and proximity to markets

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

Fiscal year 2018-2019 was marked by ongoing investments in research facilities. For example, in May 2019, the Business Unit Hazera inaugurated a new research center in Shouguang (China), dedicated mainly to the breeding* of tomato and cucumber varieties, as well as peppers. This center, which replaces a nearby site, benefits from more efficient equipment and is also located in the heart of the main region in terms of greenhouse vegetable production in China. At the same time, Hazera has completed the extension of its seed pathology laboratory located in Brurim (Israel).

In addition, while breeders are increasingly working on the qualitative, gustatory and nutritional aspects of vegetables, an important step was taken in 2018-2019 with the creation in Spain of a technological platform dedicated to the evaluation of the quality of fruiting vegetables and sensory analysis. Located in the premises of HM.CLAUSE in Almeria, this platform is a tool common to all three Business Units.

These investments contribute to consolidating Vilmorin & Cie's capacity for innovation.

Furthermore, Vilmorin & Cie is constantly optimizing its organization to ensure maximum proximity to its markets. Thus, after China in the previous fiscal year, the sales organization is changing this year in Brazil and Poland. The sales teams of the Business Units Hazera and HM.CLAUSE will be grouped together in these two countries. These optimizations do not in any way call into question the Business Unit organization model; they aim to address certain major markets more effectively, while capitalizing on the complementarity of the Business Units' product ranges.

Finally, in order to strengthen its direct presence in target markets, Vilmorin & Cie opened a new representation office in Jordan, as well as a subsidiary in El Salvador, with a research center specializing in tomato and pepper breeding* for tropical and subtropical markets.

1.5.1.4. 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 and thanks to a fiscal year 2018-2019 with significant growth, Vilmorin & Cie is clearly positioned as No. 1 worldwide for vegetable seeds.

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

Sources: internal estimates and corporate disclosures.
Bayer: estimate based on proforma data disclosed by Bayer.

1.5.2. Field Seeds

Field Seeds sales in 2018-2019
892.6
million euros
(+0.4% on a like-for-like basis)

No. 6 worldwide in field seeds, Vilmorin & Cie creates, produces and distributes field seeds for farmers.

For its Field Seeds activity Vilmorin & Cie has defined four strategic crops: corn, wheat, sunflower and rapeseed. Two of them are global: corn and wheat. As a complement, Vilmorin & Cie develops a portfolio of crops adapted to each region where it operates, and therefore proposes seeds for regional crops: barley, soybean, millet, rice and pulse.

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, to be able to address the six continents:
- 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,
- field seeds in development zones, through three Business Units: Limagrain South America, Limagrain Asia-Pacific (India, China and South East Asia[1]) et Limagrain Africa,
- wheat seeds in North America, grouped within the Business Unit Limagrain Cereal Seeds.

In 2018-2019, the Field Seeds division posted sales of 649.9 million euros, up 5.2% on a like-for-like basis compared with fiscal year 2017-2018, demonstrating a very solid performance of the business, particularly in Europe, in a context of unstable agricultural markets.

(1) The company Australian Grain Technologies, in which Vilmorin & Cie holds a minority stake, is part of the Business Unit Limagrain Asia-Pacific.

If the seeds activities for corn and soybean in North America, grouped in AgReliant, are included, sales[1] came to 892.6 million euros, up 0.4% on a like-for-like basis.

1.5.2.1. Field Seeds in Europe

The field seeds activity 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 the objective is to control all activities, from research to marketing. These mainly concern corn, wheat, sunflower and rapeseed. For these crops, Vilmorin & Cie, which has strong competitive positions, permanently develops specific research programs, thus guaranteeing its future development.
- Support crops which provide commercial synergies as line complements when strategic crops are marketed. Vilmorin & Cie then forges partnerships with some of the world's leading companies, such as DLF, a Danish company and world leader in the forage plant segment.
- So-called "companion" crops (amenity grasses, cotton, sugar beet, etc.) distributed according to market opportunities, which complete the line-up.

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

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

- In spite of the current difficult situation, corn is potentially a highly profitable crop, given high-performance germplasm that is historically well-suited to the needs of the forage corn market in Northern Europe. Vilmorin & Cie is indeed well-positioned as the second largest player in Europe for forage corn seeds.
  This crop is liable to develop even further, particularly through the launch of new varieties developed for grain corn, the main corn market in Europe, 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 production, 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 59. 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.

As for oilseed crops, both rape in the north and sunflower in the south, they represent an important challenge with the growing demand from agri-food and agrofuel industrialists.

- 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 today represent half of the world's cultivated acreage for sunflower.
- 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.
  In this respect, the new hybrids* marketed under the LG brand, first and foremost the LG Architect variety, combine the different characteristics: resistance to «Turnip Yellow Virus» (a virus which can have a particularly strong impact on the yield of rapeseed crops in Europe), low sensitivity to pod-shattering and high yield potential, thanks in particular to good resistance to cold and drought. A true breakthrough innovation, this genetic offer has quickly become a must. In France, for example, LG Architect is the first variety of rapeseed to be sown in 2018.

A distinctive sales and marketing 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.).

(1) 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.

Moreover, in order to strengthen its proximity to farmers, Vilmorin & Cie remains attentive to their needs. In addition to the product, it provides them with agronomic expertise and support in order to enhance the full genetic potential of the seed. As such, Vilmorin & Cie has developed a platform of digital tools for digital agriculture that provides services to farmers, called Agrility. The objective is to collect environmental and agronomic data to provide farmers with tailor-made solutions. For example, the intra-plot sowing modulation service significantly increases the yield of grain corn. The farmer has access to a digital platform, gathering all the information on the plots as well as the crop itinerary.

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 brand

Performances and highlights in 2018-2019: a high-quality performance

In Europe, over fiscal year 2018-2019 Vilmorin & Cie posted marked growth in sales that stood at 565.3 million euros on June 30, 2019, an increase of 5.7% on a like-for-like basis.
Vilmorin & Cie thus achieved a very good performance in a context of unstable agricultural markets. Sales growth was driven by the entire product portfolio, particularly corn, sunflower, rapeseed and forage.

- In corn, Vilmorin & Cie recorded an increase in sales, while the acreages devoted to this crop returned to growth this year (+3%. *Internal source*). Sales volumes are increasing in most countries, particularly in Western and Central Europe. At the end of this fiscal year, Vilmorin & Cie consolidated its market share, particularly in Western Europe, and thus confirmed its position as the fourth largest European player in corn seeds.

  Illustrating this fine performance, the launch of Starcover, which was initiated in fiscal year 2017-2018, was highly satisfactory. Starcover is a biostimulant applied in seed treatment, which combines a micro-organism and a plant extract with an innovative coating system. This mixture, combined with the best of Vilmorin & Cie's genetics, stimulates root development and efficiency for better yield expression. This major innovation, initially applied to corn seeds marketed in Western Europe, creates added value for farmers and represents a real competitive advantage for Vilmorin & Cie.

- In straw cereals (wheat and barley), certified seed sales for the long distribution channel grew slightly, in a context of a return to growth in cultivated acreages. The activity of delegating straw cereal varieties (known as the short circuit) was stable compared to the previous year; it contributed to generating 31.5 million euros in royalties*.

- In sunflower, the increase in activity is mainly taking place in Russia and Turkey. This achievement is based on high-performance genetics, a high-quality product portfolio and a particularly efficient distribution network; it has allowed Vilmorin & Cie to increase its market share in this crop in several key countries, notably Russia and France.

- In rapeseed, the sales campaign for 2018-2019 once again ended with excellent growth. Indeed, despite the marked decrease in the acreage devoted to this crop, directly related to the drought of summer 2018, Vilmorin & Cie has significantly increased its sales for this crop, owing to extremely efficient genetics, and is consequently gaining market share significantly. Vilmorin & Cie has thus strengthened its position as a leading European player.

In addition, during fiscal year 2018-2019 Vilmorin & Cie continued the reorientation of its European research set-up initiated during the previous fiscal year. The objective of this reorganization of its 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 seed markets in Europe, by optimizing the set-up in Western Europe and developing it in Eastern Europe. In this respect, 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. For example, new multi-species and multi-skills laboratories have been created at the Verneuil-l'Étang site in France, whose teams have also been strengthened.

Finally, Vilmorin & Cie reorganized its agricultural production facilities in Eastern Europe during fiscal year 2018-2019. For example, the corn seed production plant located in Mezőhegyes (Hungary), acquired by Vilmorin & Cie in 2014, was sold to the Hungarian State.
At the same time Vilmorin & Cie and the Hungarian State have entered into a long-term partnership agreement enabling Vilmorin & Cie to secure the seed production carried out on the site. This operation therefore in no way hinders Vilmorin & Cie's access to production capacities that are ideally located to continue to support the deployment of its activities in Central and Eastern Europe.

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	KWS	Corteva Agriscience	Syngenta
No. 2	RAGT	Bayer	Corteva Agriscience
No. 3	**Vilmorin & Cie**	KWS	**Vilmorin & Cie**
No. 4	Syngenta	**Vilmorin & Cie**	Euralis

(1) Wheat and barley (main countries in which Vilmorin & Cie operates).
(2) Greater Europe.
Source: internal estimates.

1.5.2.2. 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 distributes 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 significant market shares 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.

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 deployed its new commercial strategy, with a full reorganization of its brands. In the United States, AgReliant is now 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 can thereby continue 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 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.

(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.

Field Seeds in North America
Main brands

LG SEEDS — AgriGold — PRIDE SEEDS

Performances and highlights in 2018-2019: a year in marked decline in a difficult environment

For fiscal year 2018-2019 AgReliant posted sales of 485.4 million euros (100% data), a drop of 10.6% on a like-for-like basis.

This year business development was affected, in certain distribution circuits, by the deployment of AgReliant's new sales strategy.

Moreover, the latter part of the commercial campaign turned out to be extremely difficult because of the exceptionally humid weather conditions that hit the Corn Belt in May and June. This record-breaking climate accident had a strong impact on sowing, and consequently on the sales volume for corn.

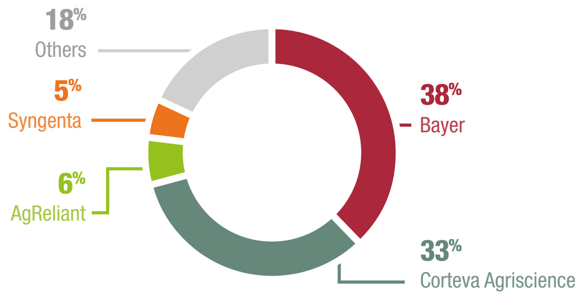
At the end of the fiscal year, AgReliant nevertheless maintained its position as the third largest player on the North American corn seed market.

At the same time, the volumes marketed for soybean seeds were down significantly, in a context of a sharp decrease in the acreage devoted to this crop *(-14%. Source: USDA)*.

Competitive position

With a particularly concentrated competitive environment (more than 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 2019)



Source: internal estimates.

1.5.2.3. Field Seeds in development zones

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

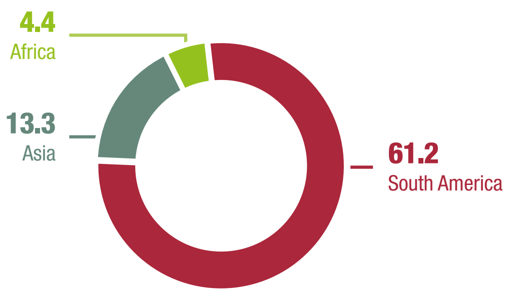
Performances and highlights in 2018-2019

In development zones for Field Seeds, Vilmorin & Cie made sales of almost 79 million euros in 2018-2019[(2)], an increase of 1.3% on a like-for-like basis in 2017-2018.
These regions therefore experienced slight growth in activity this year, in a context of generally tight markets. Although sales are still modest at group level, Vilmorin & Cie is continuing to deploy its Field Seeds activities internationally.

(1) American company specialized in the development of digital farming systems.
(2) Excluding wheat seeds in North America.

Field Seeds in development zones

Analysis of business on June 30, 2019
(in millions of euros)



Vilmorin & Cie's facilities in its 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. Similarly, a genetic resources* network has been established, in particular to optimize the management of germplasm*, especialy that of tropical corn.

South America

On June 30, 2019, Vilmorin & Cie posted a 9% increase in business on a like-for-like basis in South America.

- In Brazil, thanks to a successful end to the fiscal year, Vilmorin & Cie managed to achieve almost the same level of sales for 2018-2019. Vilmorin & Cie made much lower sales in its safrinha[(1)] corn campaign this year, with a significant drop in marketed volumes, as a result of Vilmorin & Cie's determination to defend its pricing policy in a context of strong competitive pressure on prices. As for soybean seed sales, they recorded, in line with the previous financial year, very strong growth; Vilmorin & Cie is thus continuing to expand its commercial offer, enabling it to cover all the needs of South American farmers.
- At the same time, in Argentina, sales grew very fast as a result of the increased volumes marketed, while the level of margins also held up well. This performance, in the wake of the devaluation of the Argentine peso, is also based on the country's market growth.

The Business Unit Limagrain South America, in charge of developing Field Seeds in South America, is currently operating in Brazil and Argentina, as well as Chile and Peru, countries mainly devoted to seed production. It is also working on the development of new markets, in partnership with local distributors, in Paraguay and Uruguay, and more recently in Ecuador and Peru.

In South America, fiscal year 2018-2019 was marked by the acquisition of the companies Sursem (Argentina) and Geneze (Brazil), from the investment fund Pampa Agribusiness[(2)] in December 2018.
Integrated into the Business Unit Limagrain South America, the two companies mainly breed, produce and distribute hybrid corn seeds, along with sunflower and soybean seeds. With four research centers and two production sites, the two companies also benefit from an extensive sales network. They made total sales of more than 40 million US dollars in 2017 and employ more than 160 people.

Through Geneze, Vilmorin & Cie can consolidate its market shares in Brazil, and has acquired further proprietary genetic resources* for corn.
In Argentina, Sursem is a timely and significant addition to Vilmorin & Cie's organization in terms of research, production and sales network. Indeed, Vilmorin & Cie has been running research in the country since 2010. In addition, Vilmorin & Cie will significantly strengthen its commercial positions in corn, wheat and sunflower. Argentina, the fourth largest market for field seeds in the world, is a world class market, whose temperate corn genetics also provides synergies with genetic resources* in Europe, North America and southern Africa. The acquisition of these two companies will also enable Vilmorin & Cie to strengthen its presence in soybean, a major crop in South America that Vilmorin & Cie has been distributing for several years in Brazil.

Through this acquisition, Vilmorin & Cie has taken a major step forward in its development in South America, significantly strengthening its organization and commercial positions in major crops. On June 30, 2019, due to the seasonal nature of the business, the impact of this transaction on Vilmorin & Cie's sales amounted to nearly 9 million euros.

The integration of Sursem and Geneze, which is well on the way to completion, is proceeding according to Vilmorin & Cie's forecasts. The new organization has been in place in Argentina since April 2019, and the new marketing campaign has been launched under a single brand: LG.

In Brazil, Vilmorin & Cie has launched the reorganization of its various sites in order to optimize its presence in the country: an identical number of research centers has been maintained, covering the main Brazilian breeding* environments; at the same time, the supply chain has been grouped on a single site. Integration is now almost complete and a new sales strategy will be deployed: the LG brand will be devoted to corn, soybean and wheat seeds while the Geneze brand will be reserved for corn seeds.

(1) Safrinha corn corresponds to the second corn crop, sown after the soybean harvest, from January to March.
(2) This acquisition was made through the acquisition of Mars Holding B.V., a Dutch holding company which owned Sursem and Geneze.

Asia

Vilmorin & Cie's Field Seeds activities in Asia 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 2018-2019, with business growing in Southeast Asia and a difficult campaign in India, especially due to a late monsoon.

- 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 is continuing its deployment in India, in particular through 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 can therefore, as a complement to corn, 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 (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' activity accelerated significantly in 2018-2019 after already strong growth in 2017-2018. This very good performance, mainly achieved in northeast China, in the temperate corn niche, is based on quality genetics, with a temperate corn germplasm from Europe and North America perfectly adapted to the environment of northeast China. The product offer should continue to expand gradually over the next few years.

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 2018-2019 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. 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. The company enjoys leading positions in several southern African countries (Zimbabwe, Zambia, Malawi, etc.) and aims to develop in other regions of the continent.
As at March 31, 2019, Seed Co once again achieved a high quality fiscal year, marked by a strong increase in sales (140 million dollars[1], or +9%).

Vilmorin & Cie and Seed Co are constantly strengthening the implementation of their partnership, which provides Vilmorin & Cie with access to new markets with high potential.
After the creation, during fiscal year 2016-2017, of a joint venture dedicated to vegetable seeds, Vilmorin & Cie continued to support Seed Co in its development projects.

Thus, in August 2018[2], Seed Co reorganized its activities through a partial demerger which led to the separate listing of its holding structure Seed Co International. This structure, based in Botswana, groups all its international activities (except Zimbabwe). The objective is to ensure its continued expansion on the continent, in particular by accessing new financial resources. Seed Co is currently listed on the Gaborone (Botswana) and Harare (Zimbabwe) stock exchanges.
Vilmorin & Cie therefore participated in the reserved capital stock increase of Seed Co International. As the largest shareholder of Seed Co International, Vilmorin & Cie is fully associated, through a shareholders' agreement, with Seed Co in defining and implementing the strategic ambitions of the new structure. On June 30, 2019, Vilmorin & Cie held 29.4% of Seed Co Limited's capital stock and 31% of that of Seed Co International. Vilmorin & Cie has demonstrated, through this operation, its desire to significantly accelerate its expansion on the continent.

Vilmorin & Cie continues to intensify its collaborations with Seed Co, including the deployment of its activities in Africa. For example, 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) Annual data at 100%.
(2) The decision was approved at Seed Co's Annual General Meeting of August 9, 2018.

1.5.2.4. 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. Vilmorin & Cie holds a leading position in Europe, as well as in Australia, through its minority stake of almost 33% in Australian Grain Technologies[1], the Australian leader for cereal breeding*, development and distributing.

Vilmorin & Cie is gradually moving out into new territories. Thus, beyond Europe and Australia, the Company is now present in other major areas of world wheat production: the United States, Canada, 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 collaboration with certain American universities, a portfolio of diversified genetic resources* 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 another key factor for future success.

Performances and highlights in 2018-2019

- In a market environment that remains difficult, leading farmers to widely adopt farm seeds, wheat acreage decreased significantly this past year in the United States *(-5%. Source: USDA 2019)*.

  In this context, the Business Unit Limagrain Cereal Seeds achieved a very solid performance, with a strong increase of its sales on June 30, 2019 (5.7 million euros, i.e. +18.7% on a like-for-like basis compared with June 30, 2018). Growth, which particularly concerns the Pacific North West area, relies on a quality product offer. It allows Limagrain Cereal Seeds to continue to gain market share in the region.
  The level of business nevertheless remains modest on the group scale.

- Furthermore, in the United States, implementation of the partnership signed at the beginning of 2016 with the Colorado Wheat Research Foundation and the company Albaugh[2] is continuing. This technological and commercial agreement targets the development of wheat varieties with a non-GMO* trait conferring resistance to a generic herbicide. The process for marketing these wheat varieties has progressed, validating in particular the effectiveness of the trait* in the field. Vilmorin & Cie is now initiating the commercial launch phase of these varieties, which represent a new and innovative solution wheat producers are looking forward to.

  This world partnership also involves an exclusive license granted to Vilmorin & Cie, with the commitment to deploy the use of the technology outside the United States.

- In Canada, Vilmorin & Cie is pursuing the development of its research program through the joint venture Limagrain Cereals Research Canada[3], specialized in the development 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.

1.5.3. Garden Products

Garden Products sales in 2018-2019
52.4
million euros
(+8.9 % on a like-for-like basis)

Vilmorin & Cie offers home gardeners a full range of seeds (vegetable, flower and amenity grass) and associated products: flower bulbs, products for soil and plant nutrition and garden equipment. Vilmorin & Cie's commercial offer was once again expanded and diversified in 2018-2019, illustrating the reorientation of the marketing strategy initiated during the previous financial year.

The Garden Products division is pursuing its transformation, with the objective of becoming 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 now structured around the Business Unit Vilmorin Jardin.

(1) Over the course of fiscal year 2018-2019, Australian Grain Technologies made total sales of 21 million euros. Australian Grain Technologies is part of the Business Unit Limagrain Asia-Pacific.
(2) Company specialized in generic products for plant production.
(3) 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.

1.5.3.1. 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 that guarantee 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

1.5.3.2. Performances and highlights in 2018-2019: a fiscal year of strong growth, driven by successful integration of the French company Graines Gondian

Sales for the Garden Products division came to 52.4 million euros on June 30, 2019, up 8.9% on a like-for-like basis. The Garden Products division thus posted strong business growth, in particular driven by the successful integration of the French company Graines Gondian.

- At the beginning of fiscal year 2018-2019, Vilmorin & Cie acquired the business of Graines Gondian. The third largest player on the French market, Graines Gondian produces and distributes vegetable and floral seeds as well as lawns for amateur gardeners in all distribution channels. In 2017, it had made sales of around 7 million euros.

  Thanks to the strong complementarities and synergies between Vilmorin Jardin and Graines Gondian, particularly in terms of product offerings and customer portfolios, this acquisition makes it possible to significantly consolidate Vilmorin Jardin's positions on the market for seed packets for home gardeners at the end of the year.

- The fine performance achieved by Vilmorin Jardin over the fiscal year was also due to weather conditions that were particularly favorable in February and March, when young plants were not yet available in stores, encouraging the use of seeds.
  In addition, the marketing campaign ended this year with an excellent performance in amenity grass sales, both in private label and national brand, benefiting from the redesign of the range launched in spring 2018. The garden equipment segment is also experiencing strong growth, driven in particular by the renewal of a major customer.

  On the other hand, without taking into account the integration of Graines Gondian, the decline in seed packet sales remains marked, largely impacted by an environment of markets that remain bearish: the market for seed packets for amateur gardeners has been in continuous erosion for several years.

- Furthermore, the Garden Products division recorded a slight increase in sales in Poland and Turkey, while business was down in the Netherlands.
  In this respect, Vilmorin Jardin reorganized its activities in the Netherlands during the year. Dedicated to flower bulbs, these activities are now entirely subcontracted to a Dutch family company called Florex. The entire flower bulb business was sold to this company, which is a leader in this market segment. Vilmorin Jardin, which will continue to offer a range of flower bulbs, can now rely on an expert in this field, who has perfect knowledge of the specificities of this business, particularly in terms of procurement.

  Similarly, plans to sell the activities in Turkey and Poland are currently being studied, in order to enable the Garden Products Division to concentrate all its efforts on the French market.

  At the same time, Vilmorin & Cie continued during the year to implement its action plan aimed at further optimizing its operating costs, in particular.

- Through these measures, Vilmorin Jardin is continuing its transformation, which is also reflected in the reorientation of its marketing strategy. In this respect, fiscal year 2018-2019 was particularly rich in new products. A range of Vilmorin brand vegetable gardens has been launched; a range of indoor gardens has been developed and the organic range has been extended with new references, to meet this very strong evolution in France. Spring 2019 was also marked by the launch of a Vilmorin application and its sensor, designed to support consumers with practical and easy tips for a successful garden. The objective is to recruit new gardeners, including novices. available for the moment on distributors' e-commerce sites, before being released in stores next year, this innovation has already received several awards – such as the LSA Innovation Trophy, confirming the interest generated by this real "gardener's coach".

  A major advertising campaign in a wide range of consumer media supported these numerous product launches, also accompanied by a complete overhaul of the vilmorin-jardin.fr website.

Vilmorin Jardin's offer may also eventually include services dedicated to home gardeners.

Vilmorin Jardin has thus significantly strengthened the diversification of its offer, with the objective of being the partner of all gardens and gardeners.

1.5.3.3. Competitive position

Vilmorin & Cie is the leading player on the French market for seeds intended for home gardeners.

1.6. DEVELOPMENT MODEL

A specific model

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

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. Its objective is to move agriculture forward to meet its numerous challenges, whether food, social or environmental. For Vilmorin & Cie, which has always had a culture that is both agricultural and scientific, the vision of progress is that of responsible progress. 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 Limagrain, is expressed through the numerous cooperation agreements and partnerships instigated by Vilmorin & Cie throughout the world, whether scientific, industrial or commercial.

1.6.1. 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.

As the first link in the food chain, seed is indeed a concentrate of solutions.

Focused on its know-how in seed and plant breeding, Vilmorin & Cie preserves the independence and freedom of choice of farmers regarding their other production factors.

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:

1 ANALYZING NEEDS

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

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

2 MANAGING AND ENRICHING GENETIC RESOURCES*

The development of new seed varieties is only possible if beforehand there is a collection of plants, called genetic resources* or heritage, as wide and varied as possible. They have to be collected, enriched, and characterized, and then maintained regularly so as to preserve their quality, and ensure they are available for the research teams. Indeed, breeders* use this plant base to draw their "raw material", which is indispensable for the creation of a new seed variety.

Vilmorin & Cie has a very large and diversified collection of varieties produced from its genetic heritage*. Built up over the past 275 years of its history, it has been enriched through the acquisitions of seed companies, breeding* programs and research partnerships.

3 CREATING NEW SEED VARIETIES

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

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

Vilmorin & Cie develops varieties with a better yield, specific resistances (to diseases, insects, etc.) and improved nutritional qualities (for example taste). In a context where research is becoming more and more industrialized, Vilmorin & Cie can benefit from an international network of internal and external skills, including more than 2,000 staff contributing to the research process spread out over more than 100 research centers all over the world, and from numerous partnerships. This organization is explained in more detail on **page 48.**

In compliance with regulations in force in targeted countries, before distributing the created variety, it has to be certified (for GMOs*) and registered (for all varieties: both GMOs* and conventional) in countries that have a catalogue, in particular to demonstrate the absence of risks to human and animal health and the environment (for GMOs*) as well as the characteristics of the said variety (in particular distinctness, uniformity and stability). In Europe, for example, any new variety can only be marketed if it is listed in the official European catalogue.

Further information on the regulations applied to the marketing of seeds is available at the following addresses:

Concerning France: https://www.geves.fr/informations-toutes-especes/quelles-sont-les-reglementations/reglementations/

Concerning Europe: https://ec.europa.eu/food/plant/gmo/legislation_en (for the certification of GMOs) and https://ec.europa.eu/food/plant/plant_propagation_material/plant_variety_catalogues_databases_en (pour l'inscription de toutes les variétés).*

4 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.

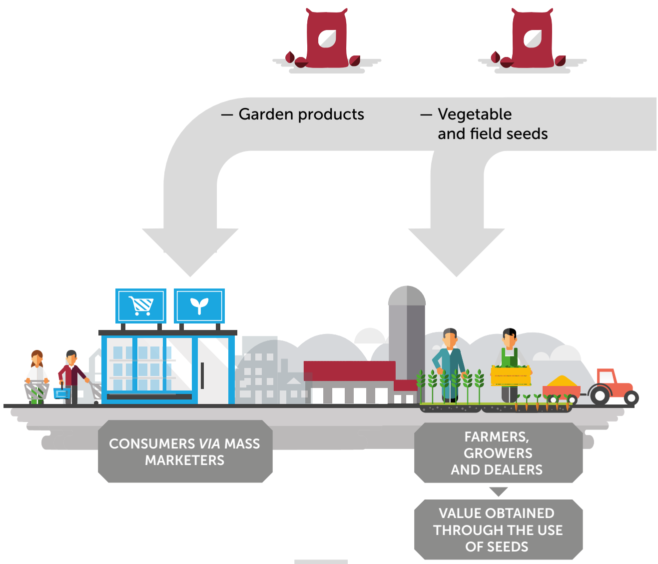
Vilmorin & Cie entrusts its seed production to an international network of carefully selected seed multiplication farmers* who work to very strict specifications. Vilmorin & Cie also has its own production farms, particularly for the production of high value-added seeds.

5 PROCESSING
SEEDS (CLEANING, CALIBRATION PROCESSING, PACKAGING)

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.



In 2018-2019, Vilmorin & Cie launched 255 new varieties on the market.

6 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 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

1.6.2. Close proximity to its markets

1.6.2.1. 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 regions, 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 30.

1.6.2.2. Thanks to its reference shareholder: Limagrain

Through its reference shareholder Limagrain, Vilmorin & Cie benefits from close proximity with the world of agriculture. Indeed, Limagrain's parent company is an agricultural cooperative.

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

Created and managed by French farmers, Limagrain is an agricultural cooperative and an international seed group. Its purpose is to cooperate so that agriculture can progress everywhere, for everyone.

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

To find out more www.limagrain.com - #Limagrain

Thanks to this proximity to its markets all over the world, Vilmorin & Cie can serve all forms of agriculture in their diversity and with respect for the agricultural and cultural reality of each region.

1.6.3. 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.

1.7. STRATEGY AND OBJECTIVES

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.

This strategy is a blend of strong, continuous investment in research, powerful international growth, and the capacity to combine targeted acquisitions and partnerships, in order to accelerate its expansion and strengthen its competitive positions sustainably on promising world markets.

3 STRATEGIC FOUNDATIONS

1 Strong, continuous 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: better adaptation to different climates and regions, matching needs and crops, resistance to diseases, yield optimization, etc.

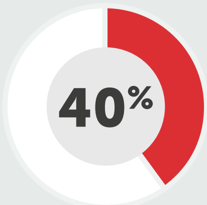
15.9% of sales invested in research(1)

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

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

29% of headcount active in research

2 Strong internationalization of activities



of sales for 2018-2019 made outside Europe

Subsidiaries in **50** countries

74 nationalities represented among employees

Sales in almost **150** countries

47% of employees outside Europe

3 Capacity to combine targeted acquisitions and partnerships

Vilmorin & Cie has adopted a policy of targeted acquisitions and establishes numerous cooperation agreements throughout the world, whether scientific, industrial or commercial.

With 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).

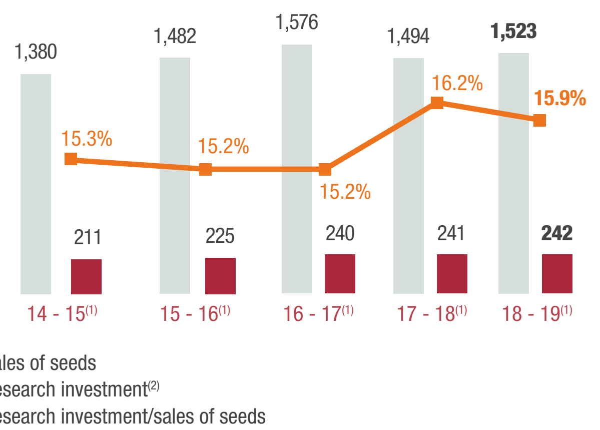
1.7.1. Strong, continuous investment in research

1.7.1.1. 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. It aims to develop, as quickly as possible, new varieties that meet the expectations of each of the players in the sector, and which must:
- improve the plant's agronomic qualities (adaptation to different climates and territories, resistance to diseases and to insects, yield, 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 in research 2018-2019

- 15,9% of seed sales invested in research[(1)] – including about 86% devoted to conventional research, and 14% devoted to biotechnology*
- 242 million euros of investment in research in absolute value, balanced in its spread between Vegetable Seeds and Field Seeds
- 300 million euros invested globally, i.e. including funding in the form of partnerships
- 255 new varieties created and marketed
- Proportion of sales from proprietary* Vegetable Seeds varieties: 95%
- Proportion of sales from proprietary* Field Seeds varieties: more than 50%

1.7.1.2. A comprehensive research organization

Thanks to 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 2018-2019, almost 2,000 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*.

(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.

The Group Scientific Affairs and Innovation Department focuses, with complementarity, on certain strategic projects, prospective science, technology and regulations, and the pooling of support in expertise.

Key themes include, for example, developments related to digital agriculture. 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 on page 35, paragraph 1.5.2.1.

At the same time, and with the aim of strengthening its innovation capacity, Vilmorin & Cie made a commitment during fiscal year 2018-2019, and for a period of 10 years, to the PSL Innovation Fund, a professional private equity fund created by the partnership between the Université PSL[1] (Paris Sciences et Lettres) and the management company Elaia[2].

Backed by the Université PSL, France's leading research and higher education center, PSL Innovation Fund targets innovative start-ups with a strong digital and technological component, active in particular in the life sciences, biotechnologies, agriculture and artificial intelligence sectors. This commitment provides Vilmorin & Cie, one of the fund's reference partners in the field of agriculture, with privileged access to the leaders of today and tomorrow on key topics and to strengthen its links with world-class innovation ecosystems. The start-ups followed by the PSL Innovation Fund are indeed a source of innovation, which will benefit all Vilmorin & Cie's businesses and activities, both to strengthen their operational efficiency and to develop new products and services.

Organization of Vilmorin & Cie's research

1.7.1.3. 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. It is ensured by taking full advantage of breeders' know-how*, the opening or modernization of research centers, as well as external growth operations and partnerships.

The preservation of the genetic biodiversity of cultivated species is therefore a priority for Vilmorin & Cie. It contributes to this through its participation in national or international programs for the preservation and exchange of genetic material and through its own conservation work.

At the same time, Vilmorin & Cie maintains and enriches this genetic diversity through the creation of new varieties of seeds resulting from its research.

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 breeders* to develop new plants more quickly and efficiently, by accurately describing plants and predicting some of their characteristics. They 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 account of 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

(1) Founded in 2010, the PSL University brings together several Parisian higher education and research institutions: Chimie ParisTech, École nationale des charters, École normale supérieure, École Pratique des Hautes Études, ESPCI Paris, Institut Curie, MINES ParisTech, Observatoire de Paris, Université Paris-Dauphine. It brings together 17,000 students, 4,500 research professors and more than 180 laboratories.
(2) Founded in 2002, Elaia Partners is an independent venture capital fund management company focused on the digital economy and deep tech, and approved by the AMF under the number GP-03003. Elaia currently manages more than 350 million euros and invests in companies with strong potential and focused on the disruptive economy, from the first rounds of financing to the emergence of international leaders.

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 several 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.
This agreement was signed 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 Court of Justice of the European Union taken 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*, obtained by transgenesis*. This legal status governs the possibilities of using these technologies for products intended for European markets.

With the exception of the European Union, as well as New Zealand, the majority of countries in which regulatory status has been clarified so far have excluded products obtained by directed mutagenesis (CRISPR type) from the scope of their GMO regulations*. In June 2019, these included the following countries: Argentina, Australia, Brazil, Chile, Colombia, Japan, Paraguay and the United States. These varieties excluded from the GMO* regulatory scope are considered conventional varieties and are, in fact, subject to the regulations applicable to conventional seeds.

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 in the countries where it operates.

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% by Vilmorin & Cie, 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 carried out a partial split of its activities at the end of 2018. Its oilseed research activities (rape and sunflower) have been integrated into Innolea, a company owned equally by Vilmorin & Cie, Euralis, RAGT and Sofiprotéol (April group).
  As for its cereal research activities (wheat and corn), they have been integrated into Vilmorin & Cie.
- 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), University of Jerusalem (Israel), CSIRO (Australia), University of Wageningen (Netherlands), University of Chiba (Japan), etc.

1.7.1.4. The results of research

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 2018-2019, 95% of Vegetable Seed sales and more than 50% of Field Seeds sales originated in seed varieties created by Vilmorin & Cie.

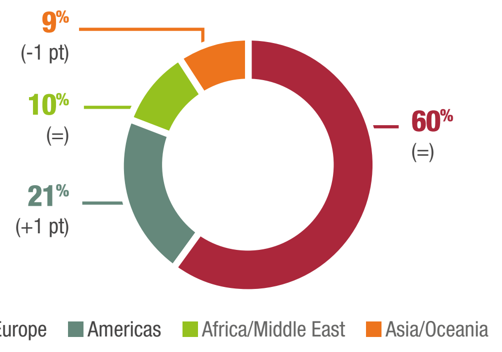
1.7.2. Strong internationalization of activities

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. Vilmorin & Cie is pursuing its development plan in both the vegetable seeds and field seeds markets.

1.7.2.1. Significant business outside Europe

Analysis of sales by geographical area in 2018-2019 compared to 2017-2018



1.7.2.2. 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. Representing around 40% of the global market for seeds, North America[1] is the largest seed market in the world in value. *(Source: AgbioInvestor 2018)*.

A long-term growth zone for wheat

Average wheat yields today in the United States stand at 2.5 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 making headway in the development of 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.

1.7.2.3. 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 – which already represents more than half the world's population, and the evolution of its consumption habits, the Asian market for seeds is growing regularly and today represents more than 18% of the world market

(1) Excluding Mexico.

in value *(Source: AgbioInvestor 2018).* Asia represented around 8% of Vilmorin & Cie's sales in 2018-2019, achieved mainly in China, Japan and India.
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 Tropdicorp (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 more than 3% over the past five years, the South American market[1] represented more than 20% of the world market for seeds in 2018 *(Source: AgbioInvestor 2018)* and offers very significant potential for development particularly in field seeds. Soybean and corn represent more than 87% of the South American seed market, mainly concentrated in Brazil and Argentina. However, this market remains volatile; in field seeds, it has been impacted again this year by strong competitive pressure on prices in Brazil. In this context, Vilmorin & Cie nevertheless posted significant business growth, driven by strong sales growth in Argentina. This information is presented in detail on page 38.
In total, sales came to more than 115 million euros on this continent[2], as opposed to 110 million euros the previous fiscal year.

Historically, South America has provided Vilmorin & Cie with the opportunity to reinforce its capacity to produce counter-season seeds. For Vilmorin & Cie this has, for several years, also become a zone for commercial development, with field seeds as a priority. In this respect, a major step was taken in fiscal year 2018-2019 with the acquisition of Sursem (Argentina) and Geneze (Brazil), two independent companies mainly active in hybrid corn seeds, supplemented by sunflower and soybean seeds. Thanks to this operation, Vilmorin & Cie has significantly strengthened its organization and commercial positions in South America for major crops.
This information is presented in detail on page 38.

1.7.2.4. Africa: a market with potential

Even though the market for seeds in Africa today represents less than one billion US dollars *(Source: ISAAA 2019)*, 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 the Maghreb countries and in 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 the South African seed company Link Seed. Vilmorin & Cie has also held a minority stake since fiscal year 2013-2014 in Seed Co, the top seed company in Africa.

Vilmorin & Cie and SeedCo are constantly strengthening the implementation of their partnership.

Thus, in August 2018, Seed Co reorganized its activities through a partial demerger which led to the separate listing of its holding structure Seed Co International, which includes all its international activities (except Zimbabwe). Vilmorin & Cie therefore participated in the reserved capital increase of Seed Co International, which is now listed on the Gaborone (Botswana) and Harare (Zimbabwe) stock exchanges. Vilmorin & Cie, which has become the largest shareholder of Seed Co International, has thus demonstrated its determination to significantly accelerate its expansion on the continent. This information is presented in detail on page 39.

On June 30, 2019, Vilmorin & Cie held 29.4% of Seed Co Limited's capital stock and 31% of that of Seed Co International.

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.

1.7.3. Capacity to combine targeted acquisitions and partnerships

1.7.3.1. 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 South America.

(1) Including Mexico.
(2) Excluding Mexico.

1.7.3.2. 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. Vilmorin & Cie's managerial culture therefore promotes delegation and initiative. In this way, the Company enables its local teams to respond to the diversity of needs and situations in all the countries where it operates and to bring their projects to life according to local conditions and opportunities.
As a result of this highly specific model, Vilmorin & Cie is very much involved in the territories where it works.

1.7.3.3. 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 50.
Vilmorin & Cie has, for example, built a partnership with the University of California in Davis to create a start-up incubator and investigate new forms of open innovation. Vilmorin & Cie is also involved in the professional private equity fund, PSL Innovation Fund, in order to strengthen its links with world-class innovation ecosystems and strengthen its capacity for innovation. This information is presented in detail on page 49.

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, and AgReliant 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.

1.7.4. Three strategic priorities

Vilmorin & Cie's offer is focused on seeds and the control of plant genetics, for the professional markets of vegetable growing and agriculture; it is thus positioned as an alternative to certain players offering an integrated model.

Vilmorin & Cie is convinced of the importance of preserving farmers' independence and freedom of choice regarding their other production factors.

Based on this specific model, Vilmorin & Cie's ambition is to accelerate its development according to three strategic priorities.

1. **In vegetable seeds,** Vilmorin & Cie, which is now the world No. 1 in this business, aims to strengthen this global leadership. To achieve this, its strategy is to consolidate its positions in the most mature markets (Europe, Middle East, North America) while developing in emerging regions, particularly in Asia and Africa. Vilmorin & Cie thus aims to become a leader in all markets and on all the main crops.

In field seeds, in order to pursue the development of its activities, Vilmorin & Cie's strategy is based on several complementary pillars: a presence on all continents; a strong brand – LG; effective research, combining rich and diversified genetic resources* and the use of the latest technologies; an ability to develop strong international partnerships, as well as, first and foremost, a broad portfolio of species.
Thanks to its multi-species strategy, Vilmorin & Cie is able to offer a range adapted to the needs of farmers in each region where it operates.
Within its product portfolio, Vilmorin & Cie has defined four strategic crops: corn, wheat, sunflower and rapeseed. Two of them are global: corn and wheat and are therefore priority areas for development.

2. **In corn seeds,** the top world crop for value, Vilmorin & Cie's ambition is to become a global player.

3. **In wheat seeds,** the top world crop for acreage, Vilmorin & Cie's objective is to be the world reference in the long-term.

3 STRATEGIC PRIORITIES

Vegetable seeds

A global market (5.7 billion dollars in 2018) with high added value, highly segmented in terms of products and production methods

STRATEGY

- Combine organic and external growth:
  - maintain organic growth higher than that of the market, thanks to the virtuous circle of innovation combined with proximity to its markets.
  - strengthen positions through targeted external growth operations.
- Develop business on complementary crop/territory segments and become a leader on all markets, with strong ambitions in Asia and all the strategic crops.

OBJECTIVE

Strengthen world leadership

Corn seeds

Top crop in the world in value (more than 15 billion US dollars in 2018)

STRATEGY

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

OBJECTIVE

Become a global player

Wheat seeds

No. 1 crop in the world in acreage (215 million hectares in 2018)

STRATEGY

- Consolidate its positions as leader in Europe and Australia.
- 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

Sources: AgbioInvestor 2018, USDA.

1.7.4.1. Vegetable seeds: strengthen world leadership

To consolidate its position as No. 1 worldwide in vegetable seeds, Vilmorin & Cie's strategy is based on a combination of organic growth, driven by a powerful flow of innovations and strong proximity to markets, and external growth, through targeted operations.

This strategy is being 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.

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 is linked to evolutions in the world consumption of vegetables, driven above all by the increase in the world's population, and is primarily dependent on the creation of novel seeds.

  In this context, mastering cutting-edge research technologies, for example plant biotechnology* (molecular marking*, cellular biology, etc.), is now vital for breeders*, since such technologies 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 Ménitré (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.
  Similarly, a technological platform, common to the three Business Units and dedicated to the evaluation of the quality of fruiting vegetables and sensory analysis, was created in Spain in 2018-2019.
  At the same time, investment in the sites which run this research is increasing. For example, during fiscal year 2018-2019 the Business Unit Hazera completed the extension of its seed pathology laboratory located in Brurim (Israel).

- Moreover, opening new sites increases proximity to markets and contributes to the chances of winning business there. In this respect, Vilmorin & Cie opened a new representative office in Jordan, as well as a subsidiary in El Salvador, with a research center specializing in the breeding* of tomato and pepper for the tropical and sub-tropical markets.
  Similarly, 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.

  The organization in Business Units 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 operations

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 32.

Becoming a leader in all markets and for all strategic crops

Present on all continents and in almost all the major cultivated crops in the world, Vilmorin & Cie's objective is to become a leader in all markets and on all the main crops. Already firmly established in the most mature territories, Vilmorin & Cie has a strong ambition in emerging regions, first and foremost Asia, which represents more than half of the world's population.

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. Vilmorin & Cie aims to achieve, in the long term, around 20% of its activity on this continent which, in 2018-2019, accounted for around 12% of vegetable seed sales. To ensure its development in this high-potential area, the Company has chosen to dedicate specific resources to increase research efforts, particularly from the Japanese base, and to extend market coverage.

In this respect, the acquisition of the Vietnamese company Tropdicorp, finalized in 2015, has enabled Vilmorin & Cie to strengthen its presence in Southeast Asia.

In addition, in India, the sales team of the Business Unit HM.CLAUSE was significantly strengthened during fiscal year 2018-2019, guaranteeing better coverage of this huge country.

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 in 2018-2019, the Business Unit Hazera inaugurated a new research center in Shouguang, dedicated mainly to the breeding* of tomato, cucumber and pepper varieties, and equipped with particularly high-performance equipment. At the same time, the sales teams of the Business Units Vilmorin-Mikado and HM.CLAUSE have been combined, 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 fiscal year 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.

1.7.4.2. Corn seeds: become a global player

As the largest seeds market in the world in terms of value, (almost 15 billion dollars, or 38% of the global market for commercial seeds. *(Source: AgbioInvestor 2018)* and representing 190 million hectares in 2018 (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 prevalent now for several years, Vilmorin & Cie is pursuing the implementation of its strategic plan to become a global player for this crop. This strategy is based on a combination between regional Business Units, something very specific to Vilmorin & Cie, and global functions – research and strategic marketing – to ensure coordination of these cross-cutting functions throughout the world.
In this respect, the networking of genetic resources* for corn means their management can be optimized, so they can benefit from high levels of synergy. 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 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 36.

Strengthening business in development 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.

(1) On June 30, 2019, Vilmorin & Cie held 29.4% of Seed Co Limited's capital stock and 31 % of that of Seed Co International.

This objective implies rapid internationalization of its positions in corn on markets with high-potential growth, South America, Asia and Africa, by setting up business here sustainably.

This internationalization has enabled 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 indispensable conditions and 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, with sales that increased slightly in 2018-2019. This information is presented in detail on page 37.

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 now represents a key development focus for field seeds, given its current size and growth potential. 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 region where soybean is a major crop, the Company also completed its commercial line-up several years ago, by offering farmers varieties of soybean seeds to cover all their needs. It thus has an additional advantage in approaching this market and optimizing its coverage.

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. During fiscal year 2018-2019, Vilmorin & Cie took a major step forward in its development with the acquisition of Sursem (Argentina) and Geneze (Brazil).

Both companies breed, produce and distribute mainly hybrid corn seeds, supplemented by sunflower and soybean seeds. They had a total turnover of more than 40 million US dollars in 2017, and have more than 160 employees.

With Geneze, Vilmorin & Cie has consolidated its market share in Brazil and acquired additional proprietary genetic resources* in corn.
In Argentina, Sursem is a relevant and significant addition to Vilmorin & Cie's organization in terms of research, production and sales network. Vilmorin & Cie has already had a research activity in the country since 2010. Argentina, the world's fourth largest market for field seeds, is a major market, with temperate corn genetics offering synergies with the genetic resources* of Europe, North America and southern Africa. The acquisition of these two companies allows Vilmorin & Cie to significantly strengthen its organization in South America and its commercial positions in major crops (corn, soybean, sunflower and wheat). This information is presented in detail on page 38.

At the same time, Vilmorin & Cie is also working to develop new markets, in partnership with local distributors in Paraguay and Uruguay, and more recently in Ecuador and Peru.

Asia

In Asia, the largest geographical continent for corn acreage, with around 64 million hectares in 2018 *(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.
Thanks to this set-up, Hengji Limagrain Seeds' business continues to accelerate, mainly in northeastern China, in the temperate corn segment. This information is presented in detail on page 39.

- 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 high 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

Africa ultimately has considerable potential for growth.
Corn is the main crop grown on the continent, with about 39 million hectares under cultivation in 2018, or about 20% of the world's grain corn acreage *(Source: ISAAA 2019)*.

Vilmorin & Cie first set up business on this continent in fiscal year 2012-2013, through the acquisition of Link Seed in South Africa. In 2013-2014, Vilmorin & Cie purchased a minority stake in Seed Co, the largest seed company in Africa. Seed Co, which has an extensive infrastructure base (six production plants and nine research stations) spread across the continent, enjoys leading positions in several southern African countries (Zimbabwe, Zambia, Malawi, etc.) and aims to expand into other regions of the continent.

Since 2013-2014, the two companies have intensified their collaborations. These include technologies and corn germplasm.

In addition, the creation of a dedicated entity in West Africa is planned, in partnership with Seed Co. This would make it possible to specifically address this part of the continent, not only on the white corn segment but also on the yellow corn segment, which is experiencing strong growth in West Africa.

In addition, in August 2018[1], Seed Co decided to reorganize its activities through a partial demerger which led to the separate listing of its holding structure Seed Co International, based in Botswana and covering all its international activities (excluding Zimbabwe). Vilmorin & Cie therefore participated in the reserved stock capital increase of Seed Co International. As the largest shareholder of Seed Co International, Vilmorin & Cie is fully associated, through a shareholders' agreement with Seed Co, in defining and implementing the strategic ambitions of the new structure. On June 30, 2019, Vilmorin & Cie held 29.4% of the capital stock of Seed Co Limited and 31% of that of Seed Co International. Vilmorin & Cie is thus demonstrating its willingness to significantly accelerate its expansion in Africa. This information is presented in detail on page 39.

Vilmorin & Cie thus continues to support Seed Co in its development projects and continues its gradual establishment on the African market, with the objective of offering solutions adapted to the specificities of the various countries and the great diversity of agricultural models on the continent.

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

With an adoption rate of 30% of world acreage in 2018 *(Source: ISAAA 2019)*, the market for genetically modified corn seeds today represents more than 11 billion US dollars *(Source: AgbioInvestor 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 as a priority is targeting the American markets (North and South America) as well as, in the longer term, other potential GMO* markets (Asia and Africa).

(1) The decision was approved at the Seed Co Annual General Meeting, held on August 9, 2018.

- 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. They also provide for the combination of these traits* with those developed by Genective, including AgReliant[1] for North American markets.
  These agreements significantly supplement and strengthen Vilmorin & Cie's technological platform. Indeed, the possibility of combining its proprietary genetic resources* with a wider range of highly competitive traits* – including those developed by Genective – will make it possible to offer farmers throughout the world a greater number of options and corn seed varieties that are extremely competitive in meeting their needs.

  The first sales of corn seeds incorporating Syngenta's technologies were initiated during fiscal year 2017-2018 in Brazil; representing a very limited portion of sales to date, they are expected to grow gradually over the coming years.

1.7.4.3. Wheat seeds: ultimately become the world reference for the most widely grown crop in the world

Consolidating the leading position in Europe and in Australia

- 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 are perfectly adapted to different soils and climates and to different industrial applications, and meeting farmers' needs even better by improving yield potential and regularity.
- As for Australia, it is a major wheat seed market, which also benefits from an efficient royalty* collection system. Vilmorin & Cie is building on the strategic partnership initiated in 2008 with Australian Grain Technologies (AGT), an Australian leader in the breeding*, development and marketing of innovative wheat varieties, which holds more than 50% of the market share (Internal source). It also benefits from existing agreements with Australia's two leading wheat researchers – ACPFG and CSIRO[2] – to develop wheat that optimizes the use of nitrogen adapted to local conditions.

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 2018 *(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 globally from low yields, and this represents a serious risk for the world's food balance. This situation can be explained by a lack of major innovation for this crop with very complex genetics and consequently the really low use of commercial seeds.
The seed 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 positions of excellence in Europe and Australia, 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 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[3], 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 page 40.

(1) A 50/50 joint venture created in July 2000 with the German seed group KWS.
(2) ACPFG: Australian Centre for Plant Functional Genomics. CSIRO: Commonwealth Scientific and Industrial Research Organisation.
(3) Company specialized in generic products for plant production.

- 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 was the consequence of changes to Canadian legislation which, in the coming years, will result in the application of a system of royalties* on wheat seeds, and provide direct remuneration to research. Canada will therefore be positioned among the top world players for this crop.
  This information is presented in detail on page 40.
- 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.

1.7.5. Objectives for 2019-2020

Fiscal year 2018-2019 should allow Vilmorin & Cie to continue to strengthen its competitive positions in market conditions that will probably remain heterogeneous in vegetable seeds and marked by strong competitive pressure in field seeds.

Vilmorin & Cie will continue to strengthen 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 2019-2020, 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 of at least 8%. This margin will take into account research investment that should be above 255 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) of at least 20 million euros.

1.7.5.1. Vegetable Seeds

In Vegetable Seeds, Vilmorin & Cie is aiming to achieve sales growth of 3% on a like-for-like basis in 2019-2020.

In market conditions that are expected to remain heterogeneous, Vilmorin & Cie is aiming to consolidate its position as the No. 1 company worldwide. To this end, the Company will pursue its strategy of combining innovation and proximity to markets in order to strengthen its commercial positions. The objective is to become a leader in all markets and on all major crops. In this context, Vilmorin & Cie will continue to step up development investments in Asia in order to accelerate its expansion in this high-potential region.

1.7.5.2. Field Seeds

In a market context that is expected to remain marked by strong competitive pressure, Vilmorin & Cie is approaching 2019-2020 with the ambition of developing its activities in all the regions where it operates.

Vilmorin & Cie is aiming for an increase of its sales of 2% 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 corn and wheat and a crop portfolio adapted to each region.

In 2019-2020, this will involve:
- confirmation of the excellent performance posted by its European activities in 2018-2019,
- integration of the companies Sursem (Argentina) and Geneze (Brazil) to propose a full product portfolio to South American farmers,
- consolidation of AgReliant's[(1)] competitive positions in North America.

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

1.7.5.3. Garden Products

In 2019-2020, Vilmorin & Cie will continue to implement the transformation of its Garden Products activity, based in particular on the diversification of its commercial line-up aimed at the home garden market, 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.
Vilmorin & Cie will also continue to optimize its brand portfolio and streamline the overall organization of its Garden Products business, particularly at the international level.

1.7.6. Outlook for development

In a seed market that is fundamentally growth-oriented, the objectives for 2019-2020 should enable Vilmorin & Cie to pursue the growth trajectory of its activities and consolidate its position as the fourth largest seed company worldwide, while confirming its ability to offer resilient and sustainable development prospects.

In this context, Vilmorin & Cie will make progress in the implementation of its three strategic priorities, with a timetable established for each of them:

- consolidating world leadership in vegetable seeds is already a priority,
- the objective of becoming a global player in corn seed is more medium-term,
- internationalization of wheat seed leadership is part of a long-term strategy.

The strategic priorities are presented in detail on page 54.

This outlook also includes an extra-financial dimension, with environmental performance objectives which are presented in detail in part 4 (cf. page 146).

1.8. BUSINESS MODEL

Main challenges for the seed sector:

- Increase in the world population and in food needs
- Growing urbanization and a trend towards the reduction of arable land
- Climate change and the preservation of natural resources
- Access to plant biodiversity
- Digital transformation

RESOURCES AND ASSETS

Human capital and governance

- A long-term reference shareholder and a diversified floating shareholder base
- 6,850 permanent employees of 74 nationalities
- 47% of headcount based outside Europe
- Board Member strongly involved in governance and guaranteeing close proximity to the agricultural world

Economic and financial capital

- 1.3 billion euros shareholders' equity on June 30, 2019
- Net financial indebtedness of 912 million euros on June 30, 2019

Intellectual capital

- 15.9% of sales reinvested in research(1)
- 29% of headcount active in research
- More than 100 research centers in the world
- More than 275 years experience in plant improvement
- A portfolio of strong brands

Natural and environmental capital

- 275,125 MWh of energy consumed
- 2,372,972 m³ of water consumed
- Active preservation of genetic diversity with, for example, 30,000 corn varieties preserved in Europe

Societal capital

- Locations in 50 countries
- Numerous scientific, industrial and commercial partnerships
- Regular dialogue and strong involvement with stakeholders in the different regions with sites

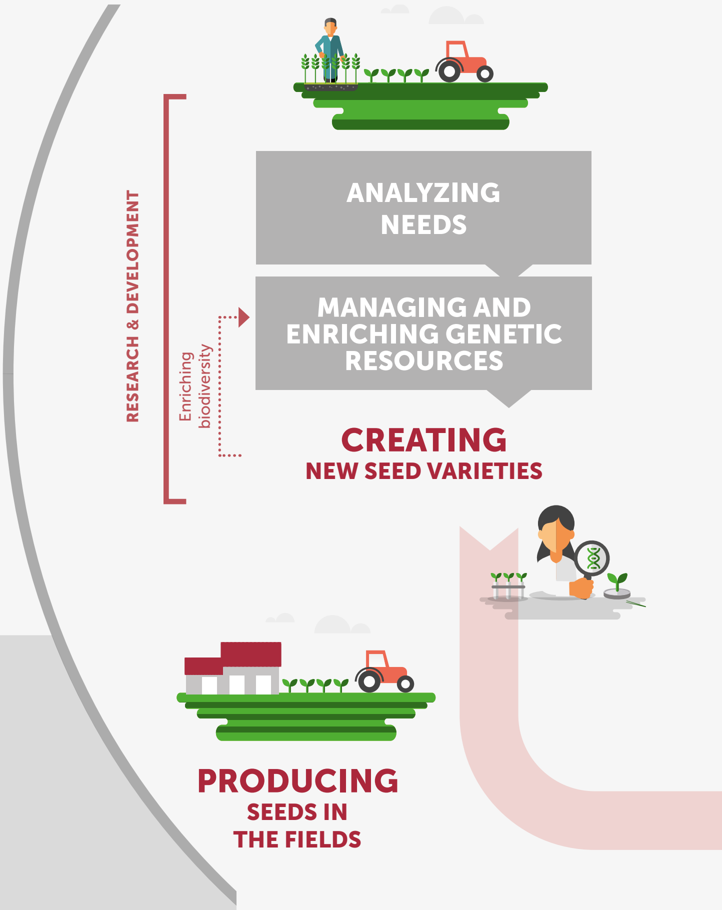
Data for 2018-2019.

(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) On June 28, 2019.

BUSINESS MODEL

No. 4 seed company worldwide,
Vilmorin & Cie creates vegetable and field seeds with high added-value, contributing to meeting food challenges



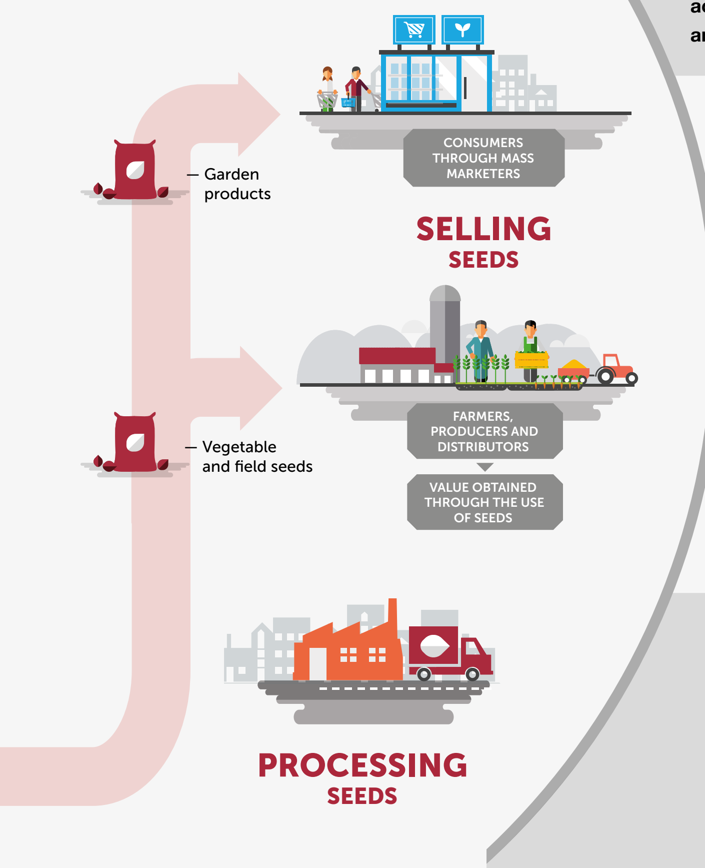
A SPECIFIC DEVELOPMENT MODEL

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

IMPACTS AND VALUE CREATION

AN AMBITIOUS STRATEGY OF WINNING MARKET SHARES

- **Strong permanent investment in research**
- **Strong internationalization of activities**
- **Capacity to combine targeted acquisitions and partnerships**



A CSR PROGRAM ANCHORED IN THE COMPANY'S DNA

- **Contribute to lasting progress of agriculture through seed**
- **Act responsibly**
- **Encourage cooperation**

A detailed diagram of the profession is presented on pages 44-45, paragraph 1.6.1.

Human capital and governance

- Strategic choices guided by customer needs and consistency in strategic orientations
- 305 million euros paid out in compensation to employees and almost 11 million euros devoted to profit-sharing schemes
- 128,163 training hours with a training budget of almost 3 million euros

Economic and financial capital

- Sales of 1,391 million euros
- Total net income of 77.9 million euros
- 42% profit distribution rate (a dividend of 1.35 euros per share)
- 1.2 billion euros of market capitalization(2)
- A 3rd free allotment of shares in 2019

Intellectual capital

- A broad portfolio of varieties, associating globally consumed crops and local crops
- 255 new varieties launched

Natural and environmental capital

- 1.3 million euros invested in the improvement of environmental impacts
- 67,805 teqCO_2 emitted
- More than 2.5 million euros invested in almost 200 actions since 2015 to reduce energy consumption
- 33,674 tonnes of waste generated and 82.1% of non-aqueous waste recovered
- 20 million euros invested every year in the preservation of plant biodiversity

Societal capital

- Contribution to the increase in food production through the genetic progress made by new varieties
- 150 societal and philanthropic actions
- A responsible purchasing policy
- Influence exerted in societal debates related to seed issues

1.9. RISK FACTORS

1.9.1. Risk management organization

Risk management is an integral part of Vilmorin & Cie's global strategy, which continues to build and continuously improve its risk management system.
Its objective is to anticipate the threats to which Vilmorin & Cie is exposed and to identify future opportunities in order to:
- preserve its employees, assets and reputation,
- promote the achievement of its objectives,
- and to ensure its sustainability.

The Governance, Risk, and Compliance Department (GRC) 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 five departments: legal affairs; audits and risk management; insurance; safety, security, data, archives, crisis; 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 2018-2019, a Group Risk Management and Internal Audit Department (GRAIG) was created within the GRC Department. The GRAIG department is responsible for coordinating Vilmorin & Cie's global risk management approach so that its control is ensured.

Within the GRAIG Department, the Group Risk Management Department manages Vilmorin & Cie's risk management process. Its main tasks are to coordinate the various players, ensure that the group method is properly deployed and report the results of the group evaluations to the Executive Committee and Vilmorin & Cie's Audit and Risk Management Committee.

The merger of the risk management and internal audit functions has made it possible to create synergies and strengthen the control system: the annual internal audit plan is based on risk mapping and audit findings feed into the analysis of residual risks. In addition, during fiscal year 2018-2019, Vilmorin & Cie began the deployment of group guidelines and indicators on the treatment of the highest risks. This work will continue over the next fiscal year.

Vilmorin & Cie's risk management system is based on three essential pillars:
- an iterative process that regularly ensures risk levels in the company,
- a network of players that allows a link between operational activities, corporate functions and management,
- a common and shared methodology.

To manage the entire process, Vilmorin & Cie's risk management is based on a Risk Management Information System (RMIS) deployed across all Business Units since 2017-2018.

Governance of the risk management system is described in detail in the management report on page 102.

1.9.1.1. The risk management process

The risk management process is deployed in all Vilmorin & Cie Business Units and is reviewed annually.

This process is divided into four steps:
- risk assessment (identification, description, analysis and evaluation of criticality),
- the position of the management bodies on the acceptable level of each risk and the validation of treatment plans,
- the treatment of these risks (implementation of action plans to bring the risk to the desired level),
- monitoring the implementation of treatment plans via performance measurement indicators (KPI: Key Performance Indicator) and their results with risk measurement indicators (KRI: Key Risk Indicator).

To assist the operational units in identifying their risks and to achieve a more consistent consolidation of these risks at Vilmorin & Cie level, a common reference framework has been established. It includes 58 generic risks which are divided into two categories: strategic and operational risks; the latter are themselves classified into fifteen risk areas.

1.9.1.2. The people involved in risk management

The implementation of the risk management process is based on a network of participants identified at Corporate level and in each Business Unit. At Vilmorin & Cie, a risk management officer manages this network.

The roles of each type of participant have been clearly defined:

- Risk owners: in each Business Unit, they are members of the Operating Committee and at Vilmorin & Cie level members of the Executive Committee. They are in charge of defining the risk tolerance for their scope and providing the means to implement treatment plans if necessary.
- Risk domain coordinators: they are appointed by the members of the Vilmorin & Cie Executive Committee. Through their expertise and responsibility in the domain concerned, they coordinate risk management for this domain throughout the scope of Vilmorin & Cie.
- Business Unit risk coordinators: each Business Unit Operating Committee has appointed a coordinator whose role is to ensure that the risk management process is duly implemented and to coordinate the participants within its Business Unit. The risk coordinator reports to the Operating Committee of its Business Unit on the risk management process.
- Risk controllers: they are appointed directly or indirectly by the risk owners for their knowledge of, or proximity to, the risk scope. They are responsible for implementing risk management plans.

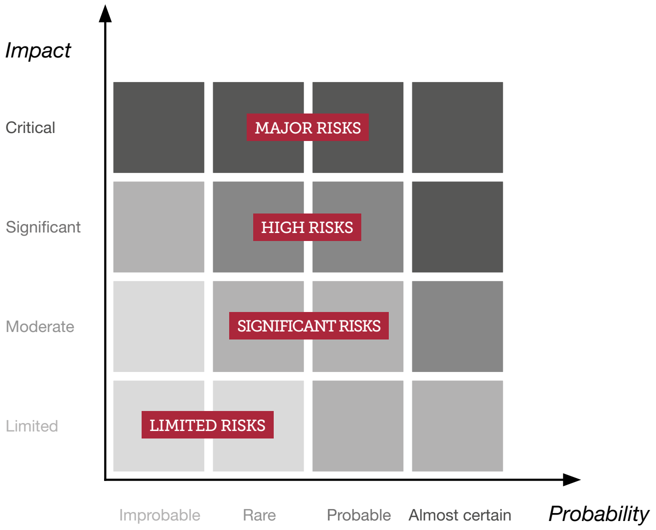
1.9.1.3. Assessment methodology

Vilmorin & Cie's risks are assessed on the basis of their likelihood and impact on two scales at four levels:
- the likelihood scale: improbable, rare, probable and almost certain,
- the impact scale: limited, moderate, significant and critical.

Each level is assessed according to five criteria:
- operations/business/strategy,
- ethics, compliance with laws and regulations,
- human (safety, security),
- financial,
- image/reputation.

By crossing the likelihood and impact of the risk, a position of the net criticality of the risk is obtained: major risk, high risk, significant risk, limited risk.

Net risk criticality matrix



1.9.1.4. Risk mapping

This organization makes it possible to carry out an annual risk mapping of each Business Unit and a global mapping at Vilmorin & Cie level.

The following paragraphs describe the main risks identified in 2018-2019 and their treatment plans. The latter are divided into two categories: strategic and operational risks.

In each category, the risk factors are presented in descending order of importance determined by Vilmorin & Cie as of the date of this annual report.

1.9.2. The main risk factors

	Assessment of the residual risk
STRATEGIC RISKS	
Risks related to a change in the economic or geopolitical environment	High
Risks related to the strategy for growth and development	High
Risks related to research	High
Risks related to the price of agricultural raw materials	Significant
OPERATIONAL RISKS	
INFORMATION SYSTEMS	
Risks related to cybersecurity and to the architecture of information systems **CSR**	Major
COMMUNICATION	
Risks of damage to Vilmorin & Cie's reputation or image **CSR**	High
PRODUCT QUALITY	
Risks of product quality and non-compliance of distributed products **CSR**	High
INTELLECTUAL PROPERTY/LEGAL AFFAIRS	
Risks related to intellectual property **CSR**	High
Risks related to the competition	Significant
SAFETY/SECURITY CSR	
Risks related to the safety of persons and property	High
Risks related to the security of persons and property	Significant
OPERATIONS/TRADING	
Risks related to procurement	Significant
ENVIRONMENT	
Risks of pollution and environmental non-conformities **CSR**	Significant
ETHICS	
Risks related to the compliance of practices to ethical principles and to anti-corruption laws **CSR**	Significant
FINANCIAL	
Risks related to exchange rates and currencies	Significant

The pictogram **CSR** identifies the risks that include extra-financial stakes (also described in Chapter 4 “Corporate responsibility and extra-financial performance”).

1.9.3. Risks related to Vilmorin & Cie’s strategy

1.9.3.1. Risks related to a change in the economic or geopolitical environment

Identification of the risk

Vilmorin & Cie is present in 50 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 dimension 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, deep economic crisis as in Argentina for example) 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.

Moreover, in recent years, a concentration involving major operators in the seed and agrochemical sectors has been completed. These operations have highlighted 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 impacted by farmers' economic difficulties and by the growing reluctance to use plant protection products in several countries.

The emergence of major companies, active in both agrochemicals and seeds, could lead them to try to "lock in" the market with integrated offers (including services such as insurance, digital technologies, financing, etc.), and thus compromise Vilmorin & Cie's ability to pursue its development on its markets.

However, the impact of these consolidation movements is still unclear. Indeed, most of the companies concerned are still in the process of reorganization and structuring, which may also represent one-off opportunities (additional divestments, loss of customer loyalty, image problems in certain regions, etc.).

Finally, the large-scale, systematic introduction of digital technology in all fields of activity (research, production, marketing) presents a real risk of a profound transformation of the seed business. This includes the prospect of new players entering the sector, sometimes far removed from the seed business (e. g. GAFAs), whose interest in agriculture is growing. Vilmorin & Cie is currently integrating these new trends, for example by starting to offer new solutions. These are described in detail on page 35, paragraph 1.5.2.1.

Managing the risk

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

To anticipate these possible upheavals, Vilmorin & Cie has chosen international development, with operations on all continents, which allows it to limit the risk of concentration and to face competition thanks to this geographical diversification. Vilmorin & Cie generated 60% of its 2018-2019 sales in Europe, 21% in the Americas, 9% in Asia/Oceania and 10% in Africa/Middle East.

In addition, the segmentation of its activities allows Vilmorin & Cie to balance its presence in the various markets: in 2018-2019, Vilmorin & Cie generated 49% of its sales in Vegetable Seeds and 47% in Field Seeds.

Moreover, potential risks in a country are considered when choosing investments and locating industrial, scientific and commercial assets: trade facilitation and movement of goods, 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 economic and geopolitical environment of its activities. In addition, the GRC Department is regularly mandated to carry out specific threat/opportunity analyses on strategic and geopolitical issues, making it possible to provide a cross-functional perspective and decision-making support for the General Management.

Furthermore, the Development and Strategic Studies Department is responsible for building, with the General Management and the Operational Managers, a forward-looking vision and exploring new themes to support Vilmorin & Cie's growth, in terms of activities and products. To this end, it also analyzes market trends (monitoring the evolution of competitors' strategies and detecting possible weak signals of threats and opportunities).

Finally, the changes in the competitive environment have not affected Vilmorin & Cie's competitive positions (the main operators have retained their size in their seed business) or its strategy.

Vilmorin & Cie has therefore been able to maintain a definite competitive advantage, thanks to its strategy and model focused on seeds and the control of plant genetics. Vilmorin & Cie is convinced that the integrated model, covering all the farmer's needs, will in no way 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 panorama is presented in detail on pages 28-29.

1.9.3.2. 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. A particular effort was made this year to further develop and enrich an integration process that could identify key success factors and potential risks to focus on upstream.

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.

1.9.3.3. Risks related to research

Identification of the risk

Research and innovation activities are a key element of Vilmorin & Cie's strategy. In order to develop the seed varieties of tomorrow and thus ensure its future growth, Vilmorin & Cie constantly invests in research and development projects. These investments now represent 15.9% of its seed sales from activities aimed at professional markets[1].

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

- a mismatch between the research projects launched and future market needs, bearing in mind the long duration of research cycles (7 to 10 year to create a new seed; 10 to 15 years to develop a new trait*),
- an imbalance between the distribution of investments granted to different research and development projects, the targets being insufficiently diversified, or markets being targeted with no potential growth or inappropriate timelines,
- late identification of emerging technologies that might have an impact on seed improvement processes,
- the launch of a breakthrough innovation by a competitor in varietal research, technology or, more broadly, business model, which would expose Vilmorin & Cie to the loss of a competitive advantage in one of its business segments.

Managing the risk

Vilmorin & Cie strengthens its positions in the vegetable and field seeds markets by investing heavily and continuously in research, which enables it to launch several hundred new seed varieties per year.

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 numerous international partnerships, both with academic players and world-renowned research institutes or start-ups, enable it to identify the emerging trends and disruptions that Vilmorin & Cie and its environment might be facing in the future.

Research and the partnerships established by Vilmorin & Cie are presented in detail starting on page 48.

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 matches market trends and ensures current programs will be profitable.

1.9.3.4. Risks related to the price of agricultural raw materials

Identification of risk

The fluctuation of cultivated acreages per crop can have a significant effect on the level of activity of seed companies, since the price of seeds is very different from one crop to another. Geographical location, local environment and climate determine farmers' choices of the crops they sow, but the profitability of each crop is also decisive. This depends on several factors, including the price of agricultural production (for field seeds) and the cost of inputs*.

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) Integrating 50% of AgReliant's activities (North America. Field Seeds).

1.9.4. Operational risks

1.9.4.1. Risks related to information systems

Identification of the risk

Information systems (IS) are an essential support for the management and development of Vilmorin & Cie's activities in an international and decentralized environment. The various processes, whether administrative, industrial, commercial or research, are based on various, complex and interconnected IT architectures.

In this context, Vilmorin & Cie believes that the main risks to information systems are related to cybersecurity and possible failures in the architecture of information systems (IT infrastructure and software).

Indeed, any attack on the availability, integrity, confidentiality or traceability of information systems and data, whether malicious, accidental or technical, could have an immediate negative impact on Vilmorin & Cie's activities, reputation and results.

Like any other company, Vilmorin & Cie could be the target of computer attacks whose impacts on its activities are assessed as being critical.

With regard to malfunctions in the architecture of information systems, they can be of accidental and technical origin, linked to the deployment of major software packages (ERP) or the setting up of infrastructures. They could appear during the different stages of project management (organization, design defect, user defect, technical defect).

Managing the risk

Aware of the importance of IS-related risks, Vilmorin & Cie has set up a specific governance system based on a cross-functional organization.

In particular, the group has adopted a new IT project management method, integrating the specific operating features and requirements of Vilmorin & Cie.

During fiscal year 2018-2019, several actions dedicated to improving Vilmorin & Cie's cybersecurity were carried out:
- strengthening the cybersecurity team with the recruitment of four people by the Corporate Information Systems Security Officer,
- elaboration of a group cybersecurity policy,
- review of the various charters related to the use of IT tools,
- awareness-raising and training on cybersecurity risks,
- elaboration of a mid-term plan for the development of cybersecurity capabilities and devices,
- implementation of a procedure for controlling authorizations and accesses,
- creation of an incident database listing security vulnerabilities and incidents,
- taking out a cyber insurance policy,
- various technical measures,
- audit, intrusion test.

This work to improve cybersecurity will continue in the coming fiscal year with organizational measures (deployment of the cybersecurity policy across the group, awareness raising) and technical measures (implementation of measures to improve the common group infrastructure).

- The information systems organization is also presented on page 158, paragraphs 4.4.5.2. and 4.4.5.3.

1.9.4.2. Risks related to communication

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 targeted to facilitate their understanding of the group and initiate quality dialogue.
- Awareness-raising and training of the group's top executives, communicators and spokespersons. Two crisis communication guides are made available to them and specific media-training is planned as a preventive measure to prepare certain more sensitive topics and, in crisis situations, to prepare statements.
- The dissemination of a press procedure for Vilmorin & Cie's subsidiaries, to provide a framework for following and 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 76, paragraph 1.9.5.1.).

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.

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].

- Communication actions, particularly to foster societal dialogue on seed issues, are presented on page 126, paragraph 4.2.3.

1.9.4.3. 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 45.

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 requirements of the ETS – *Excellence Through Stewardship*[4] program, the implementation of a control plan in accordance with the requirements of the supplier of the technology, 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. In this respect, it should be noted that since the decision of the European Court of Justice of July 25, 2018, products resulting from new genome editing techniques are considered as GMOs* in Europe.

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 incorrect 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 2018-2019, 38 employees from the Field Seeds and Vegetable Seeds divisions were trained on the guidelines, and 36 audits were carried out by the network of internal quality auditors. Five audits were also carried out to ensure that the contractual quality requirements of suppliers of GM traits* were met.

Finally, since 2012, Vilmorin & Cie has been a member of the international ETS (Excellence Through Stewardship) program, 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, and a new audit cycle is underway (2019-2021).

(1) Information on the Ethical Principles and Code of Conduct is presented in detail starting on page 139.
(2) Sanitary quality is harmonized by the International Plant Protection Convention (IPCC): https://www.ippc.int/en/core-activities/governance/convention-text/
(3) 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).
(4) Reference system created at the initiative of the international seed industry.

- Actions carried out in terms of product quality are also presented on page 127, paragraph 4.2.4.

1.9.4.4. Risks related to intellectual property and legal risks

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 rights and the rights attached to them, as well as the use by unauthorized third parties of assets, products or processes protected by intellectual property rights, constitute a significant risk for Vilmorin & Cie.

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, and due to complex national regulations related to the implementation by states of the Convention on Biological Diversity (CBD), Vilmorin & Cie is particularly exposed to the risk of using a genetic resource* in contravention of local regulations. Similarly, alongside the traditional industrial property tool of the Proprietary Variety Protection Certificate (PVPC), Vilmorin & Cie is confronted with the seed industry's practice of making greater use of 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 form 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 Ethical Principles and Code of Conduct, 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.

- The systems for protecting plant breeding are presented in detail on page 125, paragraph 4.2.2.3.

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. Moreover, the Ethical Principles and the Code of Conduct include reminders of business ethics rules.

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 related to litigations is presented in Note 26 “Other current provisions” in the notes to the consolidated financial statements.

On September 5, 2018, Vilmorin & Cie was called by Arcadia Biosciences to appear before the New York state court amongst other reasons 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. In the context of the proceedings initiated by Arcadia Biosciences before the courts of the State of New York against Arista, the court ruled in favor of Arista and dismissed all Arcadia Biosciences' claims and demands in a decision dated January 25, 2019.

As at June 30, 2019, the Company did not identify any litigation that could significantly affect its financial position.

To the knowledge of the Company, there is no other administrative, 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 contracts 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.

Evolution of the weight of the main customers

(as a % of consolidated sales)

	18-19	17-18	16-17
Weight of the top 5 customers	7.4	8.3	9.8
Weight of the top 10 customers	11.3	12.3	14.8

Evolution of the weight of the main suppliers

(as a % of purchases)

	18-19	17-18	16-17
Weight of the top 5 suppliers	4.0	4.1	3.8
Weight of the top 10 suppliers	6.0	6.0	5.4

1.9.4.5. Risks related to safety and security

Risks related to the safety of persons and property

Identification of the risk

Vilmorin & Cie employs 6,850 permanent employees in 50 countries, working in various conditions and environments.

Particular risk factors include:
- risks related to manual and mechanical handling,
- risks related to the working environment (slip, trip and fall accidents),
- risks related to mechanical equipment and work tools,
- risks related to road traffic (commuting or business trip accidents),
- risks related to exposure to chemical agents,
- risks of industrial accidents (fire, explosion, flood, earthquake),
- electrical risks.

Managing the risk

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

In 2015, Vilmorin & Cie set itself the objective of halving the frequency rate of accidents with and without lost time within 3 years.

The TF2 – over a 12-month sliding period – stood at 17.50 in August 2016. At June 30, 2019, it had been reduced to 9.88. We can therefore consider that the objective has almost been attained.

To achieve this, a prevention program focused on developing and harmonizing the group's safety culture, strengthening the managerial approach to safety and professionalizing practices is being deployed.

In 2018-2019, priority was given to chemical risk management with the initiation of a diagnosis that will enable the control of these risks to be taken to a higher level in the coming years.

Since 2018, Vilmorin & Cie has also undertaken a five-year prevention and protection plan for all its sites in terms of property security. The objective is to preserve Vilmorin & Cie's people, assets and activities by reducing both the frequency and impact of events such as fires, explosions, natural disasters or theft.

This plan involves:

- A preventive component including in particular the improvement of procedures, intervention plans, means of detection and the development of a risk culture at each site (supervision of work by hot spots, storage rules, fire detection, automatic gas shutdown, business continuity plans, etc.).
- A protection component with significant investments dedicated to the installation of automatic sprinkler systems[1] and the reinforcement of explosion protection equipment.

This five-year plan is managed by the Group's Corporate Services in collaboration with the Business Units through quarterly meetings with the industrial departments of each of the Business Units and annual meetings with each of the Business Unit Operating Committees and with Vilmorin & Cie's Executive Committee.

In addition, guidelines have been issued and training courses are being offered to support this effort.

- The safety policy is also presented on page 131, paragraph 4.3.1.3., as well as the actions taken in terms of employee health.

Risks related to the security of persons 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 or natural catastrophes).

Vilmorin & Cie is also exposed to the risk of malicious attacks on its property (production plant, production inventory, products from its research, etc.). While thefts of belongings (simple thefts, burglaries, etc.) constitute the main part of these risks, the theft of so-called "sensitive" data or information (such as economic or corporate espionage) constitutes a significant threat because the impacts can be significant.

The group's long-standing opponents continue to represent a high risk in terms of image but also in terms of potential financial loss (particularly in the event of the destruction of test plots).

Managing the risk

Vilmorin & Cie has set up a tracking and alert procedure for risk countries to limit employee exposure. This tracking is supplemented by a registration system allowing the monitoring of employees on business trips as well as a real-time alert system for them when a risk arises in the region where they are travelling. In terms of destination, the Group also provides a detailed risk framework for business trips. Finally, rapid repatriation solutions are operational.

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. The Group Safety and Security Department, which was strengthened during the year by the recruitment of a security officer, centralizes intelligence and reinforces links with the various departments concerned (Information Systems Security, Human Resources, Business Units, etc.).

All these actions are coordinated by a group safety/security/data/archives/crisis Manager

1.9.4.6. 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.

(1) Sprinkler systems consist in releasing, as soon as possible, a quantity of water adapted to the feared disaster in an area where the onset of a fire is detected.

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.

1.9.4.7. Environmental risks

Identification of the risk

While conducting its business, Vilmorin & Cie is subject to numerous environmental regulations. These regulations are complex and constantly evolving, increasingly stringent, and their application can prove costly or even limit the group's ability to conduct or develop its activities.
In particular they concern the quantitative and qualitative management of water, air, greenhouse gas emissions, soil pollution, the use of natural resources, the preservation of biodiversity, noise, dust and waste(2). In cases where the group's environmental responsibility is 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 consumers, 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 experiences.
- Providing quality solutions that meet the needs of customers and distributors, 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 the regions where it operates.

At the same time, the Ethical Principles and Code of Conduct, and the fact that its reference shareholder Limagrain has been a signatory of the United Nations Global Compact since 2013, are a reinforcement of Vilmorin & Cie's commitment to make a significant contribution to the environment.

In order to ensure its compliance with the environmental regulations in force, 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.

Vilmorin & Cie's LEIA *(Limit the Environmental Impact of our Activities)* program has 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

(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.

(2) The regulations concerned include the following:

- Directive 2012/27/UE 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/FR/TXT/?uri=celex%3A32012L0027

- Article L181-2 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.

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 affairs, 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.

- This environmental program is presented in detail on page 145, paragraph 4.3.3.

1.9.4.8. Ethical risks

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 and its model that involves considerable delegation, 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

Over the course of fiscal year 2018-2019, the BE&AB *(Business Ethics & Anti-Bribery)* project, aimed in particular at compliance with the requirements of the Sapin II law, was implemented. Deployment of actions to strengthen the identification and fight against corruption was a major challenge during the year.

Based on the mapping of corruption risks established during fiscal year 2017-2018, tools were created or updated. For example, the update of the Code of Conduct was completed and reinforces the guiding principles dealing with the fight against corruption. The formalization of a commitment by the Executive Committee of Limagrain, Vilmorin & Cie's reference shareholder, to fight corruption is a sign of the importance granted to this subject. The disclosure system, due diligence procedures and additional accounting controls in this area strengthen measures to identify and fight against corruption.

To manage the disclosure system, Vilmorin & Cie has set up an Disclosure Management Committee (DMC) comprising the Human Resources (HR), Governance, Compliance and Risks (GRC) and CSR functions. Its purpose is to evaluate and process all internal and external disclosures regarding business ethics.

These tools, which were made available to all employees at the end of the fiscal year, are fully operational for fiscal year 2019-2020; the major challenge now is to deploy them across all the group's structures. The BE&AB project is presented in detail on page 139.

- The actions carried out within the framework of the Ethical Principles and the Code of Conduct are described in detail on page 139, paragraph 4.3.2.

1.9.4.9. Financial risks

Identification of the risk

As a consequence of its activity and international presence, Vilmorin & Cie is exposed to currency fluctuations as well as to the volatility of interest rates and certain agricultural commodities.

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.

Thus, on behalf of Vilmorin & Cie, the Limagrain Finance Department manages foreign exchange risks by means of an intra-group pooling procedure and hedging strategies at group level. Vilmorin & Cie manages fourteen 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).

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.

On June 30, 2019, Vilmorin & Cie's consolidated financial debt mainly comprised funding at a fixed rate, with 450 million euros from a debenture loan and 190 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 May 2019, in order to consolidate its financial resources and extend the average maturity of its debt, Vilmorin & Cie renewed its syndicated loan in advance for a total 300 million euros for a period of 5 years.
As at June 30, 2019, this credit was not 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, 2019, Vilmorin & Cie complied fully with this commitment.

And in June 2019 Vilmorin & Cie completed a *"Schuldschein"* type private placement (private placement under German law), for a total amount of 250 million euros. This consists of several 5, 7 and 10-year maturity tranches; it combines fixed and variable rates.

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.

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

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 soybean on the Chicago market, allow it to control the potential volatility of its supply costs.

1.9.5. Shared means of control for all operational risks

1.9.5.1. 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 2018-2019, several events justified the mobilization of the group crisis unit and the crisis units of the Business Units concerned.

These sometimes sensitive events were successfully handled. In a continuous improvement process, practices are reviewed based on feedback.

1.9.5.2. Insurances

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. 98% of Vilmorin & Cie’s entities, representing 100% of consolidated sales, are covered 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.

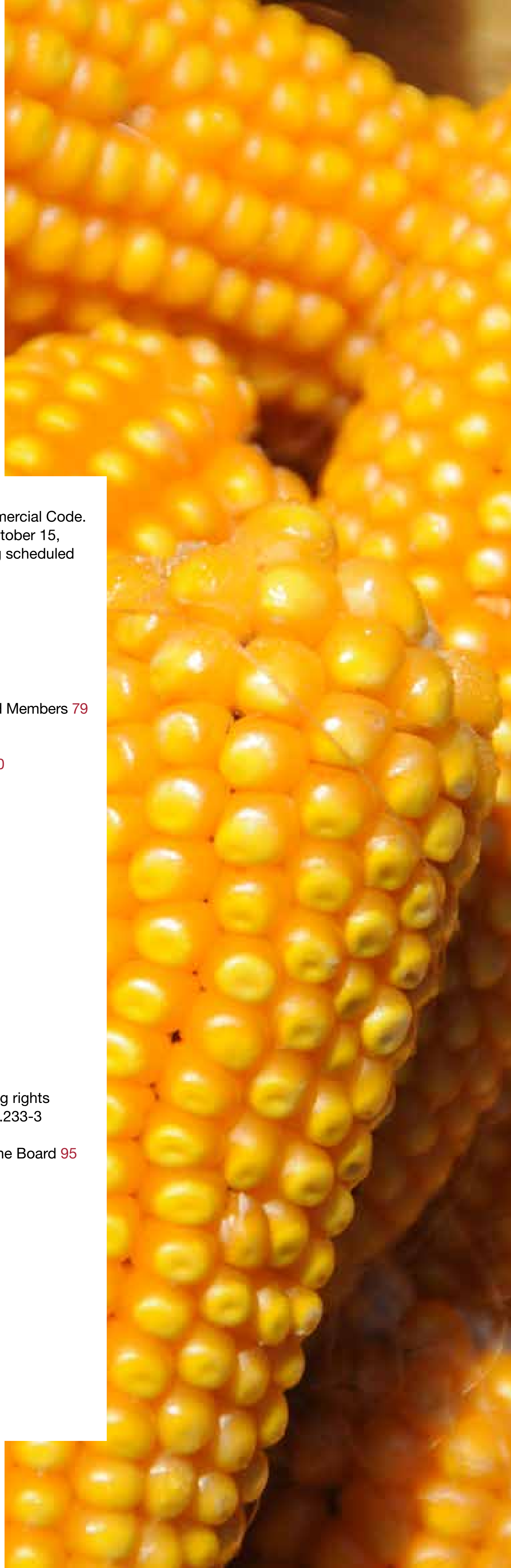
Insurance programs for special risks which are potentially significant and require centralized management, such as the responsibility of corporate officers, environmental risks, or cyber risks, are negotiated according to capacities available on the markets.

Management of these programs is entrusted to brokers and professional insurers under the supervision of Vilmorin & Cie. These programs were renewed on July 1, 2019, for another duration of one year.

Vilmorin & Cie is continuing to standardize its cover policy and deploy its insurance programs internationally.

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 Commercial Code. This report was adopted by the Board of Directors at its meeting of October 15, 2019 and will be submitted for approval at the Annual General Meeting scheduled on December 6, 2019.

2.1. CORPORATE GOVERNANCE CODE OF REFERENCE

As of fiscal year 2016-2017, Vilmorin & Cie has applied the Middlenext 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 Middlenext website (www.middlenext.com).

In compliance with the recommendation of the Middlenext Corporate Governance Code, the Board of Directors consulted the key points in the Code during the course of its meeting of June 25, 2019, 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 Middlenext Corporate Governance Code, while respecting the specific characteristics of Vilmorin & Cie.

Thus, on June 30, 2019, 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 agricultural cooperative and international seed group.

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

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

Composition of the Board of Directors on June 30, 2019

On June 30, 2019, 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, Claude RAYNAUD, 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 Board Members in accordance with the recommendations of the Middlenext Corporate Governance Code.

Philippe AYMARD

- Chairman and CEO
- Nationality: French • 59 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 cereal bodies in the region Auvergne-Rhône-Alpes (France).

Ongoing mandates on June 30, 2019

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), HM.CLAUSE INC. (United States), HM.CLAUSE SA (France), Vilmorin SA (France), 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 fiscal years and expired

(end of mandate)

2014-2015
Member of the Supervisory Board: Hazera Seeds BV (Netherlands), Limagrain Cereals Nederland BV (Netherlands)

2015-2016
Chairman: Vilmorin Participations SAS (France)
Director: Genective Japan (Japan)

2016-2017
Member of the Management Board: Limagrain Chile Limitada (Chile)
Joint Manager: Aigle & Partners SNC (France)

Annick BRUNIER

- Member of the Board
- Nationality: French
- 59 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, 2019

Chairwoman and CEO:
Jacquet Brossard SA (France), Savane Brossard SA (France)

Member of the Board:
Groupe Limagrain Holding SA (France), Jacquet Brossard SA (France), Savane Brossard SA (France), Sélia SA (France), Société Coopérative Agricole Limagrain (France), Vilmorin Jardin SA (France)

Member of the Board Committee:
Limagrain Ingredients SAS (France)

Mandates exercised over the past five fiscal years and expired

(end of mandate)

2014-2015
Member of the Supervisory Board: Hazera Seeds BV (Netherlands)

2015-2016
Member of the Board: HM.CLAUSE INC. (United States), HM.CLAUSE SA (France), Vilmorin SA (France)

2016-2017
Chairwoman: Jacquet Belgium (Belgium) (Representing Jacquet Brossard SA), Jacquet Brossard Distribution (France) (Representing Jacquet Brossard SA), Jacquet Panification (France) (Representing Jacquet Brossard SA), Milcamps (Belgium) (Representing Jacquet Brossard SA)

2017-2018
Member of the Board: DLF France (France)
Joint Manager: De la Graine au Pain SARL (France)

Mary DUPONT-MADINIER

- Independent Member of the Board
- Nationality: Franco-American • 64 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, French leader in transition management.

Ongoing mandates on June 30, 2019

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

COMPANIES OUTSIDE THE GROUP

Member of the Board:
IPSOS SA[1], American Chamber of Commerce (AmCham) in France

(1) Listed company.

2

Miriam MAES

- Independent Member of the Board and Chairman of the Audit and Risk Management Committee • Nationality: Dutch • 63 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). Miriam MAES has been managing the Energy Transition Forum since 2012.

Ongoing mandates on June 30, 2019

COMPANIES OUTSIDE THE GROUP

Chairman of the Supervisory Board:
Port of Rotterdam (Netherlands)

Member of the Board of Directors:
Assystem SA(1) (France), Eramet SA(1) (France), Urenco Ltd (United Kingdom), Ultra Centrifuge Netherlands (Netherlands)

Chairman:
Foresee (United Kingdom)

(1) Listed companies.

Mandates exercised over the past five fiscal years and expired

(end of mandate)

2014-2015
Member of the Board: Kiwi Power Ltd (United Kingdom)

2015-2016
Chairman: Sabien Technology Group Ltd (United Kingdom)

2016-2017
Chairman of the Board: Elia Group (Belgium)

2018-2019
Member of the Board: Naturex (France)

Claude RAYNAUD

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

Terms of office

• Commencement: 2018 • Expiry: 2021

Main activities

Farmer,
Vice Chairman of Limagrain

Expertise and experience

A Member of the Limagrain Board since 1999, Claude RAYNAUD has held several mandates in the different divisions of the Group. Currently, he is Vice Chairman of Limagrain (since January 2019) and Chairman of the Garden Products division as well as of the Cereal Ingredients activity. More specifically, he follows local activities of the Limagrain cooperative.

Ongoing mandates on June 30, 2019

Chairman and CEO:
Sélia SA (France), Tardif Tivagrain SA (France), Vilmorin Jardin SA (France)

Chairman of the Board Committee:
Limagrain Ingredients SAS (France)

Chairman of the Supervisory Board:
Vilmorin Garden Sp. zo.o. (Poland)

Member of the Board:
DLF France SAS (France), Groupe Limagrain Holding SA (France), Jacquet Brossard SA (France), Savane Brossard SA (France), Sélia SA (France), Société Coopérative Agricole Limagrain (France) (Vice Chairman), Tardif Tivagrain SA (France), Vilmorin Jardin SA (France)

Member of the Board Committee:
Limagrain Ingredients SAS (France)

Manager:
De la Graine au Pain SARL (France)

Mandates exercised over the past five fiscal years and expired

(end of mandate)

2014-2015
Member of the Supervisory Board: Hazera Seeds BV (Netherlands)

2015-2016
Member of the Board: HM.CLAUSE INC. (United States) HM.CLAUSE SA (France), Vilmorin SA (France)

Sébastien VIDAL

• Member of the Board and Member of the Audit and Risk Management Committee • Nationality: French • 43 years old

Terms of Office

• Commencement: 2016 • Renewal: 2017 • Expiry: 2020

Main activities

Farmer,
Vice Chairman of Limagrain

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 Vice Chairman of Limagrain (since January 2019) and Chairman of the Field Seeds division.

Ongoing mandates on June 30, 2019

Chairman of the Management Committee:
Desprat & Saint Verny SAS (France), Limagrain Europe SAS (France)

Member of the Board:
Groupe Limagrain Holding SA (France), HM.CLAUSE INC. (United States), Sélia SA (France), Société Coopérative Agricole Limagrain (France) (Vice Chairman), Tardif Tivagrain SA (France)

Member of the Management Board:
Limagrain Europe SAS (France)

Member Representative:
AgReliant Genetics LLC (United States)

Mandates exercised over the past five fiscal years

(end of mandate)

2014-2015

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

2015-2016

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), Savane Brossard SA (France), Vilmorin Jardin SA (France)
Member of the Board of Directors: Limagrain Céréales Ingrédients SAS (France)
Manager: De la Graine au Pain SARL (France)

2016-2017

Manager: Limagrain Chile Limitada (Chile)

2018-2019

Chairman and CEO: Limagrain Europe SA (France), Sélia SA (France), Tardif Tivagrain SA (France)
Member of the Board: Hazera Seeds Ltd (Israel), HM.CLAUSE SA (France), Limagrain Europe SA (France), Vilmorin SA (France)

Pascal VIGUIER

• Member of the Board and Member of the Audit and Risk Management Committee • Nationality: French • 55 years old

Terms of office

• Commencement: 2007 • Renewal: 2016 • Expiry 2019

Mains activities

Farmer,
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. Since December 2018, he has held the position of Chairman of Limagrain. In this capacity, he works with several professional organizations in the agricultural sector.

Ongoing mandates on June 30, 2019

Chairman:
Société Coopérative Agricole Limagrain

Chairman and CEO:
Groupe Limagrain Holding SA

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), Limagrain Brasil SA (Brazil), Sélia SA (France), Tardif Tivagrain SA (France) (Representing Société Coopérative Limagrain) Société Coopérative Agricole Limagrain (France) (Chairman), Vilmorin USA Corp. (United States)

Member of the Management Committee:
Limagrain Cereal Seeds LLC (United States)

Mandates exercised over the past five fiscal years and expired

(end of mandate)

2014-2015
Member of the Board: Limagrain Central Europe SE (France), Limagrain Ibérica (Spain), Limagrain Italia Spa (Italy), Société Coopérative Agricole de la Vallée du Rhône Valgrain (France) (Representing Coopérative Limagrain)
Member of the Supervisory Board: Limagrain Nederland BV (Netherlands)

2016-2017
Member of the Management Board: Limagrain Chile Limitada (Chile)

2018-2019
Chairman and CEO: Limagrain Europe SA (France)
Member of the Board: Limagrain Europe SA (France), Unisigma GIE (France)
Member Representative: AgReliant Genetics LLC (United States)

Table of the composition of the Board of Directors on June 30, 2019

	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	59	No	2006	2017	2020	13 years	100%	-	Member
Annick BRUNIER	French	59	No	2017	-	2020	2 years	100%	-	-
Mary DUPONT-MADINIER	Franco-American	64	Yes	2014	2017	2020	5 years	100%	-	Member
Miriam MAES	Netherlands	63	Yes	2013	2016	2019	6 years	60%	Chairwoman	-
Claude RAYNAUD	French	62	No	2018	-	2021	1 year	100%	Member	Member
Sébastien VIDAL	French	43	No	2016	2017	2020	3 years	100%	Member	Member
Pascal VIGUIER	French	55	No	2007	2016	2019	12 years	100%	Member	Chairman
Number of meetings								**5**	**4**	**2**
Average attendance rate								**94.28%**	**93.75%**	**87.50%**

(1) Independence according to the criteria of the Middlenext Corporate Governance Code as interpreted by the Board of Directors at its meeting of June 25, 2019.

Vilmorin & Cie's Board of Directors does not include any Director representing employees, in accordance with the exemption provided for in article L.225-27-1 paragraph 3 of the French Commercial Code; Groupe Limagrain Holding fulfils this obligation.

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

Vilmorin & Cie's Board of Directors was extended in December 2007 to include an independent Member of the Board.

In accordance with the Middlenext 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 25, 2019, 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 initiated in fiscal year 2013-2014 through the successive appointment of two female Board Members.

On June 30, 2019, 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 2018-2019

On June 30, 2018, Vilmorin & Cie's Board of Directors was composed of seven members: Philippe AYMARD, Annick BRUNIER, Mary DUPONT-MADINIER, Jean-Yves FOUCAULT, Miriam MAES, Sébastien VIDAL and Pascal VIGUIER.

Jean-Yves FOUCAULT, who expressed the desire to exercise his rights to retirement, resigned from his mandate as Member of the Board on October 17, 2018. The Board of Directors acknowledged this resignation, and noting that the number of Directors remaining in office was higher than the statutory minimum, decided not to immediately provide for his replacement by cooptation.

The Board expressed its sincere gratitude to Jean-Yves FOUCAULT for his commitment and contribution as Board Member, and for his active participation in the Board and Committee meetings. Jean-Yves FOUCAULT had been a Member of the Board of Vilmorin & Cie since 2006.

Claude RAYNAUD was appointed by the Annual General Meeting of Shareholders on December 7, 2018, for a period of three years which will expire at the end of the Annual General Meeting of Shareholders called to deliberate on the financial statements for the fiscal year closing on June 30, 2021.

Changes planned in 2019-2020[1]

Miriam MAES' term of office as Board Member expires at the end of the Annual General Meeting of Shareholders to be held on December 6, 2019. Miriam MAES, in agreement with the Board of Directors, did not wish to propose renewal of this term.

The Board of Directors proposes to submit to the vote of the next Annual General Meeting the appointment of Marie-Yvonne CHARLEMAGNE, as the new Member of the Board, for a term of three years, i.e. until the end of the Annual General Meeting called to approve the financial statements for the fiscal year ending June 30, 2022.

Marie-Yvonne CHARLEMAGNE, a graduate of Audencia with a specialization in finance, and a chartered accountant, also has 35 years of experience in several multinationals (PWC, Rougier). She has mainly held positions in finance, in France and Africa. After joining the forestry group Rougier in 1999 as group Chief Financial Officer, she was appointed to the Executive Board and then to the Board of Directors and became Delegate CEO for the group in 2015.

In April 2019, she created MYA Partners, a consultancy devoted to medium-sized companies investing in Africa.

Furthermore, Pascal VIGUIER's term of office as Board Member expires at the end of the Annual General Meeting of Shareholders called to approve the financial statements for the fiscal year ending June 30, 2019.

The Board of Directors proposes to the Annual General Meeting of Shareholders to be held on December 6, 2019 to renew Pascal VIGUIER's term of office as Board Member for a period of three years, i.e. until the end of the Annual General Meeting called to approve the financial statements for the fiscal year ending June 30, 2022.

In addition, the Board of Directors of Vilmorin & Cie will review the composition of the specialized Committees at the end of the General Meeting of Shareholders on December 6, 2019.

2.2.3. Presentation of Limagrain and the shareholding structure

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

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

Founded and managed by French farmers, Limagrain is an agricultural cooperative and an international seed group. Its purpose is to cooperate for the progress of agriculture everywhere, for everyone.

As a creator and producer of plant and cereal varieties, Limagrain develops activities in vegetable seeds and field 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 1,500 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 74.02% of Vilmorin & Cie's capital stock on June 30, 2019[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 6, 2019.
(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.

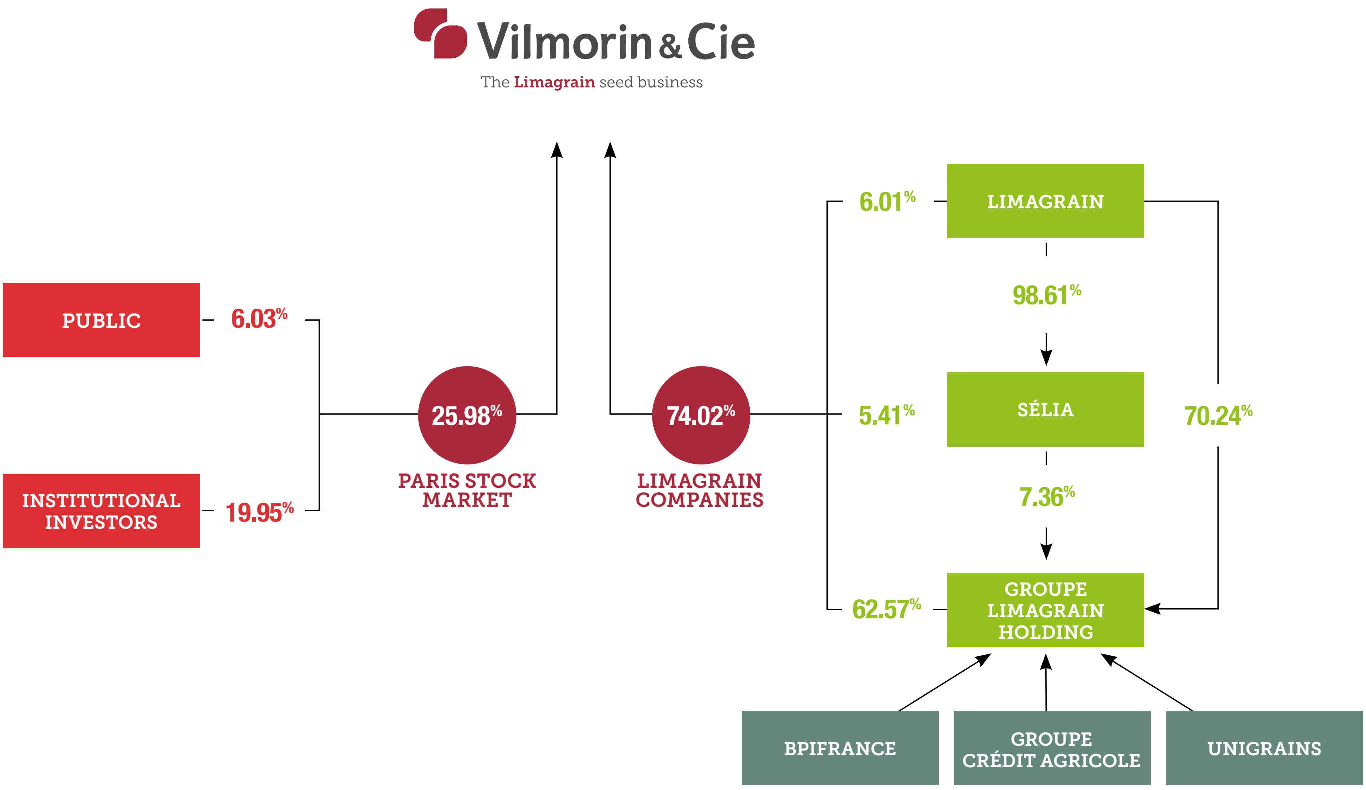
With majority representation on Vilmorin & Cie's Board, Limagrain is careful, through different decision-making processes required for its organization, management and governance, not to exert abusive control on strategic orientations and their operational applications.
In 2010, Limagrain formally set up a Strategic Committee, in which Vilmorin & Cie's Independent Directors 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, 2019



2.2.4. Internal Regulations and how the Board of Directors functions

2.2.4.1. Internal Regulations

In accordance with the Middlenext 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 covered. During fiscal year 2018-2019, exchanges focused on the mid-term plan for each activity, the strategic orientations of Field Seeds, the reorganization of the Business Unit Garden Products and refunding operations.

With regard to informing the members of the Board of Directors, it is specified in the Internal Regulations that all Directors must of course have access to the same information.

The agenda for the Board of Directors' meetings is established by the Chairman. As stipulated in the Internal Regulations, it is sent to members in advance of each meeting and accompanied, as far as possible, by the necessary documents and information to enable them to prepare efficiently for the meetings. In addition, as stated in Vilmorin & Cie's Internal Regulations: *"Directors are kept regularly informed, between meetings, of any events or operations that are significant for the life of the group"*.

2.2.4.3. How the Board of Directors functions

Vilmorin & Cie's Board of Directors meets regularly. Meetings are convened by written notice to attend from the Chairman, and are held at the Company's head office or any other place fixed in the notice.

During fiscal year 2018-2019, Vilmorin & Cie's Board of Directors met five 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 94.28%. 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 Directors 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 2018-2019,
- approval of the budget for fiscal year 2019-2020.

The Board of Directors approved Vilmorin & Cie's corporate and consolidated financial statements, along with all related reports, at its meeting of October 15, 2019.

In compliance with the Internal Regulations and the recommendation of the Middlenext 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 Board Member 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 and operations

In order to comply with the Middlenext 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. Nevertheless 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 25, 2019, and a questionnaire was distributed to all the Members of the Board, the results of which were presented to the Board of Directors Board meeting held on October 15, 2019 to approve the financial statements for the fiscal year closing on June 30, 2019.

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, 2019

In 2010, Vilmorin & Cie's Board of Directors set up an Audit and Risk Management Committee, today chaired by Miriam MAES, an independent Board Member, and under the exclusive and collective responsibility of the members of the Board.

On June 30, 2019, Claude RAYNAUD, Sébastien VIDAL 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 regulations 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 2018-2019

The Audit and Risk Management Committee met four times during fiscal year 2018-2019, with an attendance rate of 93.75%. In particular, its work focused on:
- a review of the interim and annual financial statements,
- the internal audit plan and a half-yearly review of its implementation,
- a summary of the measures taken with regard to corporate social responsibility,
- a summary of the actions undertaken in terms of regulatory compliance.

2.3.2. The Strategic Committee

Composition on June 30, 2019

Set up in 2010, the Strategic Committee was composed of five Board members on June 30, 2019, and is currently chaired by Pascal VIGUIER.

Philippe AYMARD, Mary DUPONT-MADINIER, Claude RAYNAUD and Sébastien VIDAL 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, a non-statutory 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 Directors for the Board.

Its operation is governed by Internal Regulations adopted by the members of the Board of Directors on June 30, 2017.

Main achievements in 2018-2019

The Strategic Committee met twice during the course of fiscal year 2018-2019, with an attendance rate of 87.50%. Its work mainly focused on:
- presentation of the mid-term plan 2018 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 Directors 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.

(1) Delegate CEO of Vilmorin & Cie.
(2) Chief Financial Officer of Vilmorin & Cie.

2.4. MANAGEMENT BODIES

2.4.1. The General Management

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

2.4.1.1. The Delegate CEO

The Chairman is assisted in his mission by a Delegate CEO, more specifically in charge of operational functions. This function has been held by Daniel JACQUEMOND since December 8, 2017.

Daniel JACQUEMOND

- Delegate CEO
- Nationality: French
- 61 years old

Terms of office

- 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. Then from 2000 until 2017, Daniel JACQUEMOND was Vilmorin & Cie's Chief Financial Officer.

Ongoing mandates on June 30, 2019

Chairman and CEO:
Vilmorin USA Corp (United States)

Vice Chairman:
Vilmorin Garden Sp.zo.o. (Poland)

Delegate CEO:
Vilmorin Jardin SA (France)

Member of the Board:
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), Seed Co International (Botswana), Seed Co Limited (Zimbabwe), Vilmorin 2014 (Holdings) Limited (United Kingdom), Vilmorin Hong Kong Limited (Hong Kong), Vilmorin Singapore PTE. Ltd (Singapore), Vilmorin USA Corp (United States)

Director, non-member of the Cooperative:
Société Coopérative Agricole Limagrain (France)

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. On June 30, 2019, it comprised:

Franck BERGER, VP of the Vegetable Seeds division • **Daniel JACQUEMOND,** Delegate CEO • **Agnès MISTRETTA,** VP for Human Resources • **Vincent SUPIOT,** Chief Financial Officer • **Bruno CARETTE,** VP of the Field Seeds division

Following the retirement of Bruno CARETTE, Régis FOURNIER took over the management of the Field Seeds division at the end of August 2019 and in this capacity joined the Executive Committee of Vilmorin & Cie.
Régis FOURNIER, trained as an agronomist, has built up solid experience in the field seeds sector in an international agri-food cooperative group based in South-West France. He was the CEO of the Seeds division, then held positions in innovation and international development. Recently, his scope of responsibility had been extended to the entire plant unit: seeds, crop production, agro-supplies and cereals.

The Executive Committee meets twice every month. Its vocation is:
- to propose strategic orientations to the Board and then to ensure their implementation,
- 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 between a corporate officer or a shareholder holding more than 10% of the Company's voting rights and a subsidiary of the Company within the meaning of Article L.233-3 of the French Commercial Code

Vilmorin & Cie's Directors do not hold any of Vilmorin & Cie's shares with the exception of Philippe AYMARD, who benefits from a stock lending arrangement.
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.225-37-4 of the French Commercial Code, no agreement has been made between one of the Company's subsidiaries within the meaning of article L.233-3 of the French Commercial Code 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 corporate officers

With regard to the compensation of corporate officers, the Company complies with the recommendations of the Middlenext 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:
- 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. The total variable part is capped at one year's fixed salary,
- benefit in kind consisting of the provision of a company car,
- retirement benefits.

The total compensation paid for fiscal year 2018-2019 to Mr. Daniel JACQUEMOND, for his function as Delegate CEO came to 313,700 euros, including a variable part of 76,900 euros. The total commitments concerning Daniel JACQUEMOND's retirement benefits on June 30, 2019 came to 242,000 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, excluding any benefits, 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 2018-2019, 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 benefits 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 2018-2019, 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 6, 2019, will deliberate on the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid or attributable to Daniel JACQUEMOND, Delegate CEO for the fiscal year closing on June 30, 2019.

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 6, 2019 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 and constituting the remuneration policy for this function.

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 7, 2018, the Board of Directors decided to allocate all the attendance fees for 2017-2018 (45,000 euros), to Miriam MAES and Mary DUPONT-MADINIER, Independent Directors.

It will propose to the Annual General Meeting deliberating on the financial statements closed on June 30, 2019 to fix the attendance fees for fiscal year 2018-2019 at 45,900 euros. The distribution policy for Directors' fees broadly takes into account the attendance of each Board Member on the Board and the Committees, and the time he/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 2018-2019, which will be submitted to the vote of the Shareholders during the Annual General Meeting of December 6, 2019, are shown in the following tables, completed in reference to the appendix of the Middlenext 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	06.30.17		06.30.18		06.30.19	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Emmanuel ROUGIER, Delegate CEO(1)						
Fixed compensation	246.6	246.6	127.1	127.1	-	-
Annual variable compensation	60.8	60.8	90.1	90.1	-	-
Attendance fees	-	-	-	-	-	-
Benefits in kind(3)	5.0	5.0	2.5	2.5	-	-
Total	**312.4**	**312.4**	**219.7**	**219.7**	**-**	**-**
Daniel JACQUEMOND, Delegate CEO(2)						
Fixed compensation	-	-	126.1	126.1	230.4	230.4
Annual variable compensation	-	-	-	-	76.9	76.9
Attendance fees	-	-	-	-	-	-
Benefits in kind(3)	-	-	3.0	3.0	6.4	6.4
Total	**-**	**-**	**129.1**	**129.1**	**313.7**	**313.7**

(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	06.30.17 Amounts paid out	06.30.18 Amounts paid out	06.30.19 Amounts paid out
Miriam MAES, Independent Director			
Attendance fees	30.0	30.0	30.6
Other compensation	-	-	-
Total	**30.0**	**30.0**	**30.6**
Mary DUPONT-MADINIER, Independent Director			
Attendance fees	15.0	15.0	15.3
Other compensation	-	-	-
Total	**15.0**	**15.0**	**15.3**

These provisions do not concern Vilmorin & Cie's other Board Members, 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 Board Member, including her participation in Committees, and on the other hand as Chairman of the Audit and Risk Management Committee.

Tableau 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
Daniel JACQUEMOND, Delegate CEO Commencement of term of office: 2017 Date fin mandat : 2020	x			x	x		x	

2.5.3. Remuneration of Members of the Management bodies

In 2018-2019, the sum of compensations and benefits in kind made to members of the Executive Committee came to 1.4 million euros. Moreover, the total amount funded to retirement benefits of members of the Executive Committee came to 1.1 million euros on June 30, 2019.

2.5.4. Equity ratio

In accordance with the provisions of article L.225-37-3 of the French Commercial Code, there is a presentation below of “the level of compensation of the Chairman of the Board of Directors, the Chief Executive Officer and the Delegate Chief Executive Officer in relation to the average and median compensation on a full-time equivalent basis of the Company’s employees other than corporate officers, as well as the evolution of this ratio over the last five financial years”.

This presentation was made in order to comply immediately with the new transparency requirements for executive compensation.

It may of course evolve in the light of any subsequent clarifications and official positions communicated to companies.

In thousands of euros	06.30.15	06.30.16	06.30.17	06.30.18	06.30.19
Compensation of the Delegate CEO	338.1	332.0	312.4	348.8	313.7
Average compensation on a full-time equivalent basis of the Company’s employees(1)	66.9	67.3	66.4	68.3	66.7
Average compensation ratio	**19.8%**	**20.3%**	**21.3%**	**19.6%**	**21.3%**
Median compensation on a full-time equivalent basis of the Company’s employees(1)	45.9	46.1	46.9	49.7	48.0
Median compensation ratio	**13.6%**	**13.9%**	**15.0%**	**14.2%**	**15.3%**

(1) These compensations concern employees of the structure Vilmorin & Cie SA.

It should be noted that the compensation considered in the table above presents all the components of the compensation, fixed and variable. As a result, as the compensation of certain employees does not include a variable part, the compensation structure between the Delegate Chief Executive Officer and the employees is different.

This table does not include the Chairman and CEO, Philippe AYMARD, who exercises his mandate without any compensation.

2.5.5. Conflicts of interest

The Internal Regulations of Vilmorin & Cie in force include an article relating to the independence of Members of the Board and conflicts of interest. They provide for the obligation for each Board Member 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 Board Member. 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,
- there are no agreements or arrangements with the main shareholders or with customers, suppliers or others that would have enabled a member of the Board of Directors, Executive Committee or Chief Executive Officer to be selected as a member of a Board of Directors, Executive Committee or General Management,
- there are no restrictions accepted by any member of the Board of Directors, Executive Committee or Chief Executive Officer regarding the sale of shares held in the Company.

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 29.

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 15, 2019.

Appendix

Summary table of the delegations of authority and powers granted by the Annual General Meeting of December 7, 2018 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	Not applied
Global ceiling for the authorizations above	-	500 million euros	Not applied
Delegation of authority to increase the capital stock by capitalizing premiums, reserves, profits or other items in the form of a free allotment of shares to Shareholders	26 months	90 million euros	On December 7, 2018 the Board of Directors decided to allot 1 new share for 10 current shares held, resulting in the creation of 2,083,390 shares corresponding to a capital stock increase of 31, 771,697.50 euros

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Management
REPORT

REPORT OF THE BOARD OF DIRECTORS TO THE JOINT ANNUAL GENERAL MEETING

(ORDINARY AND EXTRAORDINARY) OF DECEMBER 6, 2019

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, 2019,
- to renew the terms of office of a Board Member and to appoint a new Board Member,
- and to delegate to your Board of Directors the necessary powers to proceed with the purchase of your Company's own shares and the issue of securities through a public issue with or without pre-emptive rights, according to the best possible market conditions.

Notice to attend has been sent to all of you, and all the documents and relevant information have been made available under the conditions and deadlines stipulated according to the law.

Activity for the fiscal year

Corporate financial statements

The corporate financial statements of Vilmorin & Cie have been set out in accordance with French regulations.

Within the framework of its development and innovation strategy, over fiscal year 2018-2019 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 84.2 million euros in 2018-2019 as opposed to 82.2 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 109.8 million euros, a decrease of 0.5% in relation to 2017-2018.

The operating income showed a loss of 5.3 million euros, down by 4.9 million euros compared to the previous fiscal year.

The financial result showed a net income of 37.8 million euros compared to 22.9 million euros in 2017-2018.

This figure takes into account the dividends received from the subsidiaries, with the total amount for fiscal year 2018-2019 of 94.6 million euros, compared with 71.6 million euros the previous fiscal year.

It also includes net provisions on shares of 38.7 million euros and net currency exchange losses of 7.3 million euros.

Finally, this financial result also includes 10.4 million euros of net interest charges, as opposed to 13.1 million euros the previous fiscal year.

The extraordinary result showed a net charge of 2.6 million euros as opposed to 1.8 million euros in 2017-2018.

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 2018-2019 a net income of 17.8 million euros was posted for this line, including tax relief for research of 4.2 million euros.

As a result of the above-mentioned considerations, the net corporate income came to 42.4 million euros on June 30, 2019 as opposed to 30.8 million euros for the previous fiscal year.

The capital stock stood at 349,488,703 euros on June 30, 2019, corresponding to 22,917,292 shares each with a nominal value if 15.25 euros.

On June 30, 2019, loans and financial debts showed a value of 948.2 million euros.
Net of cash and investment securities, and also current accounts granted to subsidiaries as part of the group's cash flow management system, net financial debts stood at 353.8 million euros.

Following the success of its *"Schuldschein"* issues in 2013 and 2017, Vilmorin & Cie decided to consolidate and diversify its financial resources by carrying out a new *"Schuldschein"* type private placement in June 2019 for a total amount of 250 million euros.

Previously, Vilmorin & Cie had concluded, in May 2019, the refinancing of its existing bank credit facility, which matured in May 2021. Structured in the form of a revolving credit facility with an initial amount of 300 million euros, it has a 5-year maturity (maturing in May 2024) and also includes two one-year extension options, as well as the possibility of asking banks to increase the amount to 450 million euros. Concluded under very favorable market conditions, this new syndicated bank loan strengthens Vilmorin & Cie's financial flexibility.

It is subject to a commitment to comply with two consolidated financial ratios (net financial debt/EBITDA, EBITDA/net financial charges); at 30 June 2019, Vilmorin & Cie was in full compliance with this commitment.

Consolidated Financial Statements

Accounting standards, principles and methods

At the close of fiscal year 2018-2019, 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, 2019. They take into account standard IAS 29 concerning the treatment of hyperinflation, applied to business in Argentina.
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, 2019 have changed in relation to June 30, 2018 to account for the first application of the standards IFRS 9 and IFRS 15 with impacts that remain insignificant.
No change in accounting method or estimate was applied by Vilmorin & Cie during fiscal year 2018-2019 that might have an impact on the consolidated annual statements of Vilmorin & Cie.

Comparability of data

The evolution of data for fiscal year 2018-2019 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 2017-2018 take into account:
- the impact of currency translation, by applying the average rates of fiscal year 2018-2019,
- the main changes in the consolidation scope resulting from the acquisition of stakes in the companies Sursem (Argentina) and Geneze (Brazil) aimed at consolidating the Field Seeds business in South America.

Activity and results for the fiscal year

Consolidated sales, corresponding to revenue from ordinary activities for fiscal year 2018-2019 came to 1,390.7 million euros, up 3.3% compared with the previous fiscal year and 4.5% on a like-for-like basis, including the withdrawal from the distribution of agricultural supplies in Japan.

After taking into account the cost of destruction and depreciation of inventory, the margin on the cost of goods stood at 48.8%, a decrease of 0.1 percentage points compared with 2017-2018.

Net operating charges came to 567.7 million euros, as opposed to 561.6 million euros on June 30, 2018.

In compliance with its strategic orientations, Vilmorin & Cie continued to increase its research programs, in 2018-2019, both in terms of conventional plant breeding* and biotechnologies*. Research investment was stable at 241.5 million euros as opposed to 241.4 million euros in 2017-2018 and now represents 15.9% of seeds activity sales intended for the professional markets, integrating the activities of the North American company AgReliant, held 50%.

Consequently, the consolidated operating income stood at 111 million euros, an increase compared to the previous fiscal year, resulting in a recorded operating margin of 8%, up 0.8 percentage points compared with the previous fiscal year. In particular, it takes into account non-recurring items, including capital gains from the reorganization of the biotechnology research company Biogemma and capital gains on the disposal of industrial plant devoted to corn seed production in Hungary.

Income from associated companies came to 26 million euros, including in particular AgReliant and the African companies Seed Co Ltd (Zimbabwe) and Seed Co International (Botswana). It includes a revaluation profit of 11 million euros from the financial and legal reorganization of Seed Co's international business.

The financial result showed a net charge of 45 million euros compared with 38 million euros in 2017-2018, this year including currency exchange losses of 8.5 million euros compared with 12.1 million euros on June 30, 2018, in extremely disturbed monetary markets for certain foreign currencies, especially the Argentine peso, in a hyperinflationary context in the country impacting the financial income by -4.4 million euros.
Cost of funding came to 30.4 million euros, compared with 24.4 million euros the previous fiscal year, including the impact of funding of the acquisition of the companies Sursem and Geneze (South America. Field Seeds).

The net charge of income taxes came to 14.1 million euros as against 5.5 million euros in 2017-2018. This reflects an increase in the net current tax charge, which amounted to 22.7 million euros compared with 13 million euros in the previous year.

Finally, the total net income came to 77.9 million euros, up 1 million euros compared with the previous fiscal year; the group share ("attributable to the controlling company") stood at 73.9 million euros.

Compared with the previous fiscal year, the balance sheet structure on June 30, 2019 remained solid, but was marked by an increase of the net debt to equity ratio (gearing of 69%, as opposed to 58% on June 30, 2018); this increase was due in particular to the acquisitions made in South America and to the increase in the working capital needs.

Net of cash and cash equivalents (248.7 million euros), total net financial indebtedness came to 912 million euros on June 30, 2019 compared with 765.9 million euros on June 30, 2018. The share of non-current financial indebtedness stood at 964.4 million euros.

The group's share ("attributable to the controlling company") of equity stood at 1,235.9 million euros and minority interests ("attributable to the non-controlling minority") at 88 million euros.

Vegetable Seeds

On June 30, 2019, sales for Vegetable Seeds for the fiscal year stood at 687.5 million euros, an increase of 2.1% with current data, and 3.5% on a like-for-like basis compared with the previous fiscal year, including the withdrawal from agricultural supplies in Japan.

After a fiscal year 2017-2018 marked by stability in activity, the Vegetable Seeds division concluded this past year with a significant improvement. Vilmorin & Cie thus achieved a very good commercial performance, especially since the evolution of vegetable markets was heterogeneous over the fiscal year, disrupted by a tense geopolitical and monetary context in several geographical zones, particularly in South America and the Middle East.

The increase in business concerns all regions, with the exception of the Maghreb, penalized by unfavorable market conditions, mainly in Morocco.
After a slow start to the fiscal year, the end of the year was particularly dynamic in South America and the Middle East, with sustained growth in Turkey in particular, despite an unstable monetary environment. As a result, over the full year, sales grew significantly in these geographical zones.

The increase in business is also reflected in Europe and Asia, particularly in China, thanks to strong growth in carrot seed sales. In North America, after a decline in fiscal year 2017-2018, the return to growth was confirmed this year and was based in particular on a strong performance of third-party brand business.

With regard to crops, the best performances were posted for carrot – a crop for which Vilmorin & Cie has strengthened its position as world leader – sweet pepper, melon, cucumber and summer squash. Vilmorin & Cie, continues to propose a highly diversified product portfolio in order to get the best possible cover for extremely fragmented markets, and also made headway in several local crops such as kabocha squash in Japan.

In addition, the programmed withdrawal from the distribution of agricultural supplies in Japan, initiated in 2017-2018 by the Business Unit Vilmorin-Mikado, has been completed. Its residual impact on sales for fiscal year 2018-2019 was 6 million euros.

Working within contrasting vegetable seeds markets that nevertheless basically remain promising, Vilmorin & Cie had significantly strengthened its commercial positions by the end of this past fiscal year. Consequently, Vilmorin & Cie is now clearly positioned as No. 1 worldwide in vegetable seeds, demonstrating the pertinence of its strategy combining innovation and proximity to markets.

Overall, the Vegetable Seeds activity posted an operating margin of 14.9% and a net contribution to the consolidated income of 71.7 million euros compared with 80.7 million euros for 2017-2018.

Field Seeds

Sales for the year for the Field Seeds division on June 30, 2019 came to 649.9 million euros, up 4.3% compared with fiscal year 2017-2018. On a like-for-like basis, growth was 5.2%, demonstrating a very solid performance of the business in a tense market context.

In Europe, the business posted marked growth (565.3 million euros, an increase of 5.7% on a like-for-like basis), reflecting high quality performance in a context of unstable agricultural markets. Sales growth was driven by the entire product portfolio, particularly corn, sunflower, wheat and forage, with market share gains for several crops, the main one being rapeseed.

In other development areas (South America, Asia and Africa), Vilmorin & Cie made sales of 84.6 million euros, up 2.3% on a like-for-like basis compared with the previous fiscal year.

In South America, at the end of a fiscal year marked by the acquisition of Sursem (Argentina) and Geneze (Brazil), whose integration is well on the way to completion, business grew by 9% on a like-for-like basis.
In Brazil, thanks to a successful end to the fiscal year, Vilmorin & Cie managed to achieve almost the same level of sales for 2018-2019. Vilmorin & Cie made much lower sales in its *safrinha* corn campaign this year, with a significant drop in marketed volumes, as a result of Vilmorin & Cie's determination to defend its pricing policy in a context of strong competitive pressure on prices.
At the same time, in Argentina, sales grew very fast as a result of the increased volumes marketed, while the level of margins also held up well.

In Asia, performances were varied according to country, with business growing in Southeast Asia and a difficult campaign in India, especially due to a late monsoon.

With like-for-like growth in business, the Field Seeds division posted an operating margin of 4.2%, up 3.8 points compared with 2017-2018, and a profit contribution to consolidated income of 32.8 million euros, up 12.4 million euros compared with the previous year.

Garden Products and Holdings

Sales for the Garden Products and Holdings activities came to 53.4 million euros on June 30, 2019, a like-for-like increase of 8.9%. The Garden Products division thus posted significant growth, driven in particular by the successful integration of the French company Graines Gondian.

The operating contribution of these activities showed a total loss of 19.1 million euros, mainly due to costs in the holding structures; they made a negative contribution to the consolidated net income of 26.6 million euros.

Vilmorin & Cie's activity in fiscal year 2018-2019 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 2018-2019, tangible investments came to 42.1 million euros.

In line with the management guidelines for fiscal year 2018-2019, 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.

Information on payment terms

In application of the provisions of articles L.441-6-1 and D.441-4 of the French Commercial Code, we indicate hereafter the number and amount, all taxes included, of invoices received and issued that had not been settled at the end of the fiscal year, and for which the due date had passed.

	Article D.441 I.-1: Invoices received and not settled at the date of the end of the fiscal year and for which the due date had passed						Article D.441 I.-2: Invoices issued and not settled at the date of the end of the fiscal year,and for which the due date had passed					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Overdue payment brackets												
Number of invoices concerned	797					190	56					89
Total amount of invoices concerned, VAT included, in euros	20,350,000.65	1,712,029.93	122,185.70	35,217.91	89,514.06	1,958,947.60	2,734,481.78	2,781,188.54	0.00	112,498.56	4,112,558.83	7,006,245.93
Percentage of the total amount of purchases, VAT included for the fiscal year	22.38%	1.88%	0.13%	0.04%	0.10%	2.15%						
Percentage of sales, VAT included, for the fiscal year							2.16%	2.20%	0.00%	0.09%	3.25%	5.54%
(B) Invoices excluded from (A) concerning debts and receivables 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 month; otherwise legal deadlines: 30 days net						Contractual deadlines: 30 days net					

Declaration of non-financial performance

Vilmorin & Cie has voluntarily included in its annual report the elements constituting a declaration of non-financial performance. A concordance table (see paragraph 4.6.) groups all these elements together and indicates their location in this annual report.

Events occurring after the closing of the accounts

As at 15 October 2019, the date of approval by the Board of Directors of the consolidated financial statements, Vilmorin & Cie is not aware of any subsequent events that require a change in the value of assets and liabilities or an additional indication in the notes to the consolidated financial statements.

No significant change in the group's financial performance has occurred between the closing date of fiscal year 2018-2019 and the publication date of this annual report.

Outlook for the future

Fiscal year 2018-2019 unfolded in an uncertain market environment, both in Vegetable Seeds and Field Seeds. In this context, however, Vilmorin & Cie managed to post growth in all its activities, thus demonstrating its development potential.

In Vegetable Seeds, thanks to a year of significant growth, Vilmorin & Cie is now ranked No. 1 worldwide, demonstrating the relevance of its strategy combining innovation and proximity to markets. In Field Seeds, the financial year was marked by a strong increase in business, with in particular a high-quality performance in Europe, where sales increased across the entire product portfolio.

Vilmorin & Cie also continued to deploy its strategic orientations, particularly in terms of investment in research and innovation, as well as global development on the professional markets of agriculture and vegetable production.

Fiscal year 2019-2020 should allow Vilmorin & Cie to continue to strengthen its competitive positions in market conditions that will probably continue to lack stability and visibility. Vilmorin & Cie will continue to increase its measured investment in research and development, in particular in upstream technologies, while remaining on the look-out for any growth opportunity that fits in with its strategic orientations.

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 research 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 confirm 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 provision 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, Vilmorin & Cie 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.

To this end, at the beginning of fiscal year 2019-2020, the Corporate Finance Department created an internal financial control department, with the support of the "Group Risk Management and Internal Audit" department and the insurance department, both of which are part of the Compliance Risk Governance Department (GRC), which includes legal services, security and safety, 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 2018-2019, audits were conducted in direct association with the group's global risks map, and included reviews of internal control. These missions resulted in strict, 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 1.9 "Risk factors" of the Annual Report. This is a process implemented by the group and its Business Units and managed by the Corporate Risk Management and Internal Audit and the Insurance departments of the GRC Department.

During fiscal year 2018-2019, Vilmorin & Cie's risk management network has continued to develop and organize its structure with different roles defined within the group (risk owners, risk domain coordinators), with risk coordinators and risk processing managers in each Business Unit.

The GRC 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 operating 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 1.9. 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 actions are presented in this Annual Report.

During fiscal year 2018-2019, 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 1.9 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 2018-2019.

In its strategy, Vilmorin & Cie already takes into account the future effects of climate change by adjusting 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 document. 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, 2019.

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 or deviations. Data from reporting is also reconciled with 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 finance 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 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 closing 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

Internal audits – and, from 2019-2020, internal financial controls – review internal control questionnaires relating to accounting and financial information within Vilmorin & Cie, using the AMF model. These questionnaires were reviewed in collaboration with the Statutory Auditors in order to adapt them more closely to the specificities of Vilmorin & Cie's businesses 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, checked through interviews conducted directly by the Statutory Auditors or internal auditors.

For fiscal year 2018-2019, no major anomaly was brought to light.

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 operation during fiscal year 2018-2019. Nevertheless, Vilmorin & Cie, through Vilmorin Nederland Holding BV, of which it is the sole shareholder, acquired the shares of Mars Holding BV, which directly or indirectly owns several companies involved in the field seeds business and located in Argentina, in particular Sursem, and in Brazil (Geneze). Through Limagrain Europe SA, Vilmorin & Cie also sold Limagrain Hungary to the Hungarian State.

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.

Shareholders

Further to the capital stock increase through the incorporation of reserves for the purpose of allocating free shares in January 2019, Vilmorin & Cie's capital stock now stands at 349,488,703 euros and comprises 22,917,292 shares, each with a nominal value of 15.25 euros.

On June 30, 2019, the majority of the capital stock, 62.57%, was held by Groupe Limagrain Holding, 6.01% by the company Coopérative Agricole Limagrain and 5.41% 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, 2019, 16,875,478 shares benefitted from this right. Groupe Limagrain Holding, Coopérative Agricole Limagrain and Sélia were the main shareholders concerned, giving Limagrain voting rights control of 84.82%.
On June 30, 2019, Vilmorin & Cie held 6,289 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, 2019 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, 2019	42,382,050.13 euros
- Application to legal reserve	2,119,102.51 euros
- Profits available on June 30, 2019	40,262,947.62 euros
- Dividends to distribute	30,938,344.20 euros
- Carried forward	9,324,603.42 euros

After this application, the final amount to carry forward will be 10,492,970.89 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 41.9%.
The total amount of dividends does 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.

(1) Cf. consolidation scope on page 230.

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
	Dividends	Other revenue	
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	-	-
2017-2018	28,125,767.70 €(1) i.e. 1.35 € per share	-	-

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

	15-16	16-17	17-18
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	1.10 euros	1.60 euros	1.35 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 141,845 euros.

In compliance with the provisions of article 223 quinquies of the French Tax Code, we present the global figures concerning the expenses concerned by article 39-5 of the same code.

Table of results of the Company over the past five years

In compliance with the provisions of article R.225-102 of the French Commercial Code, the following table shows the results of our Company over the past five years.

In thousands of euros	14-15	15-16	16-17	17-18	18-19
1. Capital stock at the end of the fiscal year					
Capital stock	317,717	317,717	317,717	317,717	349,489
Number of ordinary shares	20,833,902	20,833,902	20,833,902	20,833,902	22,917,292
2. Operations and results					
Total sales before tax	62,250	80,819	78,277	82,165	84,244
> of which France	44,473	55,235	51,959	55,738	57,941
> of which Export	17,777	25,584	26,317	26,427	26,303
> of which Services	51,046	70,075	67,360	70,897	72,533
Profit before income tax, profit-sharing, amortization, depreciation and provisions	10,059	36,306	22,986	55,186	73,777
Profit after income tax, profit-sharing, amortization, depreciation and provisions	14,580	32,700	26,253	30,828	42,382
Profits distributed	32,709	22,917	33,334	28,119	30,938
Profit per share (in euros)					
Profit after income tax, profit-sharing, but before amortization, depreciation and provisions	1.31	2.68	2.09	3.67	3.99
Profit after income tax, profit-sharing, amortization, depreciation and provisions	0.70	1.57	1.26	1.48	1.85
Dividend per share	1.57	1.10	1.60	1.35	1.35
3. Headcount					
Average staff(1)	236	257	264	295	277
Total payroll	13,906	16,735	18,266	18,321	19,725

(1) Number of people.

Inter-company loans

We inform you that our Company has not granted any loans pursuant to articles L.511-6, 3 bis and R.511-2-1-1 of the French Monetary and Financial Code.

Information to the Works Council

We inform you that, in compliance with the provisions of article L.2312-25 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, 2018 to June 30, 2019.

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, 2019, administration of your Company was entrusted to a Board of Directors comprising seven members.

On June 30, 2019, 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 Board Member
  - Miriam MAES, Independent Board Member
  - Claude RAYNAUD
  - Sébastien VIDAL
  - Pascal VIGUIER

Miriam MAES' term of office as Board Member expires at the end of the Annual General Meeting of Shareholders to be held on December 6, 2019. Miriam MAES, in agreement with the Board of Directors, does not wish to propose renewal of this term.

The Board of Directors proposes to submit to the vote of the next Annual General Meeting the appointment of Marie-Yvonne CHARLEMAGNE, as the new Board Member, for a term of three years, i.e. until the end of the Annual General Meeting called to approve the financial statements for the fiscal year ending June 30, 2022.

Furthermore, Pascal VIGUIER's term of office as Board Member expires at the end of the Annual General Meeting of Shareholders called to approve the financial statements for the fiscal year ending June 30, 2019. The Board of Directors proposes to the Annual General Meeting of Shareholders to be held on December 6, 2019 to renew Pascal VIGUIER's term of office as Board Member for a period of three years, i.e. until the end of the Annual General Meeting called to approve the financial statements for the fiscal year ending June 30, 2022.

During fiscal year 2018-2019, your Board of Directors met five times.

Vilmorin & Cie's Board Members remain committed to their responsibilities on 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, 2019, and they were pursued during this fiscal year on the same basis as in fiscal year 2017-2018.

Program to buy back shares in accordance with article L.225-209 of the French Commercial Code

In compliance with the provisions of article L.225-211 of the French Commercial Code, we inform you that in order to stabilize our share value, and as part of the buy-back program approved by the Joint Ordinary and Extraordinary General Meeting of December 7, 2018, we carried out the following operations over the fiscal year:

- Number of shares purchased	138,716
- Average purchasing price	55.62 euros
- Number of shares sold	138,585
- Average selling price	55.82 euros

On June 30, 2019, our Company held 6,289 shares, corresponding to less than 0.1% of the capital stock, at a purchasing value of 317,600 euros, an average unit price of 50.49 euros.

On September 30, 2019, our Company held 10,153 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 Joint Ordinary and Extraordinary General Meeting of December 7, 2018, a number of resolutions were passed authorizing the Board, if appropriate, to issue bonds or other assimilated debt securities, and also to increase the capital stock by issuing shares, various securities and/or stock purchase warrants with or without pre-emptive rights.

In 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 by-laws, and may also:
- determine the period or periods of issue,
- determine the issue currency and the nominal value of the loan,
- fix the terms and conditions of the bonds and/or debt securities to issue, and in particular their nominal value, their issue price, their fixed and/or variable rates of interest, and the payment dates, their fixed or variable redemption price, with or without premium, and, according to market conditions, fix the duration and conditions of amortization for the loan,
- more generally sign any contract documents or agreements with any banks or institutes, make any provisions and fulfill any formalities concerning the issue, the quotation and the financial management of the aforementioned bonds and/or aforementioned debt securities, and constitute the body of bondholders in compliance with legal provisions, and in a general manner, do all that is required.

The Board of Directors will also have full powers to decide, where necessary, to attach a guarantee to the securities issued and, if this is the case, to define and grant this guarantee, and take any measures for this purpose.

Capital stock increase through the issue of shares, various securities and/or stock purchase warrants with or without pre-emptive rights

We request that you grant all powers to your Board of Directors to deliberate and then to proceed, in one or several operations, with the issue of shares, various securities and/or stock purchase warrants with or without pre-emptive rights, with any such issue being subject, in particular, to the following conditions and provisions:
- each share issue for the Company will bear a maximum nominal value of 300 million euros, to which will be added, as relevant, the nominal amount of the shares for issue,

- in order to preserve the rights of the bearers of securities that open up rights to shares, in compliance with the law,
- each issue of securities, other than shares, that provides access to the capital stock, cannot be greater than 300 million euros, or than the counter value of this sum in the case of an issue in a foreign currency, or in a monetary value fixed in reference to several currencies,
- in the event of the cancellation of the stock purchase rights, the Board of Directors may grant Shareholders, for the duration and according to the conditions that it will fix, a priority duration to subscribe for securities without creating negotiable and transferable rights,
- the issue price for warrants issued alone must, for each share to be created, be such that the sum of this price and the exercise price of each warrant is at least equal to the weighted average of the rate of former shares recorded over the previous three Paris stock market trading sessions before the price is fixed, in certain cases reduced by a maximum discount of 5%.

Moreover, in cases where one of the companies in which your Company holds, whether directly or indirectly, more than half the capital stock, issues securities providing access to your Company's capital stock, the Board of Directors may exercise the authorizations granted to proceed with the issue of these securities.

Issue of shares and other securities providing access immediately and/or when due to the capital stock by private placement under article L.411-2, II of the French Monetary and Financial Code

We also request that full powers be granted to your Board of Directors to proceed, at its discretion, in one or several operations, with the issue of ordinary shares or securities providing access immediately and/or when due to the Company's capital stock as governed by articles L.228-91 *et seq.* of the French Commercial Code, without preemptive subscription rights, by private placement under article L.411-2, II of the French Monetary and Financial Code. Such issues are subject, in particular, to the following modalities and conditions:

- The maximum nominal amount for the capital stock increases that may be issued 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 Annual General Meeting 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 (ninth 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.

General provisions

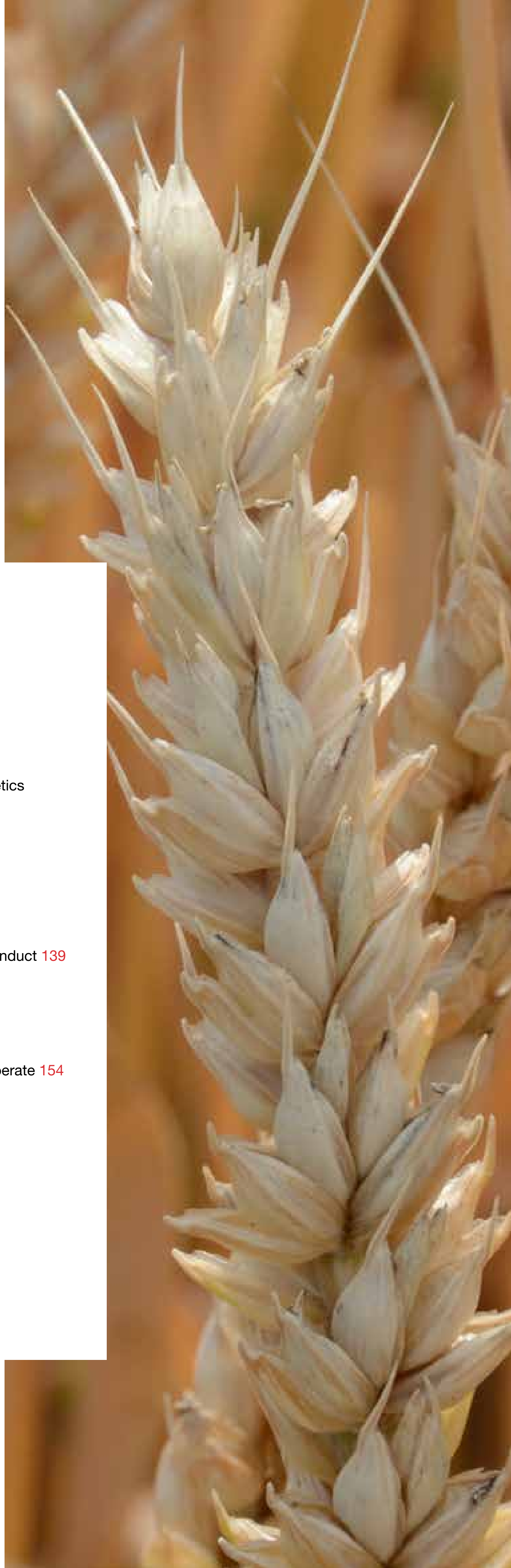
The rules adopted to establish these documents respect legislation in force, and take into account the provisions resulting from the IFRS accounting and evaluation principles for consolidated financial statements as they were applied by the European Union on June 30, 2019.

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

With the exception of the seventeenth resolution, for which no voting recommendation is made as indicated above, your Board of Directors invites you to adopt the ordinary and extraordinary resolutions which it is submitting for your approval.

4

CORPORATE SOCIAL RESPONSIBILITY and non-financial performance



4.1. A CSR PROGRAM ANCHORED IN VILMORIN & CIE'S DNA

Vilmorin & Cie's Corporate Social Responsibility (CSR) program, formalized in 2012, is truly anchored in the company's DNA. Indeed, on the strength of its business as a seed company, its research, production and distribution practices and the relations it maintains with its stakeholders, this program structures, within a CSR framework, issues that Vilmorin & Cie was already implementing through its daily actions.

It is also based on that of Limagrain, its reference shareholder, with whom the group shares the values of progress, perseverance and cooperation.

During fiscal year 2018-2019, Limagrain redefined its CSR program, in line with the new project formalized for the Group. Vilmorin & Cie has therefore simultaneously revised its program to fit into this new framework, while maintaining the particular approach linked to its activities and stakeholders.

This program has been built on a systemic and partnership-based vision, in order to enable sustainable commitments. It is consistent with the standard ISO 26000, in particular its specific application to the agri-food sector, and the ten principles of the Global Compact.

Furthermore, each Business Unit can develop a CSR program that is specific to its own issues. Nevertheless, the Corporate CSR Department ensures that the programs developed by the Business Units are coherent with that of the Group.

4.1.1. The methodology and the prioritization of the stakes

Over the course of the fiscal year, Limagrain, Vilmorin & Cie's reference shareholder, completely overhauled its CSR program.

To define and prioritize its challenges, the Group CSR Department has taken into consideration several types of internal and external factors:
- the new project defined by Limagrain,
- an analysis of the non-financial risks to which Vilmorin & Cie is exposed,
- the most recent legal requirements but also foreseeable changes with regard to compliance,
- and finally, the expectations of the stakeholders.

These expectations were identified through the materiality analysis carried out by the Group in 2016, in collaboration with an external third party (see "materiality analysis" box on page 117). In 2017, the materiality analysis was revised to take into account the analysis of CSR topics in five Japanese press magazines and feedback from internal and external interviews conducted in the scope of the Business Unit Vilmorin-Mikado. In addition, new and complementary expectations identified through audits or evaluations by external stakeholders, such as clients, funding structures, rating agencies or NGOs, have been taken into account in defining the challenges of the new CSR program for the period 2019-2022.

To ensure the management and continuous improvement of the CSR policy, a structured and standardized non-financial reporting process, accompanied by a glossary of CSR indicators common to the entire Group, was implemented in 2013-2014. The results must demonstrate proof not only of the Group's commitment, but also of the relevance and efficiency of the actions undertaken.

As part of the update of the CSR program, the Group's indicator framework was reworked to select the most appropriate indicators from those recognized by the *Global Reporting Initiative* (GRI) and rating agencies to describe the new challenges identified. The reference framework also includes indicators designed to ensure the internal management of specific Human Resources programs. The 2018-2019 reporting is based on the new version of the reference framework. For its implementation, a new data collection tool has been developed. The methodology is described in detail in section 4.5. on page 159.

In view of these changes, and indeed changes in the consolidation scope, restatements of certain data for fiscal year 2017-2018 were necessary to ensure their comparability.

Materiality analysis

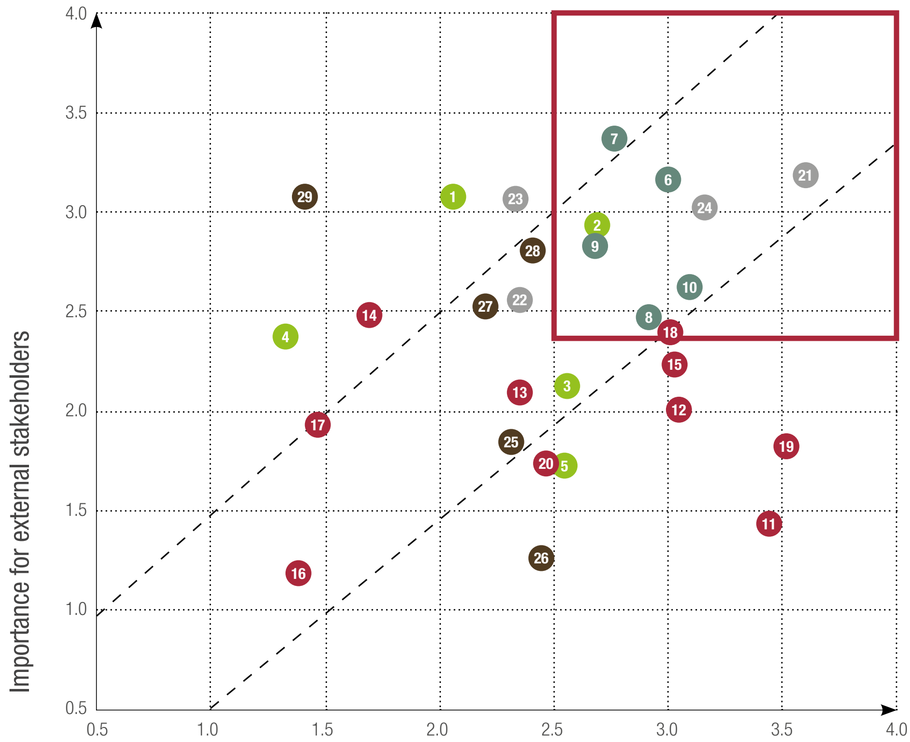
Conducted in 2016, the materiality analysis aimed to refine the identification of CSR issues and to prioritize them, in a logic of continuous improvement following the ISO 26000 diagnostics initiated in 2012. Diagnostics and materiality analysis incorporating the feedback of nearly 250 internal and external stakeholders were conducted in various Group entities, chosen for the representative nature of their activities and their responsibilities towards the markets and society. A weighting of the results according to the sales of each Business Unit was taken into account.

The importance externally was defined by evaluating three criteria that reflect the expectations of Vilmorin & Cie's main types of stakeholders, namely:
- investors, mainly by assessing the expectations of non-financial rating agencies,
- the market, through an evaluation of the level of consideration of the various issues by competitors, customer and supplier expectations expressed in the interviews conducted, and an analysis of questionnaires sent in by customers,
- consumers and civil society, through an assessment of media coverage of the various issues in the general and economic French and international press.

The results provide keys to reading, and make it possible to distinguish between elements that are crucial for the company's current and future success in terms of CSR and elements of lesser importance.

Vilmorin & Cie's materiality matrix presents 29 topics, positioned according to their level of impact on the Group's activity, stakeholders' expectations, their media resonance and their control by the company.
Nine topics appear to be priorities (*): two in human resources (attractiveness and talent management throughout the world, employee health, safety and well-being), five in governance (business ethics and transparency, governance mode, responsible purchasing policy, relations with stakeholders and participation in public debate, respect for human rights), one in product (sanitary quality) and one in the environment (management and quality of water and effluents).

Vilmorin & Cie's materiality matrix



Vilmorin & Cie's priority CSR topics

Environment
1. Emission of greenhouse gases and air pollution
2. Management and quality of water and effluents *
3. Management and recycling of waste
4. Preservation of biodiversity
5. Quality of soils

Governance
6. Business ethics and transparency *
7. Governance mode *
8. Responsible purchasing policy *
9. Relations with stakeholders and participation in public debate *
10. Respect for human rights *

Products and Services
11. Access to progress (intellectual property)
12. Adaptation to climate conditions and local product conditions
13. Efficiency of farms (consumption of resources)
14. Marketing and responsible communication (including information to customers)
15. Partnerships and innovation with customers
16. Acknowledgement of the diversity of tastes and cultures
17. Nutritional quality of products
18. Product sanitary quality *
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

4.1.2. The three CSR priorities

As a result of the process described above, Vilmorin & Cie's new CSR program, which was formalized during the fiscal year, is structured around three CSR priorities and eight issues listed below.

1
Contributing to the lasting progress of agriculture through seeds

- Proposing innovative and responsible solutions from plant genetics for all agricultural models
- Protecting, enriching and spreading plant biodiversity
- Nurturing societal dialogue on seed issues

2
Acting responsibly

- Fostering the professional fulfilment of employees
- Acting in accordance with its Ethical Principles and Code of Conduct
- Limiting the environmental impact of business activities

3
Encouraging cooperation

- Promoting a shared culture
- Getting involved with local communities in regions where we operate

1. Contributing to the lasting progress of agriculture through seeds

This priority is inseparable from Vilmorin & Cie's seed business. Unlike its main competitors, Vilmorin & Cie, which has no activity other than seed creation, aims to create new varieties that provide efficient and sustainable solutions for all forms of agriculture. The first priority of Vilmorin & Cie's CSR program, it brings together the issues related to the group's activity, both in its product creation dimension and in that related to plant biodiversity, the source of plant breeding, or the contribution to social discussions related to seed.

2. Acting responsibly

This is a corporate choice that aims to make the group more agile, ethical and responsible in order to position itself more effectively in new markets in a sustainable way. This area of progress must also make it possible to limit the use of resources and contribute to the creation and preservation of value in the short, medium and long term. Finally, this corporate posture must allow the development of the group's activities, while optimizing the management of environmental, social and societal risks in varied and evolving business contexts.

3. Encouraging cooperation

The third priority concerns Vilmorin & Cie's relational approach with its stakeholders in the broadest sense, i.e. building new partnerships, new ways of relating and creating shared value through the establishment of a permanent dialogue, active listening and responsible relationships, both internally and externally. It also includes participating in the development of the regions where Vilmorin & Cie operates, ensuring the positive impact of its activities.

Vilmorin & Cie has been part of the *Gaïa Index*[1] since 2014.

In the fall of 2016, the group joined the *Gaïa Index*[2] which, every year, includes the 70 top players of the Gaïa Index panel and informs investors on the transparency and CSR performance of *Small and Mid Caps* (SMID) listed on *Euronext Paris*. The group's ranking rose once again in 2019, reaching: 23/230 in the general ranking and 20/86 in the category "Sales > 500 million euros" with an overall score of 81/100. Vilmorin & Cie has thus demonstrated its progress in terms of non-financial performance.

(1) The Gaïa Index is a subsidiary of EthiFinance specializing in the analysis and CSR ranking of European Small and Midcaps.
(2) The Gaïa Index comprises 230 Small and Midcaps listed on the Paris Stock Market that respect two of the three following criteria: sales < 5 billion euros, capitalization < 5 billion euros, headcount < 5,000, and whose securities are sufficiently liquid.

4.1.3. Operational organization

CSR management is based on a continuous improvement approach deployed throughout Limagrain, Vilmorin & Cie's reference shareholder, and on a dedicated organization. The CSR Department, composed of two permanent staff, coordinates Corporate Social Responsibility actions at Group level. For the past 5 years, the CSR Department has relied on the expertise of a CSR Committee, made up of CSR correspondents from the various Business Units and representing different business lines.
The reporting line of the CSR Department to a member of the Group Executive Committee, which was implemented in 2018, is a strong sign of the importance of CSR in the Group's strategy. It also has an impact on the governance of CSR within the Group. Indeed, the Group Executive Committee, acting as the Strategic CSR Committee, now guides, validates and controls the CSR program, which the CSR Department is responsible for leading and monitoring. As such, it will report every six months on the progress of the program.

The CSR Department is no longer alone in implementing the CSR program. From now on, depending on the challenges of the program (see paragraph 4.1.2.), some Corporate Departments are responsible for their management and will be able to rely on their business networks to formalize and implement the actions.

The new governance marks a significant evolution in the deployment of CSR. It will make it possible to disseminate the issues and actions related to all the Group's activities and to involve both the Business Units and Corporate Departments more strongly in their achievements.

4.1.4. Non-Financial Performance Statement (NFPS)

In view of a fiscal year set from July 1 to June 30 of the following year, Vilmorin & Cie is subject for the first time, for its fiscal year 2018-2019, to the requirements of articles L.225-102-1 and R225-104 to R225-105-2 of the French Commercial Code, transposing into French law European Directive 2014/95/EU of October 22, 2014 on the disclosure of non-financial information, and giving rise to the Non-Financial Performance Statement (NFPS) (Ordinance No. 2017-1180 of July 19, 2017 for the disclosure of non-financial information by certain large companies and corporate groups and its implementation decree No. 2017-1265 of August 9, 2017).

With Limagrain as its reference shareholder, itself subject to the requirements relating to the NFPS, Vilmorin & Cie could have benefited from the exemption allowing subsidiaries subject to the obligation to carry out a NFPS included in a consolidation scope not to establish one by referring to the NFPS prepared and published by Limagrain.

Concerned about the quality and exhaustiveness of the non-financial information transmitted to its stakeholders, Vilmorin & Cie has chosen to present the various elements specifically required by the decree of August 9, 2017 in the different sections of its annual report, in order to position them in those sections where they best contribute to the reader's understanding. Thus, the Vilmorin & Cie NFPS is formalized by a concordance table (see paragraph 4.6.) containing the constituent elements and their locations in this annual report.

During the fiscal year, the Group Risk Management and Internal Audit Department and the Group CSR Department conducted joint work, led by an external third party, to identify, analyze and define non-financial risks. As a result of this work, nine non-financial risks were identified.

Seven of these risks are described in the section "1.9. Risk factors". The identification and management of each of these risks is the subject of specific paragraphs:
1.9.4.1.: Risks related to information systems
1.9.4.2.: Risks related to communication
1.9.4.3.: Risks related to product quality
1.9.4.4.: Risks related to intellectual property and legal risks
1.9.4.5.: Risks related to safety and security
1.9.4.7.: Risks related to the environment
1.9.4.8.: Ethical risks

Two additional risks have been adopted. Their identification and management are described in detail with the policy implemented, the performance indicators and the actions undertaken, in the following paragraphs:
4.3.1.5.: Attracting and retaining talents
4.3.1.6.: Managing mobility, careers and skills

However, other important topics with regard to Vilmorin & Cie's liability or stakeholders' expectations should not disappear due to their absence from the risk mapping. These other topics are therefore treated as non-financial opportunities.

In addition, and in accordance with the new legislative provisions of 2018 resulting from the law on the freedom to choose one's professional future (law No. 2018-771 of 5 September 2018) on the one hand, and the law on the fight against fraud (law No. 2018-898 of 23 October 2018) on the other hand, Vilmorin & Cie is also dealing with measures taken in favor of disabled persons as well as those relating to the fight against tax fraud.

Moreover, the law of October 30, 2018, for the balance of trade relations in the agricultural and food sector and healthy, sustainable and accessible food for all, known as the *EGAlim law*, provides in its article 55 that the NFPS must include information on the company's societal commitments to combat food insecurity, respect for animal welfare and responsible, equitable and sustainable food. Vilmorin & Cie, as a seed company, is not directly concerned by this information.

4.2. CONTRIBUTING TO THE LASTING PROGRESS OF AGRICULTURE THROUGH SEEDS

Agriculture faces many challenges, foremost among which is meeting the food needs of a growing world population. Today, the world's population stands at 7.7 billion people, of whom 820 million[(1)] suffer from hunger and more than 2 billion[(1)] from malnutrition. More than a third of the world's population is undernourished. At the same time, 378 million children and adolescents and more than 2 billion[(1)] adults (over 18 years of age) are overweight, due in part to an unbalanced diet and overeating, resulting in 4 million deaths per year.

Tomorrow, it will be necessary to feed an ever-increasing world population – nearly 10 billion people in 2050 (8.3 billion by 2030[(1)]) – and to support the nutritional transition while ensuring that culinary traditions and food balances are respected.

To rise to this challenge, agricultural production must increase by 60% by 2050[(1)], in quantity, but also in quality and diversity in a context of increasing scarcity of resources (available arable land, water, energy). It is therefore essential to increase yields, optimize land use and enhance the value of agricultural chains.

Vilmorin & Cie, whose sole business is that of seed, is convinced that plant breeding is a concentrate of solutions to help meet these challenges. Seed innovation and genetic progress must enable farmers to grow varieties with improved performances, and to produce more in a context of limited resources, but also to provide solutions for all forms of agriculture, allowing them to coexist in a balanced and diversified combination.

4.2.1. Proposing innovative and responsible solutions from plant genetics for all agricultural models

Scientific progress, particularly in the field of genetics, has enabled rapid and useful advances in plant breeding to be made. The breeding* teams work on a daily basis to create varieties that meet the expectations of farmers and vegetable growers, regardless of their production system, their problems and their geographical region. They thus select varieties that are more productive, better adapted to the climates and specificities of the different regions, more resistant and with improved nutritional qualities. These new varieties, which provide solutions for producers, contribute to improving the economic performance of farms.

Investment in research is therefore a constant aspect of Vilmorin & Cie's strategy. In 2018-2019, Vilmorin & Cie devoted 15.9%[(2)] of its sales to research, which accounted for 29% of the group's headcount. For Vilmorin & Cie, innovation primarily concerns the creation of high-performance varieties in more than 60 vegetable and field crops.

Vilmorin & Cie also integrates new agricultural practices linked to new technologies, particularly those resulting from digital technology, into its research process. Precision farming, which makes it possible to complete the farmer's viewpoint and experience in order to model them in the form of data, is an important area of work. Soil knowledge and protection or the use of biological control* techniques are also the subject of research.

By helping agriculture to become both more productive and more environmentally friendly, Vilmorin & Cie will contribute to the development of sustainable and competitive agricultural models that can contribute to meeting food challenges. The specific features of Vilmorin & Cie's development model and research are presented in detail in Section 1 starting on pages 43 and 48.

4.2.1.1. Supporting the evolution of different agricultural models for better farm performance and a more sustainable world

Agriculture is multifaceted. It does not follow a single model, but covers a multitude of local situations depending on soil and climate conditions, the ability to access modern production factors (mechanization, seeds, fertilizers, plant health products), the use of agricultural production, etc. All these factors combine to create different production systems that individually contribute to meeting global food needs. Vilmorin & Cie's objective is to best meet the needs of its farmer and vegetable grower customers, regardless of their geographical location and production system.
All forms of agriculture must be able to find seeds adapted to their needs in Vilmorin & Cie's ranges. Working on more than 60 crops, both vegetable and field seeds, the Company contributes to the diversity of production. Vilmorin & Cie targets 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"*.

(1) Source: FAO. Food report 2019. IFPRI 2018.
(2) 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).

Vilmorin & Cie considers that genetic improvement and plant breeding are the foundations of sustainable agricultural performance 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.

Seed innovations also have a direct or indirect impact on the evolution of agricultural production systems and their sustainability. These developments must be analyzed in a comprehensive and systematic way. Thus, as part of its new CSR program, Vilmorin & Cie has chosen to launch two initiatives in the field of innovation.

- The first idea is to evaluate the impact of its innovations on production systems. Indeed, responding to market needs and satisfying the demands of its customers have always been the guiding principle of Vilmorin & Cie's research programs; in this respect, its leading positions in several markets prove the effectiveness of its responses. However, satisfying market needs does not always mean meeting them sustainably. This is why Vilmorin & Cie will now evaluate its research programs and new solutions in terms of their impact on the evolution of the production system concerned, in social, environmental and societal terms. An Evaluation Committee will be responsible for analyzing, throughout the process of creating varieties or innovative technologies, the impacts that they could have if they were made available to farmers and vegetable growers. In addition, this evaluation will make it possible to characterize research and development activities according to the objectives selected and to show in a factual way how much a seed company's activity contributes, not only to the increase in food production it generates, but also to the sustainability of agricultural activities.
- Vilmorin & Cie will also explore new avenues of innovation that can have a beneficial impact on the development of production systems, the environment and society. Meeting market needs sometimes results in projects and ideas being overlooked because they are too vague, do not immediately respond to a market need or because the envisaged market appears very limited. However, the impact of these innovation opportunities could have been very positive. It will therefore be up to a Prospective Committee to study how these abandoned leads could make a positive contribution or what new leads could be studied.

Through these new initiatives, Vilmorin & Cie aims to broaden its approach to markets by taking production systems into account. Beyond simply responding to market demand, Vilmorin & Cie intends to assess the impact of products, no longer at the plot level, but in the more global context of the production system, and to consider areas of work that have hitherto been neglected, because their potential benefits have only been identified for certain types of agriculture.

4.2.1.2. Developing plant solutions with improved agronomic and environmental performances

As a seed company, Vilmorin & Cie's major contribution is to improve the adaptability of crops. Thus, the work of the group's breeders* aims to adjust the varieties grown with the utmost responsiveness, to changes in agricultural ecosystems and their constraints (climate, soil quality, etc.). They therefore create varieties that must meet the needs of agronomic performance, which is a guarantee of the economic viability of farms, but also improve the environmental performance of their crops.
In 2018-2019, Vilmorin & Cie launched 255 new varieties on the market including 203 in vegetable seeds and 52 in field seeds. Overall, Vilmorin & Cie distributes almost 5,000 varieties throughout the world covering more than 60 plant species.

Key figures

255
new seed varieties were launched on the market in 2018-2019

Almost
5,000
varieties distributed throughout the world covering more than 60 plant species

4

Examples of Vilmorin & Cie's contribution in vegetable seeds

News of the tasty tomato ADORA

In a context where tomatoes are frequently cited as the crop that has lost its taste qualities as a result of the industrialization of its production, HM.CLAUSE's ADORA tomato has demonstrated the potential of plant breeding to meet this consumer concern. Launched 18 months ago, this tomato, which combines the advantages of the "Marmande" and "Noire de Crimée" types, combines many qualities that production partners strive to fully express in compliance with the production specifications. ADORA is living proof that new varieties can produce fruits of high taste quality. In a short time, ADORA has already become a reference, receiving an award in September at *Fruit Attraction*, Madrid's international fruit and vegetable fair, and a television star in the *Masterchef* program broadcast in Spain.

A nematode trap carrot to replace chemical treatments

Following the European ban on a chemical treatment product, carrot producers in France or Italy are confronted with the multiplication of nematodes in the soil, which can cause production losses of up to 90% of the harvest. For 20 years, the Business Unit Vilmorin-Mikado, through which Vilmorin & Cie is the world leader in carrots, has been working with partners to find an alternative solution to chemicals.

Vilmorin-Mikado has just announced the launch, within 2 to 3 years, of a carrot to clean up the soil by preventing the multiplication of nematodes, which are naturally trapped in its rootlets. This trap carrot, which is not intended for consumption, cleanses the plot for the future cultivation of a consumption carrot, with a particularly high level of efficiency.

Examples of Vilmorin & Cie's contribution in field seeds

Reducing the use of plant health products through customized varieties

Agriculture has always used the means at its disposal to improve crop yields. Quality seeds, irrigation and fertilization put the plants in the best growing conditions. Plant healthcare products, fungicides and insecticides, minimize yield losses caused by pests. However, reducing the use of plant healthcare products is a major societal expectation of agriculture, but also an economic issue for farmers. Plant breeding* contributes to this desire by selecting varieties that are naturally resistant to insects or disease tolerant.

In rapeseed, the "Turnip Yellow Virus" *(TuYV)* is a disease transmitted by the greenfly *(Myzus persicae)*. Harmful for rapeseed, it can generate very high yield drops. Vilmorin & Cie has recently bred the LG Architect rapeseed variety, which has partial resistance to this virus, as shown by studies conducted by *Terres Inovia (National Technical Institute for Oilseeds)*. This resistance limits or even eliminates insecticide treatments against greenfly, a vector of the TuYV virus. This LG Architect innovation also offers low sensitivity to pod shattering and high yield potential.

In soft wheat, reducing the use of fungicides, insecticides and growth regulators during vegetation is also an objective. Here again, genetic selection* can provide farmers with environmentally friendly and sustainable solutions. LG Absalon and LG Armstrong are two varieties with a very good disease tolerance profile.

The performance of these varieties is recognized by the issue for each one of them with a *Chemical Products Savings Certificate* (CEPP). CEPPs are the main lever of the *ECOPHYTO* program of the French Ministry of Agriculture, to encourage the choice of varieties that contribute to a decrease in the use of plant protection products.

The Field Seeds brand LG has built, in conjunction with *Terres Inovia*, a CEPP sheet for the LG Architect rapeseed variety. The interest of this resistance to turnip yellow virus in reducing insecticide use is also described in sheet 41 of the *Solutions Contract*, created by the agricultural profession and co-signed by the Minister of Agriculture.

As for wheat, in collaboration with *Arvalis Institut du Végétal* the LG brand has developed a CEPP sheet aimed at reducing the number of treatments by using soft wheat varieties that are fairly resistant to bio-aggressors and lodging. The interest is to favor varieties that hold up well to disease, insects and lodging. This objective is also included in sheet 6 of the *Solutions Contract*, created by the agricultural profession and co-signed by the Minister of Agriculture.

Commercially, LG Architect rapeseed was a resounding success during fiscal year 2018-2019. In 2018, it was the most widely sold variety in France. As for the LG Absalon variety, it is now the second most multiplied variety on the French market in conventional agriculture and is also developing on the organic farming market.

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

A seed is a promise; that of production for the farmer or the 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 with an original biostimulant called Starcover.

Starcover, which was launched in fiscal year 2017-2018 in Germany, Belgium, Denmark, Italy and the Netherlands, has made a highly satisfactory start. Applied in seed treatment, it combines two active ingredients of natural origin – a plant extract and a bacterium – which will act in synergy around the corn seed. The promise of Starcover: more and better roots for better access to soil nutrients, better phosphorus uptake and a more vigorous plant start. All these advantages contribute to a more regular crop in the plot that encourages yield expression. Starcover will be launched in other European countries in the coming fiscal years.

An example of Vilmorin & Cie's contribution to garden products

Vilmorin Jardin has launched "Connected Gardening"

The gardening market is constantly evolving and is increasingly segmented according to new factors: the gardener's knowledge (expert or novice), 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", more often than not urban and/or novices, with a very small space, often seeking naturalness and the desire to consume their own fruit and vegetables, Vilmorin Jardin is diversifying its ranges. As digital is also an integral part of gardening activities, Vilmorin Jardin launched its "connected gardening" offer during the year, consisting of a mobile application for mobile phones and connected objects, and a sensor.

The Vilmorin Jardin application is targeting these new gardeners who need advice on how to discover gardening activities. A sensor completes the offer and provides the application with the necessary data to monitor the vegetable garden (soil temperature, humidity, etc.). The use of these two tools allows gardeners to follow the evolution of their plantations, but also to choose the varieties to sow, or to discover cooking recipes to consume their own production.

Offered at this stage on distributors' e-commerce sites, before being available in stores next year, this innovation has already received several awards – such as the *LSA Innovation Trophy*, confirming the interest generated by this true "gardener's coach".

4.2.1.3. Satisfying the expectations of each customer throughout the world and promoting access to quality seeds

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.

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), Genica Research (United States. Vegetable Seeds), AdvanSeed (Denmark, Vegetable Seeds), Sursem (Argentina, Field Seeds), Geneze (Brazil, Field Seeds),
- The purchase of stakes in Seed Co (East Africa, Field Seeds) and Canterra Seeds (Canada, Field Seeds) or the creation of new joint ventures through Prime Seed Co (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, Jordan and El Salvador.

In turn, 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 society's expectations. Vilmorin & Cie's close relationship with its customers enables it to be attentive to the needs of producers, farmers and vegetable 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.

For Vilmorin & Cie, the complementarity of all forms of agriculture is the only way to meet agricultural challenges and the accessibility of quality seeds by all farmers is a guarantee of improved food supply, especially in subsistence farming. This is why access to seeds by small producers is crucial.

In 2019, the NGO *Access to Seeds* published the results of its seed accessibility index for small producers in South America, Africa and Asia. Vilmorin & Cie, through its reference shareholder Limagrain, is ranked 6th out of the 13 seed companies operating in all the regions studied.

Vilmorin & Cie is particularly noted for its positions in the field of intellectual property and genetic resources*. Moreover, as proof of Vilmorin & Cie's strong proximity to markets, it is particularly its research and development capacity on a large number of local crops that is appreciated. Vilmorin & Cie promotes the complementarity of the various forms of agriculture and aims to respond to the diversity of needs and markets through its products.

In the regions studied, the share of smallholders is very high and represents 81% of the group's customers, or about 1.6 million farmers. This is particularly true in South and South-East Asia, where the percentage of field crops is 97%. Vilmorin & Cie therefore adapts its marketing and sales offer according to the typology of its customers.

Fair Planet: Facilitating access to quality seeds for all farmers

Seed is the primary factor of production for all farmers. It contains their promise of a production that they will consume themselves or that they will sell. In all cases, the seed is decisive in terms of the living conditions of farmers or vegetable growers. Access to quality seeds and being able to express their potential is a major challenge, especially for small producers.

Based on these findings, Vilmorin & Cie was the first seed company to become involved as a founding partner with *Fair Planet,* an NGO active in Ethiopia since 2012 whose vocation is to ensure the development of vegetable production by testing high-performance varieties and training small producers in their use.

"Bridging the seed gap" is *Fair Planet's* objective for small vegetable producers in Ethiopia, by breaking the vicious circle that links poor seed quality, poor vegetable production, malnutrition and poverty. Its method:

- to test, under local conditions, varieties resulting from the research of seed companies to determine which ones are best adapted to local crop conditions,
- to teach vegetable growers how to best express their potential.

On the strength of these two advantages, producers then develop qualitative and quantitative production, which allows them to ensure a better diet, but also to develop economic activity, guaranteeing their autonomy.

Present at three sites in 2017-2018 (Dire Dawa, Haramaya and Butajira), *Fair Planet* focused its efforts on three crops (tomato, hot pepper and onion), from which it has tested dozens of different varieties.

2018 marked the end of *Fair Planet's* action in Butajira, after 6 years of presence, which made it possible to improve the vegetable production conditions of small growers in this region of Ethiopia.

More than 20 variety trials were conducted in experiments and on farms, which made it possible to identify varieties of hot pepper, tomato and onion adapted to local soil and climate conditions. More than 250 reference producers, based in 17 villages covering most of the local vegetable production, have been trained.

Now, more than 90% of the region's market gardeners use quality seeds and the results are telling: tomato yields have increased fourfold and eightfold in hot peppers. In a single season, many small producers have doubled the annual income from cultivating their land. The local teams trained by *Fair Planet* will continue training actions aimed at implementing better farming practices.

The NGO will now focus on eastern Ethiopia. By 2020, *Fair Planet* aims to have 50,000 small Ethiopian producers directly or indirectly covered by its program.

4.2.2. Protecting, enriching and spreading plant biodiversity

Plant breeding is at the crossroads of improving the competitiveness of agriculture and global environmental issues such as climate change, the increasing scarcity of resources such as arable land and water, societal expectations for input* reduction (fertilizers, plant healthcare products, etc.). To meet these challenges, solutions will be found in existing biodiversity, which offers, through its crossbreeding, the ability to create new varieties with improved performance. The greater the genetic diversity, the greater the possibilities. Protecting, enriching and spreading biodiversity are therefore essential missions for any seed company, in order to maintain its ability to offer new varieties adapted to the diversity of markets.

4.2.2.1. The conservation and development of biodiversity

The genetic diversity of plants, contained in what is 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 in terms of quality and quantity. Biodiversity is one of the most important resources on the planet to meet the needs of agriculture and food. It expresses the variability necessary for the adaptation and survival of living organisms to the evolution of their environment: ecosystem diversity, species diversity and, less visibly, gene and gene-assembly diversity.

The group's work on genetic resources* and biodiversity thus contributes to food security and nutritional diversification – that is, the availability of a diverse and adapted food mix – 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 its colleagues, must prove that they are distinct and, for field seed crops, that they have superior performance to varieties already on the market. Official studies therefore include two types of tests*: DUS (Distinction, Uniformity, Stability) for all species and VATE (Agricultural, 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 expansion of biodiversity. By launching several hundred new varieties on the market each year, and maintaining several thousand, Vilmorin & Cie actively participates in the conservation and development of the biodiversity of a large number of plant species.

Key figures

20 **million euros**
devoted every year to the conservation of the genetic diversity of the species worked on.

30,000 **corn varieties in Europe**
(lines and populations) conserved in the group's collections.

4.2.2.2. Vilmorin & Cie, a partner in cross-cutting initiatives

Vilmorin & Cie goes further in the conservation 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 contained in the *sui generis* system of protection of intellectual property specific to seeds, as implemented under the terms of the *Union for the Protection of New Varieties of Plants* (UPOV) Convention. Furthermore, Vilmorin & Cie has played a decisive role in the initiatives run by the professional federations, *Euroseeds* and the *International Seed Federation* (ISF), to contribute to the development of the *International Treaty on Plant Genetic Resources for Food and Agriculture* (PGRFA) 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.

Finally, Vilmorin & Cie has many partnerships related to biodiversity conservation with technical institutes throughout the world such as: Embrapa (Brazil), Kasetsart University (Thailand), CAAS (China), INRA (France), Tomato Genetics Resource Center (United States), ARO Institute (Israel), Center for Genetic Resources (Netherlands).

Partnership with Seed Co

Seed Co, in which Vilmorin & Cie has been a shareholder(1) since 2014, is the leading African seed company. Benefiting from leading positions in several southern African countries, the company has built its success on the adaptation of its products, in particular white corn intended for human consumption, but also on its proximity to local farmers.

The complementarity in corn genetics between Seed Co and Vilmorin & Cie is strong and benefits both companies' research programs. Vilmorin & Cie has genetic resources* in yellow corn, at a time when the development of meat consumption and especially poultry consumption across the African continent is leading to strong growth in the yellow corn market. At the same time, Seed Co's white corn germplasm* is an asset for development projects in West Africa.

(1) On June 30, 2019, Vilmorin & Cie held 29.4% of the capital stock of Seed Co Limited and 31% of that of Seed Co International.

4.2.2.3. The protection of plant breeding

Plant breeding requires time and technologies that are constantly evolving. It takes an average of 7 to 10 years to develop a new variety. Vilmorin & Cie therefore pays particular attention to the protection of the rights of creators of new varieties, a vital source of research funding. This is an essential vector of innovation for the pursuit of genetic progress and plant improvement. At the same time, access to the widest possible genetic variability is also a necessary condition for the overall advancement of varietal progress. The risks related to intellectual property protection, in particular with regard to plant breeding, are described in detail on page 71, paragraph 1.9.4.4.

In this particular context, seed companies use the following systems for the protection of plant breeding:

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 *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.

Invention 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 their 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. This case hardly exists outside the United States.

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.

4.2.3. Nurturing societal dialogue on seed issues

4.2.3.1. Contributing to the public debate on seed issues

Developments in science and agriculture are now the subject of debate, amplified by social media. The questioning of the progress made in recent decades by many organizations affects all areas of these disciplines. Seed, at the crossroads between science and agriculture, but also between food and nature, is the subject of many debates and controversies. It is particularly in developed countries, especially France, Vilmorin & Cie's country of origin, that challenges to progress are the most frequent. They cover a multitude of subjects (intellectual property, product quality, biodiversity, breeding techniques*, etc.), and take a wide variety of forms. In this respect, the risks related to communication are described in detail on page 69, in paragraph 1.9.4.2.

Vilmorin & Cie has been, and continues to be, at the forefront of debates related to intellectual property for plants. It argues in the debates related to the respective use of the two intellectual property protection tools, the *Plant Variety Protection Certificate* and the Patent, for a fair balance between the two systems. Vilmorin & Cie defends a balance that protects intellectual property, without prohibiting the use of innovation as a source of other creations. With regard to plants, new varieties cannot be created 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 a constructive dialogue with the stakeholders in the regions where they work. In addition, they organize visits and meetings, particularly with seed multiplication farmers*, to seek, together, shared avenues for improvement.

Limagrain Europe presents its research site in Rilland (Netherlands)

On the occasion of the opening of new greenhouses and grow rooms at the Rilland research center (Netherlands), Limagrain Europe's Dutch structure organized a week of meetings and exchanges called *"Perfect Plant"* in July 2018.
Over the four days of meetings, 2,500 visitors were received on days dedicated to distributors, farmers, employees and their families, the company's retirees and the general public.

The subject, introduced by the Director of Plant Sciences at Wageningen University, consisted in showing how plant breeding* responds, through the creation of varieties, to the challenges of today and tomorrow while insisting on its role as a starting point for food production. To visualize the efforts made in plant breeding, a huge demonstration plot presented all the diversity of crops worked by Limagrain Europe in the Netherlands as well as the onion range of the Business Unit Hazera. During their visit, visitors discovered the link between research and the cultivated product.

4.2.3.2. Contributing to the representation of the profession

In all activities, professional associations and inter-professional organizations have a decisive role as intermediaries between the stakeholders of their profession, whether they are States and their administrations, regulators, political authorities, the media or non-governmental organizations (NGOs). They are called upon to summarize the opinions of their members and to defend these points of view in all debates related to their professions.

In this context, Vilmorin & Cie is very involved in interprofessional structures and professional unions, both at national level – with the *Groupement National Interprofessionnel des Semences et Plants* (GNIS) and the *Union Française des Semenciers* (UFS), and at European level – via *Euroseeds* – or international – through the *International Seed Federation* (ISF). As such, it actively participates in debates on agriculture and more specifically on its profession as a seed company: protection of living organisms, access to genetic resources* and the use of plant biotechnologies* in the field of scientific research in particular.

4.2.4. Product quality and food safety

To ensure 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, the implementation and scope of which progress each year towards operational excellence.

4.2.4.1. Quality management

Internal management systems and external certifications guarantee the quality of the seeds sold by Vilmorin & Cie. In 2018-2019, 97% of companies with an industrial site were covered by a quality management system and, within the same scope, 86% of sales benefited from quality certification such as ISO 9001, GSPP, NAL, etc.

In addition, with regard to genetically modified organisms* (GMOs), Vilmorin & Cie has been a member of *"Excellence Through Stewardship"* (ETS) since 2012. This commitment requires all its Business Units working with genetically modified material to implement quality management and stewardship systems, from research to distribution. In this context, official audits of quality management systems are conducted every three years by independent auditors on a selection of sites and activities. After obtaining the ETS certificate in 2015, Vilmorin & Cie received its new ETS certificate in 2018, following the second audit cycle. This is proof of its ability to manage the coexistence of GMO* activities with those related to the conventional sector.

The risks related to product quality are described in detail on page 70, in paragraph 1.9.4.3.

4.2.4.2. Food security

Seed is the first factor of production for all farmers. It contains their promise of agricultural production, which will either be directly consumed or processed, for example into ingredients. With the exception of crops grown for energy production or soil protection/regeneration – which remain limited globally – seed therefore plays a decisive role in food.

Vilmorin & Cie's research aims to contribute to the improvement of food production, in quality and quantity, through the creation of varieties with improved characteristics. To achieve this objective, biodiversity, through genetic resources*, provides material for an infinite number of possible combinations. It is one of the most important resources on the planet to meet the needs of agriculture and food. It expresses the variability necessary for the adaptation of living organisms to the evolution of their environment. Vilmorin & Cie's work in this area contributes to food security and nutritional diversification – that is, the availability of a varied and adapted assortment of foods – essential for the health and development of the human body.

4.2.4.3. The fight against food waste

Vilmorin & Cie, as a seed company, does not market food products. The company is therefore not directly concerned by questions of food waste and has therefore not implemented any specific actions concerning this issue.

4.3. ACTING RESPONSIBLY

Key figures

2.98
million euros invested in 128,163 hours of training

116
employees under 26 years of age hired with permanent work contracts, out of 815 in the world

341
trainees worldwide

Data for 2018-2019

To develop in France and internationally, Vilmorin & Cie operates responsibly, respecting all the players in its environment, including the men and women of its organization, its shareholders, its customers, its suppliers, not to mention associations, politicians, as well as end consumers and civil society.

The values of progress, perseverance and cooperation guide the behavior of employees and guide decisions in a long-term perspective. The Group's know-how, innovative spirit, international development, multiculturalism, emblematic brands and the commitment of all its employees drive it towards enlightened development.

At the same time, Vilmorin & Cie strives to develop the talents of all those who want to be part of this adventure, to anticipate and meet human resources needs, in line with the Group's values and strategic orientations.

The Group is aware of the environmental challenges in a context of limited arable land and natural resources. To help meet these challenges, the teams work every day to strive for operational excellence in order to become an exemplary partner and to leave a positive footprint on the activities in the areas where Vilmorin & Cie operates, thanks to its efforts in research and plant breeding, and targeted actions on all fronts.

At the same time, the fundamental themes of the Global Compact – Human Rights, Labor Law, Environment and Anti-Corruption – have been integrated into the development strategy. These principles are at the heart of human resources policy, corporate ethics and environmental protection commitments.

4.3.1. Fostering the professional fulfilment of employees

Developing human capital is key to motivating the employees who make up the company, essential to ensure the continuity of activities over time and crucial for the enrichment of skills more broadly in society. It is this human capital that Vilmorin & Cie intends to develop in order to enable each of its employees to contribute to the development of the Company and to flourish in their work.

In this way, the Group implements programs that enhance the employability of its employees and guarantee high standards of occupational health and safety. The year 2018-2019 was marked by the construction of a new strategy for the knowledge sharing center Limagrain Academy and the definition of managerial paths to facilitate skills development when executive managers and top executives from all the Group's Business Units take up their positions.

Particular attention is paid to the fairness of the social policy around the world and to the provision of equitable remuneration. All the company's employees also have a share in the profits of the Group and their respective Business Units, as part of a global incentive program. This incentive program is available in all countries where the group operates.

Finally, Vilmorin & Cie makes every effort to ensure that its employees are proud of their company. During fiscal year 2018-2019, the Human Resources (HR) teams worked to redesign the Group's employer brand to provide attractive answers to candidates' and employees' questions about the company, its identity, its distinctiveness and its purpose.

The HR teams' efforts also focused on the international deployment of shared HR information systems, for recruitment management, annual appraisal follow-up and career monitoring, allowing automatic consolidation of information and thus optimization of HR processes.

4.3.1.1. Vilmorin & Cie's employees

Permanent headcount

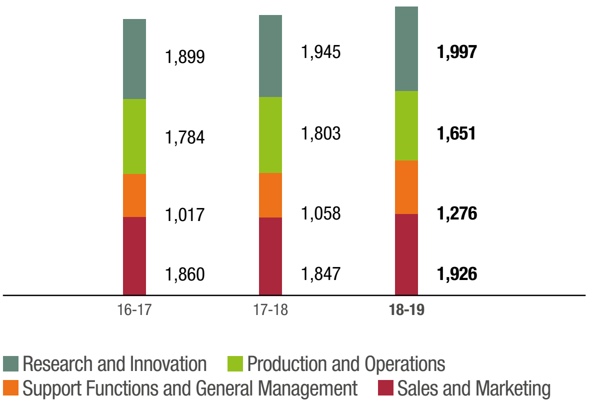
With a permanent headcount of 6,850, up 2.96% compared with the previous fiscal year, Vilmorin & Cie enjoys a wealth of 74 different nationalities.

Number of employees	16-17	17-18	18-19
Division			
> Vegetable Seeds	3,653	3,714	3,812
> Field Seeds	2,363	2,413	2,478
> Garden Products	281	258	265
> Holding	263	268	295
Geographical area			
> France	2,076	2,062	2,133
> Non-France	4,484	4,591	4,717
Gender			
> Men	4,087	4,141	4,278
> Women	2,473	2,512	2,572
Category			
> Managers (1)	1,938	2,002	2,316
> Non-managers	4,622	4,651	4,534
Total	**6,560**	**6,653**	**6,850**

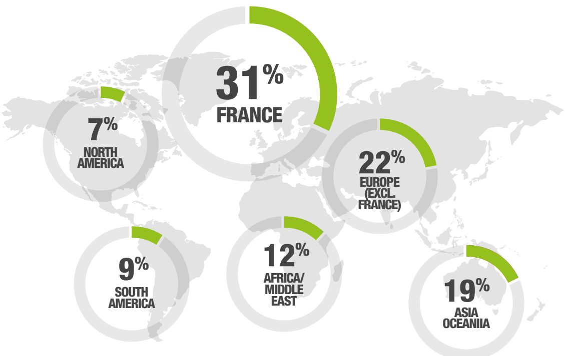
(1) According to the definition adopted by Vilmorin & Cie, a manager is a supervisor or expert with further education of five years or the equivalent acquired by experience.

Evolution of the permanent headcount by professional profile

The evolution of the permanent workforce by business profile compared to 2017-2018 was fairly stable overall. With 28.12% and 29.15% respectively, sales and marketing and research are the two most represented business lines within Vilmorin & Cie.



Distribution of the permanent headcount per region



Trainees

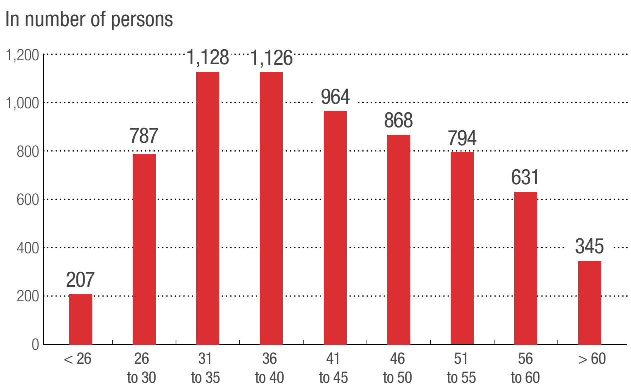
The number of trainees remained stable at 341.

The distribution of interns evolved significantly in favor of support functions, where the number of interns doubled compared to the previous year. 42.23% of the trainees were in R&D (down 10% points compared to 2017-2018), 30.79% in support functions, 15.25% in sales and marketing, and 11.73% in production and operations.

In 2018-2019, most of the trainees were located in Europe, which, with a percentage of 74.34%, corresponds to a drop of almost 10% points, in favor of all the others continents: South America (10.79%; +2.7% points); North America (6.71%; +1% point); Asia/Oceania (3.79%; +2% points) and Africa/Middle East (4.37%; +2.3% points).

Age pyramid

In 2018-2019, the average age of employees at Vilmorin & Cie was 42.2. The age pyramid is overall balanced, but it should be noted that for the first time, the 36-40 age group is almost at the same level as the 31-35 age group.



Recruitments/Departures: key figures

During the course of fiscal year 2018-2019, 815 people were hired, including 305 with permanent work contracts. Out of the total recruitments with fixed term contracts, 257 managers (i.e. 31.53% of those hired) were taken on by Vilmorin & Cie in 2018-2019. Among these recruitments (with fixed term contracts), 14.23% concerned young employees less than 26 years old (an increase of 2.6% points), including 8.47% without any prior professional experience.

At the same time, 794 employees left Vilmorin & Cie during fiscal year 2018-2019.

Number of employees	16-17	17-18	18-19
Retired	73	99	118
Resigned	325	335	369
Discharged (individual and collective)	110	134	221
Others	86	81	86
Total	**594**	**649**	**794**

The increase in the number of redundancies is due to the closure of the Business Unit HM.CLAUSE sites in Thailand and Vietnam. Recruitment began at the new sites in 2018-2019 and will continue in 2019-2020 to restore the previous level of headcount at these entities.

4.3.1.2. The 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. These aspects are developed in paragraphs 4.3.1.2., 4.3.1.3. and 4.3.1.4.

Working environment

Vilmorin & Cie regularly makes investments in the premises where employees work. The year 2018-2019 was marked by the expansion of the Portes-Lès-Valence (France) site in the Business Unit HM.CLAUSE, through the construction of a new building fitted out with the advice of a service provider specialized in workspaces. In addition, Vilmorin & Cie attaches great importance to the development of quality premises, in which pleasant workspaces are preserved to encourage collaboration.

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, 2019, out of a total headcount of 6,850, 357 employees were working part time, a total of 5.21% 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 24 agreements have been set up to deal with the organization of working times involving several of Vilmorin & Cie’s companies. They allow employees to do their jobs – if compatible with their function – outside the premises of their employer, and using information and communication technologies. Teleworking can contribute to creating a good balance between private life and professional life. It is now an integral part of the provisions implemented through the Group’s Professional Equality agreement.

Working better together

In an increasingly international environment, it is essential for Vilmorin & Cie to address the issue of “working together better” in order to achieve its objectives. Working together better means knowing each other better, understanding each other and coming together. To achieve this, regular or ad hoc actions allow for smooth working relationships on a daily basis:

- 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.
- The organization of virtual meetings 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, Yammer, was launched globally in order to facilitate collaborative work and foster exchanges between teams throughout the world.
- During fiscal year 2018-2019, the deployment of the Teams IT solution is a big step forward in collaboration and exchanges between employees.

Social climate

Surveys on the quality of life at work are conducted regularly within the scope of Vilmorin & Cie; they help to identify possible areas of progress and thus to build appropriate action plans for the well-being of employees.

4.3.1.3. 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 Group 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 drawing all conclusions from each failure in this matter.

The indicators below show the evolution of the results of Vilmorin & Cie's safety approach:

	16-17	17-18	18-19
TF1	6.07	6.66	6.04
TF2	13.00	12.22	9.88
TG	0.08	0.13	0.13

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. To manage the safety policy, Vilmorin & Cie monitors the frequency rate of accidents with lost time (TF1), accidents with and without lost time (TF2) and the severity rate (TG). They make it possible to identify potential areas for improvement and thus to build appropriate action plans for the well-being of employees.

While TF1 was first used as the benchmark indicator, Vilmorin & Cie chose to refer to TF2 as from fiscal year 2018-2019. The latter, which also takes into account accidents without lost time, reflects a more exhaustive view of the situation and the impacts of the safety policy put in place. The TF2 – sliding over 12 months – stood at 17.50 in August 2016. By 30 June 2019, it had been reduced to 9.88. We can therefore consider that the objective has almost been achieved. As a result, a new objective has been set: to halve the TF2 once again, i.e. to reach 5 by 2021.

The safety policy is now fully deployed in all Vilmorin & Cie's Business Units. Only recently acquired new companies are being adapted and a post-acquisition process is underway to this effect.

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, and strives to improve working conditions notably through managerial safety visits. In France, employees who are exposed to particular risks such as noise, 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 ensure that employees are apt for their job health-wise.

In fiscal year 2018-2019, 7 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.

Review of occupational health and safety efforts

Investment in training devoted to health and safety continued to increase in 2018-2019, rising from 22.5% of total Vilmorin & Cie training hours to 25.97%.

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 2018-2019, the global absenteeism rate was 5.69%[(1)]. It was 3.83%[(1)] for managers and 6.64%[(1)] for non-managers.

Risks related to safety are presented in detail on page 72, paragraph 1.9.4.5.

(1) Excluding Limagrain Ukraine.

4.3.1.4. 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.

On June 30, 2019, three negotiations of Group agreements in France were opened. They concern:
- a review of the agreement concerning the European Works Council,
- the Group's profit-sharing system,
- 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. Most companies in France have taken the opportunity of changes to the legislative provisions concerning employee representation in France to consider, with the social partners, the establishment of representative bodies best suited to each company. Many company agreements have been signed this year on this topic.

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 countries of the European Union.

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 are ongoing.

4.3.1.5. 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 dynamizing the group's employer brand, and more globally on the notion of appeal, with the objectives of boosting the Group's global brand awareness as an employer and attracting and retaining talents. The subject of appeal is now an aspect of the HR strategy in its own right. Implementation through action plans was initiated at the beginning of fiscal year 2018-2019.

The employer brand statement, defined in 2015 around the 7 good reasons for working for the Group, was reconsidered during the year in order to better meet the needs of the recruitment market. It will be available from fall 2019 on all tools: website, social networks, job boards, school forums, etc. This work is the result of collective brainstorming sessions conducted in workshops bringing together Human Resources experts, Group top executives, operational staff representing the business lines, new recruits, etc. The new face of the Group's employer brand aims to better express the wealth and success of the Business Units, tell the story and reveal the Group's soul, and enhance the value of the Group's businesses, careers and their diversity. It will take the form of new photographic visuals, video testimonials from employees/ambassadors, accompanying texts with a Human Resources touch, and descriptions of the various missions and actions carried out within the Group.

The employer brand is multifaceted. It is aimed at potential applicants, students, social partners, employees in employment areas, school and university teams and Group employees. It tells the story of the experience of employees, applicants, the working environment, Human Resources and management practices, etc. During 2018-2019, a year of transition, new actions have strengthened the approach, such as:

- The continuing development of school relations in France and internationally, specifically through the consolidation of close relations with ISARA, Agro Campus and Sup Agro Montpellier, along with the University of Wageningen, in the Netherlands, the top school in the world ranking in the life sciences category. In the Group's home region, Auvergne, the partnership with the ESC Clermont business school has developed around a strengthened contribution to the selection panels for admission, the presentation of the Company's businesses, support for events celebrating the school's Centenary, courses given by the Group's experts, and market studies.
- Employer brand/appeal workshops organized by HR Corporate teams with HR representatives from the Business Units to collect specific needs, present the approach and the changes expected, particularly in terms of recruitment.
- Editorial analysis and digital diagnosis of the entire digital HR ecosystem in order to effectively manage the transition (SEO, Data Content Analysis, etc.) by adapting to the different audiences and targets.

- Continuing deployment of employer brand communication on the main social networks where the group has an account: LinkedIn and Facebook.

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. 24 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 2018-2019, Vilmorin & Cie ran 31 actions worth 26,804 euros, in France and the Netherlands: participation in business forums, representation in governance, round tables, organization of visits to companies in the Group, sitting on juries, etc.

The fiscal year was marked in particular by the Group's active representation in the governance of the school known as HALL 32, located in Clermont-Ferrand, in the Auvergne-Rhône-Alpes region. The school aims to promote and enhance the value of industrial professions in France, to young people and adults from different backgrounds and to ensure the transfer of technological knowledge to SMEs. The school opened its doors in September 2019. This innovative center will be a showcase for the industrial professions of the future. HALL 32 also offers a pilot integration program for young people who have dropped out of school or who are grossly underachieving. Enjoying high-level equipment, HALL 32 uses innovative teaching methods.

Improvement of the applicant and employee experience

People requesting information about Vilmorin & Cie, active or passive applicants, 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 an applicant/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 applicants 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, managers 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 single HR portal in the Group's colors,
- help managers to oversee the development of their team by providing them with 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 repositories,
- 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 in 2018-2019 with a focus on improving the user and applicant experience. The objective was to remove certain obstacles or constraints:

- A new recruitment portal has been set up for external applicants. This more ergonomic system allows applicants to access career information more quickly, to better understand the group and to find the job offer that suits them.
- The spontaneous application process has been reviewed within the tool to allow better information to applicants and faster processing by internal recruiters.
- The application is now accessible without having to indicate one's login details, thanks to an automatic recognition system linked to one's Windows account. Knowing these identifiers made it more difficult to access the system.
- A redesigned training catalogue has been deployed to simplify the consultation of existing training programs within the employee's entity.
- A new staff review module has been implemented to simplify management of this process in conjunction with managers.

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 *"breeding academy"* to retain know-how on plant breeding* 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
2016-2017	129,257
2017-2018	125,959
2018-2019	**128,163**

In 2018-2019, 128,163 training hours were run in the group, for 5,024 employees, representing 73.34% of Vilmorin & Cie's headcount.

During the course of the year, Vilmorin & Cie devoted 2.98 million euros on training for its employees, including the budget for Limagrain Academy.

	16-17	17-18	18-19
% Payroll	1.01	1.00	0.98
Average training cost for each employee trained (in euros)	606	597	593
% of employees trained	73.28	72.94	73.34
Total number of hours training	129,257	125,959	128,163
Average number of days per employee trained(1)	3.84	3.71	3.64

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

Most of the training hours were split between the improvement of professional skills (24.90%), learning foreign languages (18.81%) and health and safety (25.97%). Management training represented 15.14% of the training hours.

Limagrain Academy: the Corporate organization for skills development

Limagrain Academy, founded in 2013, has reviewed its purpose over the course of this past fiscal year.

It is now structured around four pillars which each targets different populations:

- A cultural pillar whose objectives are to spread the Group's culture, develop a sense of belonging, illustrate values and create links between populations. As such, the training module presenting Vilmorin & Cie has been redesigned and internalized to take into account all the specific approaches of the Group (CSR, safety, etc.). It is used in particular in the Group and Business Unit induction programs. This pillar is intented for all employees.
- A managerial pillar to deploy a shared managerial culture, define a common language and guarantee a certain level of understanding of the international environment. This pillar targets managers.
- An executive managers and top executives pillar integrating development programs adapted to their status and more particularly focused on supporting the Group's transformations and anticipating new forms of work organization.
- A business line pillar whose vocation is to develop information sharing and co-development reflexes on topics specific to Vilmorin & Cie, and to create a shared expertise base on key business lines in the organization. Business experts are particularly concerned by this pillar.

These courses, the scope of which covers an audience across the various Business Units, depending on the pillars, complement the development programs carried out in the Business Units. They make it possible to cross-reference information specific to the various activities with more global information about the Group and to initiate networks for sharing skills.

In order to pursue the internationalization of Limagrain Academy in 2018-2019, 58% of the face-to-face training was delivered in French, 37% in English and 5% in Portuguese. Limagrain Academy maintained its strong international presence, with a total of 34% of participants from outside France, including 13% from North America.

The *"Advanced Leadership"* program, developed with the expertise of INSEAD, was renewed for this fiscal year. This new session was attended by 18 managers and executive managers from all countries. In addition to benefiting from high-level lessons on leadership, they were able to put their learning into practice by collectively creating business cases in sub-groups on topics that have an impact on the Group. The reports presented to the top executives at the *Dôme 2000* event enabled the General Management to identify areas of work to be integrated into the Group's objectives.

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 2018-2019, the total amount of gross compensation paid by Vilmorin & Cie stood at 304.8 million euros, an increase of 4.5% 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 2018-2019 informative meetings were set up for employees to explain health guarantees and promote the new system.

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	
2016-2017	12,319
2017-2018	11,013
2018-2019	**10,553**

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 which 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 (Wimoov) 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 program

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 was also used to 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 for the benefit of 1,000 employees. Discussions are in progress for several other regions, in partnership with the different Business Units.

Results

Evolution of the departure rate and staff turnover

The departure rate rose to 11.59% up 1.8 percentage points compared to 2017-2018.

By comparing arrivals and departures we can note a turnover rate of 11.74%, compared to 9.88% in 2017-2018.

The increase in the staff turnover and the departure rate is due to the closure of sites in Asia, which has not yet been fully offset by hiring at the new sites.

Evolution of applications

511 vacant positions were published in 2018-2019 on the Group's Intranet site, 490 internally and 491 externally. In 2018-2019, nearly 15,620 applications (excluding unsolicited applications) were received on the website. On average, 31.58 applications were submitted per published offer.

Presence on social media

Since September 2016, the Group has communicated its employer brand on the social media LinkedIn and Facebook. 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 media has increased sharply, particularly on LinkedIn, with 11,321 more followers over the fiscal year. Measurement of the average engagement rate(1) also yielded very good results this year, with constant progression: 4.48% (as opposed to 2.28% in 2017-2018) for LinkedIn, and 5.91% (as opposed to 5.52% in 2017-2018) for Facebook.

4.3.1.6. Managing mobility, careers and skills

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 50 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. 285 offers with a permanent contract were published this past fiscal year. This platform is also accessible to all trainees, apprentices and employees on fixed 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. 97 offers of internships and sandwich courses were disseminated, along with 18 offers of fixed term contracts for young graduates.

In terms of results, 204 employees experienced internal mobility within Vilmorin & Cie in 2018-2019. Vilmorin & Cie also fosters internal promotion by encouraging employees to acquire new skills through training leading to new qualifications or diplomas.

Similarly, as a consequence of Vilmorin & Cie's growing international development, international mobility is a major factor. To encourage mobility, several international mobility policies (long-term, short-term, "Local+") are deployed, the conditions of which take into account the specific needs of employees and pay particular attention to promoting the integration and return of employees to their country of origin.

A new international mobility policy was deployed in 2016, 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, 2019, the Company had a total of 84 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.

The different measures of accompaniment for long-term mobilities 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.

Career and skills management

Employee development is the 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, the cross-cutting approach, 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 potentials.

During fiscal year 2018-2019, the Group Career Committee was asked to study and validate 44 mobility requests for the population of executive managers and top executives. 30% of these employees had the opportunity to change job category and 24% of them moved to a new Business Unit.

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

Moreover, employability at Vilmorin & Cie is based on several levers:
- appraisals throughout employee careers,
- systematic internal dissemination of job offers, in particular via a digital platform,
- training offers customized to the populations concerned, deployed by Limagrain Academy,
- development pathways,
- opportunities to work in another country, including an incentive policy for short stays (between 1 and 6 months) abroad.

Appraisals throughout one's career

The annual appraisal (the campaign runs every year from June to September; the interview is conducted by the manager): the interview consists in assessing the activities achieved and skills mobilized over the past year. It is also an opportunity to assess the employee's training needs and wishes, and to review his or her professional evolution. Training in the form of e-learning, webinars and information organized on the Group Intranet have been deployed to allow those involved to prepare their appraisals in the best possible conditions. The information provided allows Human Resources to build up the training plan, to implement development plans and to prepare career committees to review promising employees and decide on promotions, mobility opportunities and accompaniments. Over fiscal year 2018-2019, 82% of employees benefited from a development appraisal with the same rate for executive managers, representing an increase of 3% compared to the previous year for the latter.

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 beforehand. 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 deployment of the benchmark job reference framework, which was finalized in 2016-2017, is continuing within the Business Units. Thus, mobility wishes are now expressed on the benchmark jobs resulting from this common reference framework, allowing a more precise analysis of possible career paths.

This implementation is continuing in the Business Units and in the organization, in line with the updating of the Group's business reference framework. Three Business Units and two cross-functional organizations (the Information Systems Department and Field Seeds Research) use their business reference framework for the mobility and career paths of their employees. Furthermore, two additional Business Units are involved in the project, either as part of an update of their current reference framework, or to build their own.

Moreover, Vilmorin & Cie intends to provide even more in-depth support to executive managers and top executives in their successful take-up of their positions. In addition, 2018-2019 led to the definition of development paths that will enable executive managers and top executives to benefit from optimal conditions for taking on new responsibilities. The courses are designed by combining different learning methods such as blended learning, pedagogical work situations, regular feedback with stakeholders and the development of information intelligence accessible in digital mode. These courses will be gradually implemented in the coming years.

4.3.1.7. Committing to diversity

The diversity of populations within Vilmorin & Cie is an integral part of the Company's ambition. *"The Group is committed to treating its employees fairly and with an open mind, respecting their dignity and their physical and moral integrity. The Group's employees are therefore recruited without discrimination in terms of gender, age, origin, religion, sexual orientation, physical appearance, health condition, handicap, trade union membership or political opinions."*

This commitment on respecting persons and their private life is an extract from the Code of Conduct, which was further enriched over fiscal year 2018-2019.

The Code of Conduct, now referred to as the Ethical Principles and 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 37.55% 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. Finally, a project manager was appointed at the end of fiscal year 2018-2019 to work on gender equality and, in the first instance, on women's access to management positions.

Breakdown by gender of the group's executives

2018-2019	Total	Men (%)	Women (%)
Top executives	24	79	21
Executive managers	170	76	24
Group's global headcount	**6,850**	**62.45**	**37.55**

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.This initiative exists at Corporate level but also in the Business Units.

The mentoring campaign led by the group over fiscal year 2018-2019 resulted in the launch of 10 cross-functional mentor/mentee pairs in five Business Units, with the support of the Human Resources departments concerned. This approach was also deployed for the first time during this past fiscal year in the Business Unit HM.CLAUSE, based on the feedback from the group initiative.

38.51% 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 96.25%, slightly lower by one percentage point compared with 2017-2018 but well above the objective of 90%. Worldwide the rate stood at 95.55%.

Tutoring is also deployed to ensure that skills are transmitted when "junior" employees are hired or move into a new position.

In addition, mid-career and end-of-career interviews are also proposed to employees in order to anticipate career changes and promote the transition from paid employment to retirement. In France, employees over 57 years of age can also benefit, under certain conditions, from a reduction in their working time with the maintenance of full pension contributions.

Applicable in France, the agreement was also communicated, on Vilmorin & Cie's initiative, to foreign subsidiaries with the aim of encouraging them, in the long term, to adopt some of the provisions set up. The provisions of this agreement, renegotiated in 2012-2013, were adopted in 2014 in a Group agreement on a Generation Contract. The latter was renegotiated in 2017 for a period of 3 years.

Measures taken towards employing and integrating disabled persons

Different measures have been taken to encourage the employment and integration of disabled workers in order to advance the low rate of disabled workers employed (2.2% of employees) in the French scope. 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 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 the designation of handicapped worker,
- the recruitment, integration and retention of disabled workers,
- the communication and awareness of disability.

4.3.2. Acting in accordance with its Ethical Principles and Code of Conduct

At Vilmorin & Cie, business ethics has been materialized over the past five years by the application of the Code of Conduct, formalized by its reference shareholder, Limagrain. Accompanied by e-learning available on the Intranet, it provides employees with ethical references and the rules they must comply with. More broadly, the Code of Conduct was designed to address ethics in a broad sense and within the scope of all activities. The risks related to ethics are presented in detail on page 75, in paragraph 1.9.4.8.

Vilmorin & Cie's compliance with French law *Sapin II* led to the updating of the Code of Conduct, which became the Ethical Principles and Code of Conduct (see Focus page 141), without changing the foundations that guided its first version.

4.3.2.1. The principle of questioning at the heart of ethics

Ethics is not a duality between good and evil. It requires dialogue, understanding and reflection. This is how the Group has developed its ethical approach, which consists in creating spaces for dialogue and reflection that will raise questions and raise dilemmas between what is perceived in the short term and what is conceivable and desirable in the longer term. Thus defined, the Group's ethical approach opens up opportunities for progress while enabling it to assume its individual and collective responsibilities.
Cases of ethics that need to be dealt with rarely recur and vary widely depending on the cultures, countries, professions or stakeholders concerned. To address this issue, the Group has set up an approach and tools to promote employee questioning reflexes. The objective is to foster everyone's sense of responsibility and to rely on collective intelligence to learn to manage ambiguities, complexity and interpret rules with discernment in any situation.

It is a matter of balancing respect for the rules to be observed uncompromisingly with the often contradictory requirements of all stakeholders; initiating a critical, constructive and positive, individual and collective approach, because isolating this type of decision from the social bond that links the Group to its communities would be unthinkable.

It is with this in mind that the Ethical Principles and Code of Conduct have been designed to structure the fundamental principles and commitments that the Group wishes to ensure that all its employees, regardless of their profession, entity or country, should respect.

4.3.2.2. The fight against corruption

Identifying unethical acts and preventing misbehavior are concerns that support the pursuit of excellence. For Vilmorin & Cie, which operates in many countries often with very different cultures and legislation, the Ethical Principles and Code of Conduct make it possible to mark its identity with clear benchmarks that are shared by all. This is a prerequisite for ensuring its reputation and legitimacy.

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 is a major project that was pursued over the past fiscal year. 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 Project Steering Committee met nine times during the fiscal year to monitor the progress of the projects and choose certain tools and deployment options.

- **Risk mapping** was carried out with the methodological and operational support of an external consultancy. Interviews and an online survey identified the main corruption risks facing the Group. The presentation of the risk mapping 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.

  Following the validation of the risk mapping at the very beginning of the fiscal year, the various projects included in the *Sapin II* law were continued on the basis of achievements already available or work previously undertaken.

- The **Code of Conduct** was updated during the fiscal year to take into account the required regulatory changes. Its content deals in more depth with topics such as conflicts of interest, gifts and hospitality or the whistleblowing system, but also with the risks identified in the mapping of corruption risks. Its new version, called "Ethical Principles and Code of Conduct", was presented to the staff representative bodies, where they exist, and following their approval, distributed to the entire Group via the Intranet. This information is presented in detail in Focus, page 141.

In the meantime, e-learning is being modified to take these developments into account. Additional modules will be added to deal with new features, without calling into question the existing version. In addition to this e-learning, which targets all Vilmorin & Cie employees, training courses dedicated to populations most exposed to the risks of corruption will be scheduled. The identification of these populations (buyers, salespersons, financial staff, legal experts, etc.) is the first step to be taken.

As a reminder, by June 30, 2015, 100% of managers had been trained in the Code of Conduct, through a simulation based on operational scenarios.

As part of their training program, in March 2019 several Vilmorin & Cie Board Members participated in an anti-corruption awareness session led by *Transparency International France*.

- A great deal of work was devoted to the **evaluation of third parties** during the year. While the overall process and objective are clear, the implementation is much more complex given the organizational specificities of Vilmorin & Cie:
  - facilities in 50 countries,
  - sales in nearly 150 countries,
  - ten Business Units that, in conjunction with the holding companies, coordinate more than 100 companies,
  - a strong operational delegation that does not necessarily require the sharing of such data,
  - different processes, records and management tools.

An analysis of available data on customers and suppliers was carried out and revealed that:

- 79,000 third parties are registered in Vilmorin & Cie's company databases,
- the identification information of third parties is excessively fragmented,
- third party management processes and their current assessments are very diverse.

During the year, measures to identify third parties were conducted with the help of an economic information provider in order to complete the information available, but above all a unique identification number to assign to each party.

At the same time, the Group's evaluation process was formalized according to three levels of evaluation:

1/ a pre-evaluation carried out internally through a few descriptive questions about the third party and its activity. Depending on the responses, this mechanism available on the Intranet assesses the risk and authorizes the relationship or refers to a second assessment in the Business Unit.

2/ an evaluation taking into account the economic and legal information bases via the portal of a specialized service provider. If this assessment is unfavorable, but the Business Unit nevertheless wishes to enter into a relationship, the request will be processed at the Corporate level.

3/ a detailed and personalized evaluation may be requested from a service provider in order to remove the blockages of the first levels. As a last resort, it will be up to the Group Executive Committee to decide.

Traceability of all these evaluations has been integrated into the process, in order not to evaluate the same third party several times at the request of different Business Units, but above all in order to know why, and by whom, choices were made.

For steps 2 and 3, a call for tenders was conducted during the year and a service provider selected to implement this procedure during fiscal year 2019-2020.

- 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 the other projects linked to the *Sapin II* law. However, during the year, all companies were asked to identify certain expenses related to actions identified by risk mapping and to report them at the end of the fiscal year.

- The **whistleblowing system** was launched at the end of fiscal year 2018-2019, after consultation with the staff representative bodies, where necessary. If Human Resources managers and officers or company or Business Unit managers should be the privileged contacts for an employee who identifies an action that is contrary to the Ethical Principles and Code of Conduct, the Group also provides them with a disclosure feedback system. All external stakeholders can also use this system. It is the responsibility of the Disclosure Management Committee (CGA), composed of the Managers of Governance, Risk and Compliance, Human Resources and CSR, to manage the disclosure system. It ensures coordination and follow-up of disclosures and resolves any questions raised by employees. When the situation warrants it, the CGA may have to deal with disclosures itself in ad hoc committees. The CGA may receive, by any channels, 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 Ethical Principles and Code of Conduct. Complementary local measures may be devised to be as close as possible to the specificities of the different markets and geographical areas.

- In order to ensure that the consequences of internal corruption cases are assessed in a consistent manner across all Vilmorin & Cie's companies, the Human Resources Department has analyzed the **disciplinary sanction mechanisms** of all subsidiaries. In response to the fact that situations vary widely between companies and countries, the objective is to ensure that appropriate disciplinary measures are in place throughout the Group for the various types of corruption, and that they are known and recognized by employees and their representative bodies, where they exist.

As for the deployment of the system, it is the Legal Network that has been entrusted with the task of implementing these tools, and if necessary adapting them, in each Business Unit. Presentations on the BE&AB project and the new tools were also made to the Executive Committees of the Field Seeds and Vegetable Seeds activities, as well as to the Operating Committees of certain Business Units, such as Vilmorin-Mikado, Vilmorin Jardin, Limagrain Asia-Pacific and Limagrain Europe.

The Ethical Principles and Code of Conduct

The Ethical Principles and Code of Conduct specify the various rules and regulations in force with which Vilmorin & Cie's employees must comply, while inviting them to adopt an individual approach to questioning situations.

This update of the previous Code of Conduct, carried out during the fiscal year, provided an opportunity to add new themes or to explain some of them in more detail. The main additions are the information on the new whistleblowing system and the glossary, which makes it easier for everyone to understand concepts and actions related to business ethics. It should also be noted that the Group's Executive Committee has published a strong commitment to the fight against corruption.

The Ethical Principles and Code of Conduct include seven ethical commitments to internal and external stakeholders:
- respecting shareholders,
- respecting employees,
- preserving the environment,
- adopting loyal behavior towards competitors,
- ensuring customers and consumer satisfaction,
- establishing loyal, balanced relations with suppliers and partners,
- adopting responsible conduct in the countries and regions where it operates.

Five rules of conduct, designed to guide employees by providing them with useful ethical references in the exercise of their profession and the control of related risks, complete the document:
- preserve the image and reputation of the Company,
- respect and protect the company's assets,
- act with integrity and avoid any conflicts of interest,
- prevent the dissemination of non-public financial information and insider trading,
- make sure intellectual property rights are respected.

This new updated version will be translated into five new languages, in addition to the eleven of the first version, in order to make the document available in the most widely spoken languages in the world, but also in the countries where Vilmorin & Cie has the most employees. This document is also intended to be communicated externally, so that all stakeholders can refer to it.

During fiscal year 2019-2020, it will therefore be available in: Arabic, Brazilian, Chinese, Dutch, English, French, German, Hebrew, Italian, Japanese, Russian, Thai, Turkish, Spanish, Ukrainian and Vietnamese.

In order to facilitate its adoption and internal use, it is accompanied by a practical guide and a dedicated e-learning module, whose pedagogy is based on the principle of role-playing.

The purpose of the **practical guide**, which is exclusively intended for internal use, is to set down in fact sheets, certain subjects of the Ethical Principles and Code of Conduct related to the risk mapping. One fact sheet describes the new whistleblowing system in depth. The others each explain specific topics, describe the Group's policy and the behavior expected of its employees. Six topics are covered in fact sheets: Facilitation payments, Gifts/Hospitality, Patronage/Sponsorship, Purchasing, Conflicts of Interest and Stakeholder Relations.

It should be noted that these sheets include thresholds for some subjects. Thus, in terms of gifts or hospitality (offered or received), thresholds for declaration and acceptance have been set as a percentage of the country's average salary, according to World Bank data. In addition, an application available on the Intranet will allow any employee to declare gifts or hospitality received or refused.

In the **e-learning,** everyone is put into a situation based on four operational scenarios (the topics of: gifts, security, data confidentiality and anti-trust) and must resolve these ethical cases using self-questioning to act with common sense and discernment. The e-learning is also being updated by adding a new theoretical module and new practical cases. The objective of this supplement is for employees to take ownership of the mechanisms of the new whistleblowing system. After discovering the theory, each person is led to reflect on the type of disclosure they would consider necessary in three situations dealing with conflict of interest, patronage/sponsorship and damage to the environment.

By June 30, 2019, 2,475 permanent employees of Vilmorin & Cie had fully completed the e-learning module and the knowledge check quiz, representing 36% of the employees. Progress over the fiscal year was very limited because, given the current updates, no promotional campaign was conducted. The next version, available in fiscal year 2019-2020, will bring improvements in response to certain difficulties identified as obstacles, particularly in terms of connection, the possibility of raising awareness among unconnected employees and reporting.

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

Respect for Human Rights

The Ethical Principles and Code of Conduct are part of the scope of several international texts whose principles the Group shares:
- the *Universal Declaration of Human Rights,*
- the *core conventions* of the *International Labor Organization,* in particular conventions 29, 105, 138 and 182 (fight against 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),
- the *United Nations Convention on the Rights of the Child,*
- the OECD guidelines for the intention of multinational companies,
- the transposition into French law of the European directive of 22/10/2014, known as "CSR".

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 Ethical Principles and 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, Vilmorin & Cie's subsidiaries, Bisco Bio Sciences and HM.CLAUSE India have taken numerous measures to improve working conditions and to eradicate child labor. At the same time, and with the support of the group, HM.CLAUSE India actively participated in the drafting of the APSA *(Asia & Pacific Seed Association)* position on the subject.

Respect for the Rights of the Child

The Group is fully aware of the reality of child labor in certain geographical regions and for certain activities related to seed production. Several measures have been taken by the Business Units to address the subject. In addition, the prohibition of child labor is clearly stated in the Ethical Principles and Code of Conduct: *"The Group ensures that it works with suppliers who do not make use of illegal child labor or forced labor. The Group is careful to ensure suppliers and 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, the Human Resources Department of Bisco Bio Sciences has revised its internal regulations to define recruitment and personnel management procedures in order to combat child labor and ensure strict compliance with local regulations. In addition, each temporary worker at the production sites is also subject to systematic entry controls. An identity card is created proving the age of the worker as well as other information. Dedicated notices denouncing child labor, present at all sites, complete the procedure. Subcontractors are regularly audited on the basis of a rotation plan to ensure compliance with the prohibition of child labor. In addition, strict social clauses are included in all contracts with suppliers and concern in particular the prohibition of child labor or the risk of suspension of the contract.

In Vegetable Seeds, HM.CLAUSE's production activities in India began in 2012. Since then, in order to effectively address the subject of child labor, a sensitive issue in this country, HM.CLAUSE India has multiplied its actions in a continuous improvement process and has created a CSR department directly reporting to the General Management.
As part of its specific CSR program, HM.CLAUSE India has deployed a comprehensive procedure to abolish child labor in India, called the *Child Labor Awareness Program* (CLAP). Its first commitment is to set the minimum working age at 16 years, while legislation defines the threshold at 14 years of age. HM.CLAUSE therefore refrains from hiring any young person under 16 years of age in its activities and prohibits this from its producers and subcontractors via contractual clauses. The company has also defined disciplinary sanctions for producers who do not comply with HM.CLAUSE's commitments, including suspension of the subcontracting agreement.
Under the *Company Act*[(1)], a CSR committee was set up and two social program managers, based in Karnataka (the company's main production region), were hired to carry out internal audits on the 700 farmers under annual contract. 100% of producers were audited at least once during the sensitive pollination and harvest periods. Since the summer of 2018, an external audit company has been strengthening HM.CLAUSE India's teams to carry out additional audits to ensure more accurate monitoring.
Seed production can also be managed by specialized companies that organize production with farmers. The same standards are required by HM.CLAUSE India from them, and the main one is audited by SGS, a worldwide recognized group in the field of audits and certification.

(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.

HM.CLAUSE India has set up a training program for the network of production technicians, and awareness sessions open to subcontracting farmers. Since 2015, every year, between 150 and 350 farmers and production supervisors have been trained in the fight against child labor. 100% of the producers monitored by the company have been trained over the past two years.

In addition, HM.CLAUSE India collaborates with many stakeholders from various backgrounds: government and local authorities, other locally active seed companies and their federation, and NGOs such as Unicef or Arisa, etc. HM.CLAUSE India is an active member and one of the main contributors to the recently (2018) launched ECHO *(Enabling Child and Human Rights with seeds Organizations)* in India to address this issue.

Arisa *(Advocating Rights in South Asia)* is the new name of the NGO ICN *(India Committee of the Netherlands)*, with which HM.CLAUSE India has been collaborating for years, notably through its participation in the "Child Care Program". In November 2018, it published its report[(1)] on the situation of child labor in the seed production sector in India and described in this document the actions undertaken, inter alia, by HM.CLAUSE India. It also notes the considerable efforts made by certain seed companies, including HM.CLAUSE India, to reduce the child employment rate from 15-25% in the 2015 report to less than 1%, demonstrating that the subject has been treated with determination in recent years.

The total eradication of child labor remains the objective and continues to be addressed through action plans.

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 18 years of age, in compliance with national and international laws. Vilmorin SA includes a specific "Code of Conduct" clause in its outsourced production contracts outside France, forbidding the employment of children under 16 years of age.

Improving living and education conditions

Since working and living conditions are closely linked, some subsidiaries are also active in providing equipment to improve the lives of local populations and promote children's access to education.

In India, Bisco Bio Sciences has built residential facilities with access to drinking water near and outside the factory grounds in order to provide employees and their children with a decent place to live.

HM.CLAUSE India's CSR program focuses on the eradication of child labor, education, access to safe drinking water (watershed management, desalination, etc.) and sanitation. The latest measures taken concern:

- the supply of school supplies (uniforms, notebooks, pencils, etc.) to different schools in the production areas,
- renovation of the school near the research center in Bangalore,
- the construction of permanent toilets, with separation of girls and boys,
- the creation of a hard-wall library with electricity in the village near the research center,
- cleaning the lake near the research center before the rainy season, in order to collect as much water as possible. The issue of water is indeed crucial in India, not only for farmers, but also for the survival of the village,
- the organization of numerous training courses run by the two social program managers on subjects as varied as female hygiene, monitoring the health status of villagers (with the funding of visits from doctors and nurses), minimum wages, safety (use of plant protection products, traffic regulations, for example), etc.

Indian law requires HM.CLAUSE India, like any company with a net income of more than 625,000 euros, to invest 2% of its average net income over the last three years in measures to improve living conditions. For fiscal year 2018-2019, this represents 37,000 euros, three times the previous year's figure, and does not, of course, take into account the costs of dedicated staff (two managers of the social programs 100% dedicated to the CSR activity).

In Thailand, Seed Asia is part of a government-initiated national program that encourages local authorities to work with governments, businesses and communities to help and improve the quality of life of the poorest people or those with disabilities. To this end, two families which met the eligibility criteria were each given a house financed by Seed Asia.

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.

(1) Remedies for Indian seed workers in sight? – p.12

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.

In addition, the Ethical Principles and Code of Conduct reassert the Group's commitment to comply with the legal and regulatory, national and international provisions related to the rules of competition law. These rules fight against the prevention, restriction or distortion of competition in the marketplace. Legal Network lawyers are mobilized within the framework of their action plans to provide information, prevention and training on competition and merger law issues. Legal risks, particularly those related to competition, are presented in detail on page 71, paragraph 1.9.4.4.

4.3.2.5. A responsible purchasing policy to consolidate relations with suppliers

In terms of supplier relations, Vilmorin & Cie strictly monitors the criterion of economic non-dependence and coordinates a significant proportion of its procurement and purchasing conditions through a dedicated internal organization, the Group Purchasing Coordination, which brings together representatives from the various Business Units structured into Steering Committees by major product or service category.

In this respect, it should be noted that some of the supplies of corn seeds for European markets are provided through the Limagrain cooperative. These supplies are part of the annual definition of production plans, and respect a contract and remuneration conditions defined annually on the basis of market practices.

Convinced that supplier relations are an important lever for creating value, the Group's Purchasing Coordination 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.
An RFI also identifies innovations and evolutions in supplier production capacity that can 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 2018-2019 show that out of 224 purchasing files processed, 76.3% (77.5% in 2017-2018) stipulate that the supplier is engaged in a CSR approach. 59.4% mention ISO Quality certification and 54.0% an ISO 26000 approach. In fiscal year 2018-2019, five 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 ensure that suppliers comply with labor legislation, requests for vigilance certificates are included in the purchasing process.

Purchasing contracts contain ethical clauses and have a link to the document "Ethical Principles and Code of Conduct" in their digital version.
In addition, some companies have implemented specific actions. In India, the procurement contracts of Bisco Bio Sciences and HM.CLAUSE 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. The Business Unit Vilmorin Jardin uses a questionnaire to better understand its suppliers' CSR practices and map 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.

Finally, by the very nature of their activity, buyers represent a population particularly exposed to the risk of corruption. A Purchasing Ethics Charter has therefore been formulated to formalize an individual commitment not to succumb to corruption and other unethical practices. To take into account changes in the Ethical Principles and Code of Conduct, the Responsible Purchasing Charter was updated during the year and signed by all buyers involved in Purchasing Coordination activities. By extension, purchasers of equipment and IT services have also signed it.
Given Vilmorin & Cie's organization, which is present in many countries through a multitude of sites and is characterized by strong operational delegation, other employees, whether or not identified as buyers, are in a position to make purchases on behalf of a site, a company or a Business Unit. Starting from a set threshold, these buyers/procurement agents will, during fiscal year 2019-2020, be made aware of the fight against corruption and will have to sign the Purchasing Ethics Charter.

4.3.2.6. Protecting and respecting personal data

Vilmorin & Cie attaches the greatest importance to respect for its employees, partners and all its other stakeholders. Various paragraphs of the Ethical Principles and Code of Conduct formalize this commitment, foremost among which is respect for personal data.

Vilmorin & Cie collects and processes many personal data, and although data processing is not at the heart of its activity, the Group's operating needs require the collection, processing and cross-referencing of personal data.

At the same time, the exponential digitalization of tools is now generating more and more sharing of this data and thus increasing the risk of personal data breaches (defined as the destruction, loss, alteration, unauthorized disclosure of, or unauthorized access to, personal data transmitted, stored or processed in any other way).

Many regulations now govern the protection of personal data, including the *General Data Protection Regulations* (GDPR), which came into force in May 2018.

Since 2017, Vilmorin & Cie has been working to comply with the European Regulation on the protection of personal data. In particular, a dedicated working group has been set up between the Group's Legal Department and Information Systems Department.

In October 2018, the Group appointed a Group Data Protection Officer (DPO), who reports to the Governance, Compliance and Risk Department. The DPO has set up a network of correspondents in the Business Units to ensure European and international compliance. The Data Protection Department's mission is to ensure the permanent compliance of all personal data-processing carried out within the Group. It analyzes risks and carries out compliance checks in terms of data protection. It disseminates a data protection culture within the Group, in particular by providing advice, information and awareness to the Business Units. To this end, and during fiscal year 2018-2019, tools were developed to meet regulatory requirements.

All these actions are coordinated by the Group Safety/Security/Data/Archives/Crisis Manager.

4.3.2.7. Fighting tax evasion and money laundering

Due to the diversity of its activities and countries where it operates, Vilmorin & Cie and its subsidiaries are subject to a wide range of tax environments, the management of which is carried out by the subsidiaries in coordination with the group's Tax Department. Vilmorin & Cie strives to comply with applicable tax laws and regulations in all its activities. It is committed to maintaining good relations with the tax authorities of its host countries, relying on collaboration and integrity.

It ensures that its tax positions are well-founded and that its tax strategy is in line with the company's strategy. Vilmorin & Cie therefore undertakes to use tax benefits and reductions that have the effect of reducing its tax burden on its activities only after making sure in advance that their use is not for purposes contrary to those of the laws from which they originate.

Similarly, the fight against money laundering is a concern of Vilmorin & Cie. In accordance with the principle of "Acting with integrity and avoiding any conflict of interest" based on the Ethical Principles and Code of Conduct, the Group naturally undertakes to comply with the laws and regulations relating in particular to the fight against money laundering.

In order to promote a clear understanding of banned practices, the inclusion in the glossary of the term "money laundering" is a means of defining its contours and raising awareness among all employees on this issue.

4.3.3. Limiting the environmental impact of business activities

The impact of Vilmorin & Cie's business activities on the environment is a concern managed as closely as possible to the field, by each Business Unit, in a determined 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. The environmental risks are presented in detail on page 74, paragraph 1.9.4.7.

This commitment also involves controlling (measuring, optimizing, innovating) the use of natural resources, as well as paying attention to improving the quantifying and recycling of waste.

4.3.3.1. General environmental policy

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, launched in 2018 under the name LEIA (*Limit the Environmental Impact of our Activities*), is based on the implementation of an environmental management system applicable to all sites and of compliance with environmental laws, regulations and requirements around the world. Four themes are included in this program and are the subject of specific measures and objectives, namely:

Initiating the implementation of a Group environmental management system

Topic	Challenge	Objective
Energy	Reduce energy consumption and greenhouse gas emissions	Reduce energy consumption by 10% by 2022 (vs 2015-2016) Encourage and deploy solutions to lower the impact of transport related to business Develop renewable energies in the energy mix
Water	Ensure effluent quality and optimize water consumption	Reduce mains water consumption by 5% by 2022 (vs 2016-2017)
Biodiversity	Protect the ecosystems present on the sites	Identify, monitor and preserve biotopes and protected species present on sites near a protected area
Waste	Ensure the recovery of waste	Ensure reliable reporting on waste and ensure its treatment by 2020 Recover 85% of waste for recycling by 2022

For each of these four areas, Vilmorin & Cie's sites around the world are implementing a multitude of actions of very diverse nature and scope. Taking environmental impacts into account is a reality when making choices to invest in new equipment or in maintenance operations. Daily practices, whether related to the manufacturing process or to lifestyle habits in the workplace, are also largely reexamined in the light of these objectives.

4.3.3.2. Limiting the environmental impact of business activities

Key figures

275,125 MWh of energy consumed including **15.5%** of renewable energies

2,372,972 m^3 of water consumed

33,674 tonnes of waste generated, of which **78.4%** are recovered

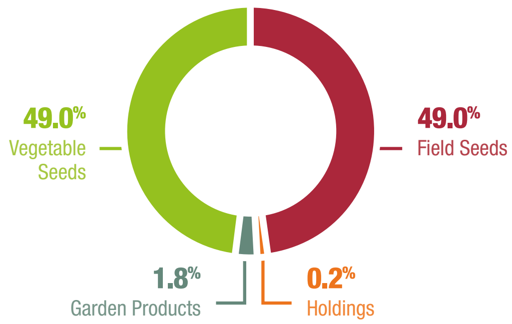
82.1% recovery of non-aqueous waste

1.3 million euros invested over the fiscal year on improving environmental impacts

Energy and greenhouse gases

The energy consumed by Vilmorin & Cie is mainly used for drying seeds, heating greenhouses and business travel for its employees.

Breakdown of energy consumption in 2018-2019 by activity



Vilmorin & Cie's total energy consumption amounted to 275.1 million kWh in 2018-2019, up 1.6% compared to 2017-2018 (270.9 million kWh, following restatement on a like-for-like basis). This increase is the result of a combination of multiple situations, both upward and downward. The most significant variations are the increases in the energy recovery of corn cobs at 2 million kWh (+25%) at Bisco Bio Sciences in India and 5 million kWh (+20%) at Limagrain Brasil.

Vilmorin-Mikado in La Costière (France): a global environmental approach

In the south of France, the Business Unit Vilmorin-Mikado has a large research center with 110 permanent employees and many seasonal workers (equivalent to 30 full-time jobs). The center is located in an area that combines various environmental specificities. It is at the same time a flood-risk area, a Natura 2000 area and a water catchment area. Management of the environmental aspects of the activity is therefore an essential challenge, reinforced by the desire to develop these facilities in the future.

Raising awareness and training employees about the environment and the tools available is a key component of the site's environmental management because individual behaviors have an impact, either through prevention or action, on the protection of the environment.

All the records of environmental policy are kept on the site. In terms of energy, the installation of thermal screens on greenhouses or variable speed drives on aerators reduces consumption. To prevent aqueous spills of hazardous materials, not only have stocks of absorbent products been built up, but retention facilities have been installed in the event of a leak. As for waste, a review of the management policy has been carried out. It includes the installation of more and larger collection points and a communication campaign with employees. A major clean-up of the site, covering an area of nearly 90 hectares, now also takes place twice a year.

In terms of crop protection, the site has been applying integrated biological protection (IBP) since 1984. This consists in controlling bio-aggressors by using micro or macro-organisms, with the objective of doing without plant health products as much as possible. Initially practiced in only a few greenhouses, biological protection has been extended to the entire site thanks to the creation of a post dedicated to the implementation of the various control strategies. All the existing range of auxiliary insects is used, including the *Coccinella septempunctata* which is a predator for all families of *Aphidoidea* (aphids).

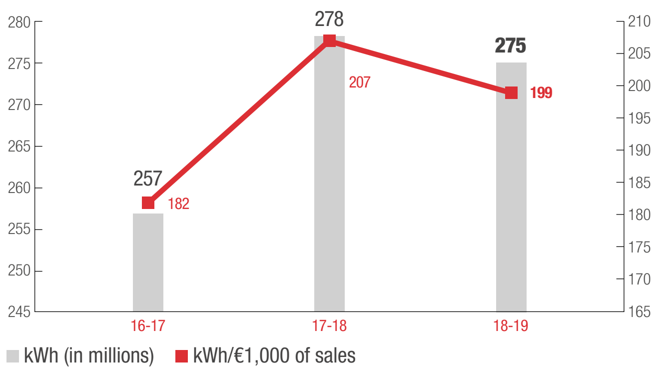
This initiative is beneficial from all points of view: agronomic, economic and ecological.

Finally, in terms of water, the site's irrigation is managed by computer and Vilmorin-Mikado has focused on training teams so that they are able to make the best use of the functionalities offered by the software.

But the most spectacular achievement of the year was the 99% reduction in water consumption of the carrot washing plant. Testing new carrot varieties involves observing their behavior in the field, but also studying the harvested product. However, to observe and describe a carrot, it must be washed. The site thus has a washing installation, which used to consume 1,500 m^3 of water per year. The installation has been modified in order to no longer discharge the contaminated water, but to reuse it after passing through the decanter. As a result, this equipment now consumes only 10 m^3 of water.

Evolution of energy consumption

in millions of kWh and kWh/€1,000 of sales



Vilmorin & Cie's total greenhouse gas emissions (scope 1 and 2 excluding refrigerants) amounted to 66.5 million kgCO_2e in 2018-2019, down 6.5% compared to 2017-2018 (-4.6 million kgCO_2e). This decrease, despite growth, albeit low, in energy consumption, is due to a change in the energy mix, in particular to an increase in the use of gas and biomass, which contribute less to greenhouse gases. Including refrigerants, the total is 67.8 million kgCO_2e.

Source	Energy consumption (kWh) 2018-2019	%	Emissions of greenhouse gases ($kgCO_2e$) 2018-2019	%	% with refrigerants
Electricity	76,789,977	27.9%	22,637,271	34.0%	33.4%
Mains gas	52,053,320	18.9%	12,440,743	18.7%	18.3%
Diesel for mobile sources	47,432,347	17.2%	15,320,648	23.0%	22.6%
Renewable energies	42,564,979	15.5%	10,594	0.1%	0.1%
Gasoline for mobile sources	15,262,432	5.6%	4,868,716	7.3%	7.2%
Other gas consumption	16,808,200	6.1%	4,438,458	6.7%	6.5%
Other oil consumption	13,026,584	4.7%	4,207,588	6.3%	6.2%
Others	11,186,794	4.1%	2,600,835	3.9%	3.8%
Total Energy	**275,124,633**	**100.0%**	**66,524,852**	**100.0%**	
Refrigerants	n/a		1,279,889		1.9%
Total Scope 1 and 2 with refrigerants			**67,804,741**		**100.0%**

Regarding Vilmorin & Cie's greenhouse gas emissions related to seed production from its seed multiplication farmer* partners, estimates have been made based on the latest available data from EcoInvent[1]. The uncertainty factor is too high to give a precise figure. However, these estimates made it possible to identify that, among the crops worked by Vilmorin & Cie, some are more carbon-emitting during their cultivation (tomatoes, peppers, squash, corn, etc.) and others more carbon-captive (beans, wheat, carrots, etc.). With regard to the distribution of the areas used by crop, the overall carbon footprint of seed production by Vilmorin & Cie's seed multiplication farmer* partners appears to be close to zero, with emitting and captive crops offsetting their emission impacts.

Reducing energy consumption and greenhouse gas emissions is a major objective of the LEIA program (see page 146, paragraph 4.3.3.1.), which is reflected in the number of measures taken in all the Business Units. Over fiscal year 2018-2019, 68 measures were identified for an investment of more than 600,000 euros. This brings Vilmorin & Cie's effort since 2015 to more than 2.5 million euros through nearly 200 measures to reduce its energy consumption and its impact on climate change.

It should be noted that, in accordance with the European Directive 2012/27/EU, an energy audit campaign was conducted by an independent third party in 2019 at twelve Vilmorin & Cie European sites, which represent 26.6% of the group's total consumption. The results of these audits will provide recommendations to be studied for the formalization of action plans to be implemented over 2019-2020 and subsequent fiscal years.

For fiscal year 2018-2019, whereas energy consumption is well identified and documented, the installation of specific meters in some facilities will provide more detailed information on where consumption is the highest. In terms of equipment, the replacement of conventional lighting with new LED devices is a frequent way of reducing consumption, such as at HM.CLAUSE's French site in La Bohalle, or at Limagrain Europe in Elorz (Spain), Nérac (France), Fondi (Italy) or Rilland (Netherlands), among others.
Particular attention is also paid to the management of cold and heat, first of all through insulation work. In addition, when installing new air conditioning, cooling or heating equipment, their energy performance is taken into account.

Another source of reduction in consumption is the adaptation of the flow rate of certain equipment to requirements. Indeed, a pump, compressor, dryer or vacuum cleaner does not need to be operated at full power at all times. The installation of electronic speed variators helps adapt the equipment to the needs and thus to consume only the energy required. The Business Unit Hazera , at its industrial site in Sderot, Israel, implements this on a compressor, and the Business Unit HM.CLAUSE on a pumping station in Davis (United States).

Switching from diesel to liquefied natural gas (LNG) is also an example of changes in energy practices. Bisco Bio Sciences in India, Vilmorin-Mikado for its Toké site (Japan) or Limagrain Europe in Elorz (Spain) have opted for this change. If the energy consumed remains non-renewable, the choice of LNG allows a reduction of nearly 22% in terms of greenhouse gas emissions, which are major contributors to climate change.

Working on the conditions of freight transport is also an area of focus for reducing energy consumption. Limagrain Europe is committed to optimizing its loads to maximize the filling of transport units, whether containers or trucks. For the latter, the company states, in its specifications for carriers, that it prefers vehicles that meet Euro 5 and 6 environmental standards.

Individual practices and actions, combined by more than 6,800 Vilmorin & Cie employees, can also have a positive impact on reducing consumption.

(1) The EcoInvent database provides well-documented process data for thousands of products regarding their environmental impact.

At the sites, reductions in energy consumption come primarily from simple individual gestures, changes in habits and repeated instructional changes. Particular attention is paid to the implementation of procedures for switching off lighting, presence detection, etc.

The promotion of new ways of working, often linked to the capabilities of digital tools, also contributes to this objective. Thus, the possibilities offered by Skype in terms of video conferencing and the development of teleworking make it possible to reduce travel. Home-to-work journeys are also transformed by individual carpooling, the organization of public transport to reach the workplace (Bisco Bio Sciences in India and HM.CLAUSE in Vietnam) or station/workplace transport (Vilmorin-Mikado in La Ménitré in France), as well as through the policies deployed to promote bicycle use (for example Vilmorin & Cie's Corporate Services in France).

As business travel is one of the major energy consumption items, changes in travel policy have a substantial impact on Vilmorin & Cie's reduction in energy consumption. Promoting traveling by train instead of by plane over medium distances, choosing company vehicles according to a threshold of emissions (less than 120 gCo_2/km), are measures that contribute to this objective.

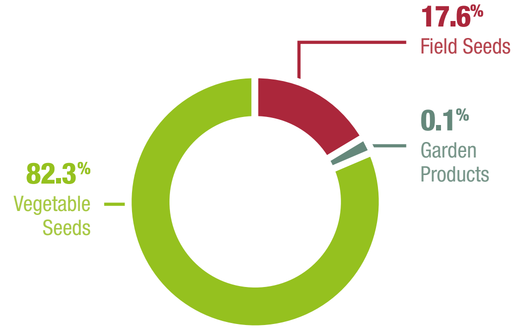
Water

Vilmorin & Cie addresses the issue of water from two perspectives: effluent quality and consumption.

The Group's risk management guidelines cover an analysis of all Vilmorin & Cie's water discharges and their treatment if necessary (this information is presented in detail on page 74, paragraph 1.9.4.7.). Most of Vilmorin & Cie's sites are equipped with appropriate equipment to minimize the risk of pollution, particularly through the use of retention facilities for polluted water, the existence of reprocessing basins and a sludge management process. The measures taken in the field of water management are to identify and reduce Vilmorin & Cie's consumption and to develop recycling. Of the 42 measures implemented during the year, 27 concern water consumption and 15 concern the prevention of water pollution or the management of aqueous waste. Nearly 700,000 euros were invested in these measures in 2018-2019 (40% for consumption and 60% for the prevention and treatment of dangerous water, for example sludge from the treatment of effluents containing dangerous substances, chemical effluents, firefighting water and water from the recovery of accidental spills). Since 2015, nearly 2.2 million euros have been invested in the group to improve water management. The prevention of the risk of water pollution is the subject of measures described in the paragraph "Measures for the prevention, recycling and disposal of waste" on page 150.

In terms of consumption, water is mainly used for irrigation in greenhouses and for domestic use (sanitation). Given the specific nature of their activities, the group's companies use water from the urban distribution network (11.5%), borehole water (69.6 %), surface water (14.5%) and rainwater (4.4%).

Breakdown of water consumption in 2018-2019 by activity



Over fiscal year 2018-2019, Vilmorin & Cie's water consumption is estimated at 2,372,972 m^3, an increase of 23.8% compared to 2017-2018 (1,916,775 m^3, following restatement on a like-for-like basis).

Climatic hazards are very important factors in the evolution of Vilmorin & Cie's water consumption. As a reminder, Hurricane Irma, which hit Florida in September 2017 and destroyed autumn crops, resulted in a 200,000 m^3 decrease in consumption in 2017-2018, almost 40% of the overall decrease observed last year.

In order to be able to influence and optimize water use, measurement of water consumption must be possible. Several initiatives are therefore aimed at installing meters to measure and objectify future efforts. Improved reporting therefore plays a role in increases observed. For example, HM.CLAUSE in the United States, India and France, Vilmorin-Mikado in France and Shanxi Limagrain in China have a much better view of their surface water consumption, thus contributing 214,700 m^3 to the increase observed this year.

Empirically or in a controlled manner, the desire to reduce and optimize water use is one of the objectives of the measures put in place. The first lever to reduce consumption is the maintenance and upkeep of networks to avoid leaks and waste.

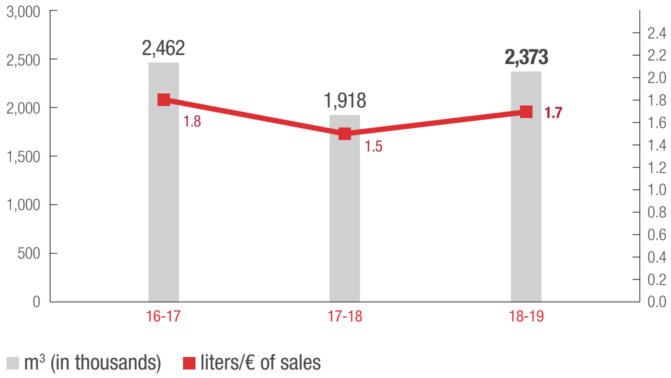
The second lever is the choice of efficient irrigation systems. As such, the use of drip irrigation systems continues to grow in the group, such as at HM.CLAUSE's sites in Davis, Dixon (United States) or Kerten (Indonesia). They allow water to flow directly to the plant's root system. Today, it is the most water-efficient technique. Drip irrigation also makes it easier to apply fertilizer directly to the plant. Here again, this technique limits the consumption of inputs* 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.

Finally, the use of irrigation management software is a reduction method that allows irrigation to be adjusted to groundwater reserves, plant needs and weather conditions and forecasts.

Evolution of water consumption since 2016-2017

(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 this respect, the Business Unit Limagrain Europe provides a panel of corn seed producers in the Angevin area (France) with a digital irrigation management tool. Based on a hydrological assessment method combined with a geolocalized meteorological forecast, the software monitors the forecast water requirement for each plot. Seed multiplication farmers* enter their irrigation information and share the information with Limagrain Europe's agronomic teams.

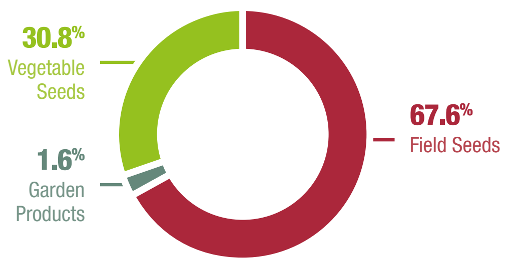
Hydraneo, the global water stress management offer of the LG brand (Limagrain Europe), is continuing its development in Europe. This innovative offer combines drought-tolerant grain corn varieties and services (diagnosis of water stress on the plot, follow-up of recommendations). It helps corn farmers to adapt to climate change by limiting all risk factors to secure and optimize their yields. After four seasons, the Hydraneo range includes 15 varieties grown over nearly one million hectares in 10 countries. In three years, several thousand farmers have also been able to benefit from a personalized diagnosis.

Measures for the prevention, recycling and disposal of waste

The quantity of waste generated by Vilmorin & Cie is estimated to be 33,674 tonnes (excluding co-products) in 2018-2019, including 8,052 tonnes of ordinary waste (23.9%), 20,773 tonnes of organic waste (61.7%), 4,849 tonnes of hazardous waste (14.4%) including 1,553 tonnes of hazardous sewage water.
In terms of recovery, 78.4% of waste is recovered. This percentage is as high as 82.1% for non-aqueous waste. This recovery is carried out through two types of channel: material use (87%) and energy (13%).

Compared to fiscal year 2017-2018 (47,885 tonnes), the amount of waste decreased by 29.7%. This decrease is largely due to a change in the classification of co-products, previously considered as waste, which were largely organic.
During this fiscal year, only corn cobs recovered for energy purposes at Vilmorin & Cie's industrial sites were recorded as waste. On the other hand, Bisco Bio Sciences in India has found a way to recover energy from its hazardous waste, which had previously been stored. Fiscal year 2018-2019 therefore saw the quantity of hazardous waste increase by more than 50%, given the recovery of stored waste over the last four fiscal years. For 2019-2020, the volume of hazardous waste generated by Bisco Bio Sciences will return to a normal level of activity.

Breakdown of the production of waste in 2018-2019 per activity



It should be noted that the performance of the various companies in the group is still very variable on this subject.

In terms of waste management in France, fiscal year 2018-2019 was marked by the implementation of a new system (selected following a call for tenders issued in 2017-2018) at all Vilmorin & Cie's French sites. The objective was to rethink treatment needs and processes, pool resources and harmonize waste management and treatment in France. However, the waste treatment sector remains a complicated sector and the implementation of the choices selected is proving more difficult than anticipated both in operational terms and in terms of the regulatory traceability it was intended to provide. This is why the work of the commission managing the call for tenders is continuing in order to ensure that the contractual services of the selected suppliers are available as soon as possible.

At the same time, many investments related to waste were made during the year. They aim to:
- to reduce volumes, either through the evolution of processes leading to less waste or by increasing recovery,
- prevent risks from hazardous waste, mainly related to chemicals,
- improve waste management and the Company's practices,
- improve behavior through training and communication.

The Business Unit Limagrain Europe, particularly at its Elorz site (Spain), implemented numerous measures during the year to prevent pollution risks and treat hazardous waste. Thorough training of personnel in the use and handling of hazardous products is a prerequisite. The installation of suitable storage facilities and retention tanks completes the system.

Biodiversity at Vilmorin & Cie's major sites

Thanks to the links established with the *LPO (League for the Protection of Birds)* and the "Conservatoire des *Espaces Naturels d'Auvergne" (Conservatory of Natural Spaces in Auvergne)* (this information is presented in detail on page 155, paragraph 4.4.2.2.), Vilmorin & Cie asked these two NGOs to carry out a biodiversity diagnosis of its Saint-Beauzire (France) site in the summer of 2018. The conclusions presented in October 2018 provide a precise inventory of the species present on this 10-hectare site:

Species	Plants	Animals		
		Birds	Butterflies	Orthoptera
Presence	173	26	13	12
Species presumed threatened	2	3	0	2
	Willowleaf lettuce *(Lactuca saligna)* Golden yellowhead *(Inula britannica)*	Tree sparrow (LRR – VU), Common linnet (LRR – NT) Goldfinch (LRR – NT)		Autumn grasshopper (LRR – NT) Aiolopus thalassinus (LRR – NT)

LRR: Regional Red List (CR: critically endangered, EN: endangered, VU: vulnerable).
LRN: National Red List (CR: critically endangered, EN: endangered, VU: vulnerable).
PN: National protection (annex I or II) – PR: Regional Protection – DH: Habitat Directive (annex II, IV or V).

The diagnosis was carried out with the objective of preserving existing biodiversity and developing it. The recommendations made on this occasion were analyzed with the NGOs in connection with the management of the site. Actions in the field of differentiated mowing or habitat development for animal species have been put in place. The results can only be evaluated in the medium to long term. To this end, a new diagnosis will be carried out in 2021-2022.

In the meantime, a similar diagnosis has been undertaken, about ten kilometers away, at the Ennezat site. Located on more than 70 hectares, it brings together various industrial activities, including the factory processing of most of the field seeds distributed by the Limagrain Europe Business Unit.

Other measures to protect the biodiversity present on Vilmorin & Cie's sites can also be taken, such as the choice of tree species and forestry practices that aim to make them less vulnerable to storms and fire, or the creation of fallow corridors to allow species to migrate.

Soil usage

Soil represents Vilmorin & Cie's primary production resource. Whether production takes place in the field, in tunnels or greenhouses, 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 52,000 hectares, equivalent to 0.3% of French arable land.f Nevertheless, there is great heterogeneity between the different crops. Indeed, 83% of this area is used for field seeds, including almost half for corn seeds.

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 the area of seed packaging, initiatives are being taken to increase the re-use of packaging, mainly large flexible containers called bigbags. Both in field seeds in Limagrain Europe's Turkish company and vegetable seeds at Vilmorin-Mikado in France, the reuse of bigbags is increasing. Limagrain Europe in Turkey estimates that it can reuse them for three years and Vilmorin-Mikado plans to save more than 30 tons of waste.

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.
- 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 ensure a reduction and make it mandatory for individuals to wear individual protective equipment, even if it is not mandatory under national legislation. Vilmorin & Cie is also concerned not to disturb its neighbors because of its industrial activities.

  To this end, the Business Unit Limagrain Europe includes a recommendation concerning the reduction of noise pollution in the specifications drawn up for the acquisition of new industrial equipment. During the year, when cold drying ventilators were purchased for the Saint-Mathurin (France) plant, this recommendation led to the systematic installation of silencers.

Provisions and guarantees for environmental risks

Vilmorin & Cie did not register any provisions or guarantees for environmental risks for fiscal year 2018-2019.

4.3.3.3. 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 related to climate change and weather uncertainty.

Around 20 production basins located all over the world, in both the northern and southern hemispheres, ensure seed production; research work is carried out at more than 100 sites in close proximity to markets.

Adaptation to climate change is also reflected in anticipating changes in growing conditions and the choice of adapted species. The Business Unit Vilmorin-Mikado is a unique specialist in the selection* of tree seeds and forestry is particularly concerned because of the decades that elapse between planting and harvesting. Thus, Vilmorin-Mikado is carrying out numerous projects, in collaboration with specialized technical institutes (INRA(1), FCBA(2)) and the ONF(3), to adapt French forests to the climatic conditions that will prevail in 50, 100 or 150 years. This results in the selection* of species and varieties whose resilience to changing growing conditions (heat, drought, disease, insects) is the strongest, while improving their processing characteristics (straightness of the trunk, reduced number of branches, wood quality and knot size).

Climate change is also taken into account in an assisted migration approach. Under the control of the authorities, this involves planting new species in forest areas where they were not present, but where conditions are expected to become favorable due to climate change. For example, outside high-altitude areas, spruces, which are currently suffering from drought, could be replaced by more suitable larch or Douglas pine trees; cedar is in full development because it is more resistant to summer drought; downy oak could replace sessile and pedunculate oaks.

In this context, to satisfy the demand for future seedlings, the establishment of seed orchards with improved varieties must be anticipated. In collaboration with the NFB, FCBA, INRA and forestry cooperatives, Vilmorin-Mikado has already set up 110 hectares of orchards for maritime pine and is launching the installation of another 20-hectares orchard for Douglas pine.

(1) National Institute for Agricultural Research (France).
(2) French Institute of Technology for Forest-based and Furniture Sectors.
(3) National Forest Office (France).

4.4. ENCOURAGING COOPERATION

Vilmorin & Cie favors dialogue with its stakeholders and the development of a partnership approach. In-depth knowledge of the agricultural world on the one hand, and of suppliers and customers on the other hand, guarantee that we can offer products and solutions that are in line with the needs of the markets. To best prepare for the future, the development of activities is based on the collaborative work of teams and the exchange of best practices between Business Units, as well as on multiple partnerships with private and public laboratories and research organizations in France and internationally, and with companies that are at the forefront in their sectors of activity.
It is thanks to these close and long-standing ties 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 make a commitment to society, as close as possible to the regions in which the Company is present. The group and its subsidiaries are developing or partnering in numerous social and educational initiatives. It is a way for Business Units to participate in local life, to express their social utility while contributing to a better understanding and appreciation of the agricultural world and food issues around the world.

Finally, digitalization increases the opportunities for interaction with stakeholders. Faced with this transformation, Vilmorin & Cie is committed to developing its practices with awareness and discernment between the new possibilities offered by digital tools and permanent attention to possible abuses in their use.

4.4.1. Promoting a 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. Vilmorin & Cie's mission, which is to contribute to meeting the world's food challenges, gives meaning to employee engagement.

Meetings bringing together top executives and executive managers are organized, and provide opportunities to re-explain the Group's strategy and missions. They also shed light on the year's priorities that will allow progress to be made towards achieving the ambitions set. The newsletter for executive managers, called Info+, was redesigned during fiscal year 2017-2018 to be as close as possible to employees' expectations. This newsletter was published quarterly during fiscal year 2018-2019 and has become an essential communication tool.

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's mission and to explain how the Business Unit contributes to it.

Most Business Units send out newsletters in print or electronic form, which are the ideal medium for communicating the company's strategy and promoting the actions that underpin this strategy.

Other meetings demonstrate the desire to work together on common projects to foster innovation and bring together expert communities.
The *ACL,* or *Association of Limagrain Researchers*, is a three-day meeting that brings together nearly 300 researchers each year from Vilmorin & Cie and Limagrain, its reference shareholder. The program includes plenary presentations and workshops on a theme that changes each year.

4.4.1.2. Induction programs

Further induction programs were run over the course of the fiscal year. Most of them are organized in Business Units for their employees, as close as possible to their operational reality, and some target populations benefit from an induction program organized by the Group.

In order to facilitate the integration of new managers from all over the world, Group induction programs have been run since 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. These programs involve a meeting with members from the Executive Committee and Board of Directors, exchanges with employees who have benefitted from mobility experiences, a game around the history, values and activities of the Group as well as site visits and meetings with farmer-members of the Limagrain Cooperative.

> Key figures
>
> **405**
> **people** followed a Business Unit induction program
>
> **48**
> **people** followed a Group induction program
>
> *Data for 2018-2019*

During this past fiscal year, 48 people followed this program.

Participants come from all the Group's Business Units and from countries in Europe, Asia, Africa, North and South America.

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 induction program, the Group's CSR commitments with regard to fighting corruption, and its Ethical Principles and Code of Conduct, are also explained.

The new feature of the year was the creation of an Auvergne induction program, which made it possible to pool the induction programs of the Business Units located in Auvergne, for all populations combined, with a common core promoting the understanding and global knowledge of the Group, and a more operational part, specific to each Business Unit. This helps to facilitate exchanges between Business Units in the same region and ultimately develop mobility within the Group.

During this past fiscal year, 75 people followed one of the two sessions for this program.

4.4.1.3. Bridging cultures through Limagrain Academy

As part of its cultural cornerstone, the objectives of which were redefined during this fiscal year (this information is presented in detail on page 134, paragraph 4.3.1.5.), Limagrain Academy aims to disseminate the Group's culture, develop a sense of belonging, illustrate values and create a link between populations. As such, the *"Limagrain Game"* has been redesigned and internalized to take into account all the Group's specific approaches (CSR, safety, etc.) but also to enable the Business Units to adapt their own content.

This digital game, developed in 2016, 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, 2017. Building on this success, Limagrain Academy is continuing to deliver quality training for all the group's nationalities.

4.4.2. Getting involved with local communities in regions where we operate

Vilmorin & Cie has chosen local management structures based on close proximity to its markets, and is therefore 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 farmers and growers all around the world with seeds that are adapted to the different regions, and to changes in soil and climate.

4.4.2.1. In 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, a French agricultural cooperative, 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 ensure 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 farms 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. The total number of seasonal workers employed over fiscal year 2018-2019, represented the equivalent of 1,240 full-time jobs.

4.4.2.2. In philanthropy and sponsorship

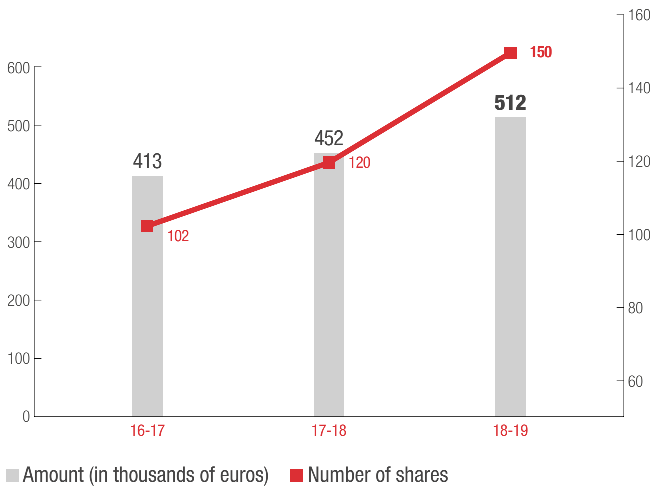
Key figures

In 2018-2019, **150** initiatives and **511,637 euros** were devoted to societal actions, including **345,437** euros to sponsorship.

Vilmorin & Cie aims to contribute to the development of its environment, and to this end, through its subsidiaries, and is actively involved in various social, societal and humanitarian projects. Three years ago, 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 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.

Evolution of the societal commitment since 2016-2017

(amount in thousands of euros and number of shares)



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 five years, the Group and the "*Ligue de Protection des Oiseaux" (League for the Protection of Birds)* in Auvergne have been running a 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, 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 Coeur marsh, which is located close to Vilmorin & Cie's site in Saint-Beauzire. 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 twelve rare plants, some of which can only be seen here and at Mont Saint-Michel.

In terms of societal commitment, the group's companies share certain causes: promoting access to education and gardening, developing pedagogy around seeds and plants or explaining the virtues of plants in terms of food.

For example, the Moroccan company of the Business Unit Vilmorin-Mikado (Vilmorin Atlas) offers bicycles, with the aim of promoting schooling. Indeed, in many countries, access to education is hampered by the distance between school and pupils. They often have to walk significant distances that can mean they drop out of school. To combat this dropout and provide easier access to education, Vilmorin Atlas offered 40 bicycles to the Aït Bouli school parents' association so that the most distant pupils could reach the school under better conditions.

In turn, the Business Unit Hazera in the Netherlands supports the Roseland project in Ethiopia, both financially and in the form of seed donations. Its purpose is to provide education to the poorest children in the Holeta region by supporting a school. In addition to education, the project also aims to improve people's living conditions. It has thus acquired a plot of land intended for the production of fruit and vegetables, some of which are used to prepare children's meals and some of which are sold. This project therefore has a positive impact on the community in terms of food, education, employment and the development of self-sufficiency.

Moreover, the Business Unit Vilmorin Jardin continues to support the "*Jardins du Cœur".*
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 very 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.

At the same time, many initiatives are being taken to develop school gardens. Limagrain China in Beijing (China), Vilmorin-Mikado in Toké and Otaki (Japan), and HM.CLAUSE in Australia lead this type of action, in which employees are frequently involved to meet children and provide teaching around plants and seeds.

In terms of sponsorship, many of Vilmorin & Cie's companies make financial commitments to structures linked to their communities and active in sport, culture, heritage enhancement or local traditions. They thus contribute to their integration in the territories and echo one of the challenges of Vilmorin & Cie's CSR program.

4

4.4.3. Partnerships, equity investments 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 50.

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 and Canterra Seeds in North America, Seed Co in Africa, Hengji Limagrain Seeds in China, AGT in Australia, Soltis in France, etc.) that open up new avenues for breeding*, production and marketing of seeds.

4.4.4. 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 Group's image and reputation, and prevent and manage risks.

4.4.4.1. Relations with individuals and organizations with an interest in the Company's activity

There are many stakeholders interested in the Company's activity and the forms of action to reach them are diversified.

Employees' families

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. The opening of a new site is an opportunity seized by the Business Unit Hazera in the Netherlands on the occasion of the inauguration of its research center in Warmenhuizen. Already visited by 900 professionals, the station welcomed the employees' families for an open day.
The organization of such an event and the possibility for 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.

Customers

As part of Vilmorin & Cie's strategy of establishing a presence as close as possible to markets, there is a strong relationship, often long-term, with customers, because of commercial relations based on professionalism and mutual respect. To showcase their products, all the group's companies organize commercial displays, which allow visitors to discover the varieties under growing conditions. These meetings, which are an essential part of the field seeds and vegetable seeds activities, are an opportunity to discuss products, markets and research areas with those who will relay them to users. During the year, the Indian company HM.CLAUSE and the LG field seeds brand in Thailand organized this type of meeting for the first time, while HM.CLAUSE celebrated the 10th anniversary of these meetings in Jordan.

Besides these product-related meetings, numerous customer visits are organized to allow them to discover Vilmorin & Cie's facilities, whether in research or production.

Finally, in September 2018, the Business Unit Vilmorin-Mikado was the exclusive partner of the second *International Carrot and Other Apiaceae Symposium* held in Poland. Over three days, there were scientific and technical presentations. A day was dedicated to the presentation of Vilmorin-Mikado's range and different areas of expertise: quality control, seed technology, production and taste quality. This meeting was also an opportunity for Vilmorin-Mikado to consolidate its image as the world leader in carrots with 200 customers, producers and distributors from all continents, particularly Asia, alongside many world carrot specialists (technical consultants, disease specialists, breeders*, processors, marketers).

The scientific community

As a major player in plant breeding*, Vilmorin & Cie is very involved in the scientific community and participates in a multitude of partnerships with public and private research laboratories on all continents. It supports numerous international conferences related to the species or technologies it is concerned with, and its research teams actively participate in them. For the first time this year, a delegation of nine Vilmorin & Cie researchers participated in the *21st Crucifer Genetics Conference - Brassica.* Other delegations attended the Eucarpia Biometrics conference, the *Plant & Animal Genome Conference,* the *Graines 2019* meeting and the *Galaxy Community Conference,* for example. Finally, Vilmorin & Cie regularly opens the doors of its research sites, in particular its research center in Chappes (France), to visitors from the scientific world.

4.4.4.2. Developing the knowledge and the share of best CSR practices

In order to promote a better knowledge of CSR, Vilmorin & Cie is convinced of the need to develop education, training, interaction and cooperation at different levels of the Company. Thus, CSR will be seen as a fully-fledged dimension of day-to-day business activities and not merely as a tool for regulatory compliance or communication and reporting. Several types of actions are now in place to give employees the resources they need to properly take ownership of CSR-related issues and to ensure that Vilmorin & Cie's commitments are widely disseminated.

Vilmorin & Cie has thus chosen to encourage, as a priority, all its employees to adopt a responsible and supportive attitude. For example, an eco-friendly practices guide has been produced; it is available on the Intranet and distributed sequentially, every two weeks, on internal screen networks. It brings together ideas, behaviors and attitudes that can help preserve the planet and improve the quality of life for all without compromising that of future generations. Being eco-socio-responsible is above all a state of mind that everyone is invited to adopt and share on a daily basis, both personally and professionally. This document is intended to become a vehicle for the exchange of best practices.
Moreover, as soon as they attend 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 Operating 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).

4.4.5. The challenge of digital transformation

Digital transformation has an impact on the seed industry through its development of the capacity to collect, analyze, process and exploit large amounts of data, apparently without limits. This decisive change requires Vilmorin & Cie to constantly adapt to take into account the changes brought about by the development of digital farming and to have the digital tools capable of adapting securely.

4.4.5.1. Digital farming

Close to its customers and users of its products and services, Vilmorin & Cie is participating in the digital transformation of farming. Although its applications and scope may vary from one region of the world to another, digital technology impacts all forms of agriculture wherever they are conducted and is embodied in three dimensions: massive data collection, precision farming and disintermediation.

Satellite imagery and sensors, whose use is becoming more widespread in connection with a significant drop in prices, are multiplying data sources and making it possible to describe agricultural activity in all its dimensions more and more accurately. This is prompting a change of approach. In the past, agriculture progressed through the accumulation of local knowledge as crops were harvested, and therefore over time. From now on, through the ability to access multi-local data from various conditions, it is the analysis of simultaneous experiences over various geographical areas that is becoming a source of major progress.

This data, collected and analyzed, will be the source of precision farming, whose objective is to optimize production conditions in order to enhance the best possible use of production factors, such as soil, agricultural equipment, fertilizers, seeds and plant protection products. The investment and training required to use precision farming can be a barrier to its use in areas where farms are generally small. In this case, agricultural contractors can play an intermediary prescription role. In terms of seed, seeding rate modulation, prediction of sowing or harvest dates, or assistance in the choice of varieties are some examples of such applications. In this respect, Vilmorin & Cie has developed a platform of digital tools providing services to farmers, called Agrility. This information is presented in detail on page 35.

Digital technology also means, for agriculture, as for other market sectors, an increase in disintermediation. To buy, sell or be advised, farmers now have new ways of working and new contacts. It can also be an opportunity for Vilmorin & Cie to get in touch with its end customers more effectively.

The possibilities offered by the Internet, messaging and social media open up new avenues for commercial relations, advice and communication, amplified by the development of mobile tools and increasingly efficient mobile networks. This trend allows a greater proximity between producers and users, questions distribution as such, and opens up new possibilities for loyalty and advice. All over the world, although the applications and uses are different, the exchange of information and advice between farmers and seed companies is growing. And if the seed company does not have all the skills, the organization of platforms combining product and relational skills will need to be developed. Vilmorin & Cie is particularly attentive to these developments.

The risks related to a change in the economic or geopolitical environment are described in detail on page 66, paragraph 1.9.3.1.

4.4.5.2. The architecture of the information systems

Creating a variety means being able to identify, from the broadest possible mix of available genetic bases, the combination that will best meet the criteria required. Consequently, digital technology, through its capabilities of description and analysis, provides valuable assistance to breeders*. Genotyping (decoding the plant's genome*) and phenotyping (describing its physical characteristics) have greatly benefited from the development of digital technology and are two major contributors to the exponential growth in data volume. Digital technology also allows for the real-time availability of collected data anywhere in the world. There can therefore be no plant breeding* today without mastering information systems: infrastructure, databases, applications, security, etc. Given its strategic nature, Vilmorin & Cie's Research and Development IT is managed on a global basis.

But information systems are just as essential for the other activities of each company in the group: production, marketing and sales, support activities, etc. Network, servers and applications must be operational at all times. A failure risk analysis was conducted for each link to determine the strategy to be implemented and the related costs. Mirrored servers, data backup, application reconstruction capacity are all measures that contribute to the permanent capacity of information systems.

The choice of a data-oriented architecture, aligned with the new principles of enterprise architecture adopted by Vilmorin & Cie, integrates all the capabilities of a modern data platform, to allow the progressive use of new technologies such as Big Data, IoT and Artificial Intelligence. In this context, Vilmorin & Cie's infrastructures integrate the use of Cloud platforms, to improve data accessibility and the level of flexibility required in terms of memory capacity.

Risks related to information systems are presented in detail on page 69, paragraph 1.9.4.1.

4.4.5.3. Cybersecurity

The multiplication of data, processing and access points provides many possibilities for malicious digital acts aimed at destabilizing the organization, taking advantage of private information or extorting the Company. Vilmorin & Cie has implemented an ambitious program for the security of information systems during the year. It is based first of all on the skills of the employees recruited to carry out this project, which combines technical systems, internal procedures and controls, supervision and processing. These actions are complemented by the essential awareness of cybersecurity raised among employees, first and foremost those in the Information Systems department.

Cybersecurity is above all based on tools to protect access to infrastructure itself and to data. The presence on each workstation of a malware detection and response agent (antivirus), a solution for detecting and blocking harmful web communications (proxy), combined with a secure remote access device (VPN), is a first step. In addition, regular monitoring of vulnerabilities for both software and infrastructure is carried out on an ongoing basis.

Because the risk can be both internal and external, the organization must also be configured to ensure the secure application of the tools. First, the processes for creating an account and assigning "privileges" on the IT infrastructure follow strict procedures. These are described in a Group cybersecurity policy based on the highest standards (NIST CSF standard(1), ANSSI IT hygiene guide(2)). The rules on "privileges" and management of workstation and server operating systems have been strengthened. Finally, inactive accounts are analyzed monthly and all attempted attacks and security incidents are systematically processed.

But cybersecurity is above all a concern for everyone and depends to a large extent on the individual behavior of employees. New employees are therefore made aware of the risks during induction programs. Information and outreach tools on key elements (password, mobility, email, etc.) have been developed and disseminated, as well as more advanced tools for expert populations in the Information Systems department or the Group's top executives.

Finally, to check the impact of the first measures and evaluate the structure, a first computer intrusion test was conducted at the end of the year. Its results will be used to complete and refine the system during fiscal year 2019-2020.

Risks related to information systems are presented in detail on page 69, paragraph 1.9.4.1.

(1) CyberSecurity Framework of the National Institute of Standards and Technology, U.S. Department of Commerce.
(2) "Agence nationale de la sécurité des systèmes d'information" (National Agency for the Security of Information Systems) (France).

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 2018-2019: the social, societal and environmental reporting covers 98.1% of all the consolidated sales in 2018-2019 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 the cover rate is 100% of sales for 2018-2019. This represents 100% of sales for the companies with an industrial site(1),
- for water, the cover rate is 98.7% of sales for 2018-2019. This represents 100% of sales for the companies with an industrial site(1),
- for waste, the cover rate is 96.1% of sales for 2018-2019 of the companies questioned. This represents 94.0% 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, and a description of the reporting tool and the control and validation procedures. This procedure is available for consultation in the SharePoint for data collection and in the Group's document management tool,
- a reporting tool (Web platform) including consistency tests on data entry and data entry help (definitions),
- a glossary,
- help on information related to waste,
- an energy calculator available on SharePoint and on a Yammer group devoted to data collection,
- a tutorial on a Yammer group devoted to data collection.

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 held in conjunction with external partners,
- the modalities of information collection and entry.

Moreover, certain indicators are subject to a specific calculation.

Staff turnover has been calculated using the formula:
(Number of entries + Number of departures)/2)/Total headcount.

The senior retention rate was calculated using the formula: Number of employees over 57 years of age/(Number of employees over 57 years of age + Number of departures of employees over 57 years of age (excluding retirements)).

Absenteeism has been calculated using the formula:
Number of days of absenteeism/(220 x Total headcount).

(1) A list of companies concerned is available upon request from the Group CSR Department.

4.5.4. Consolidation and internal verification

Each site, each company and each Business Unit is responsible for the data they provide, just as the Management is responsible for consolidating the indicator disclosed.

Organization of the non-financial reporting is based on:
- Group CSR Department which coordinates the Business Units, consolidates all the non-financial data and makes sure the societal and environmental data is coherent,
- Corporate Human Resources Department which ensures the social data is coherent,
- Corporate Finance Department for the consolidation of data on headcounts,
- a network of "Business Unit coordinators" who manage the reporting of subsidiaries and validate their data,
- "company contact points", designated by the Business Unit coordinators, who validate data from the sites, transfer the data for their company and provide the supporting documents,
- "site contact points", designated by the Business Unit coordinators, who transfer the data from their site and provide 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. The consolidated and verified data at each entity is then made available to Corporate CSR Department which sends the social data to Corporate Human Resources Department.
- 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 2018-2019, 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 six companies from five Business Units that are representative of the group's activities, in order to validate the quality and global credibility of the reporting system:
- Bisco Bio Sciences (India, Field Seeds activity),
- Hazera Seeds Ltd (Israel, Vegetable Seeds activity),
- Hazera Seeds BV (Netherlands, Vegetable Seeds activity),
- HM.CLAUSE SA[1] (France, Vegetable Seeds activity),
- Limagrain Europe (Ukraine, Field Seeds activity),
- Vilmorin SA (France, Vegetable Seeds activity).

The glossary of indicators is available upon request.

(1) Only for the environmental part of the reporting.

4.6. NFPS CONCORDANCE TABLES

The concordance table below can be used to locate all the elements of the Non-Financial Performance Statement (NFPS) set out in this Annual Report:

NFPS categories	Sections
Strategy and business model	1.3. Challenges facing the seed segment
	1.4. The Seed market
	1.6. Development model
	1.7. Strategy and objectives
	1.8. Business
Identification and description of the main non-financial risks related to the business	1.9. Risk factors
	4.1.4. The Non-Financial Performance Statement (NFPS)
Description of the policies, results and performance indicators	4.2. Contributing to the lasting progress of agriculture though seeds
	4.3. Acting responsibly
	4.4. Encouraging cooperation

The table below provides a summary presentation of all the risks, challenges and opportunities:

Topics	Risks identified as material	Challenges related to risks and opportunities	Risk analysis – Section 1.9.
Information systems	Information systems 4.4.5.2./3. The architecture of the information systems/Cybersecurity		1.9.4.1. Risks related to information systems
Communication	Communication 4.2.3. Nurturing societal dialogue on seed issues		1.9.4.2. Risks related to communication
Quality	Product quality 4.2.4. Product quality and food safety		1.9.4.3. Risks related to product quality
		Food safety 4.2.4. Product quality and food safety	
		Partnership and innovation with customers 4.4.3. Partnerships, equity investments and joint ventures	
Intellectual property	Intellectual property 4.2.2.3. The protection of plant breeding		1.9.4.4. Risks related to intellectual property and legal risks
Environment	Pollution and environmental non-compliance in the sites 4.3.3. Limiting the environmental impact of business activities		1.9.4.7. Environmental risks
		Greenhouse gas emissions and air pollution 4.3.3. Limiting the environmental impact of business activities	
		Management and quality of water and effluents 4.3.3. Limiting the environmental impact of business activities	
		Preservation of biodiversity 4.2.2. Protecting, enriching and spreading plant biodiversity	

Topics	Risks identified as material	Challenges related to risks and opportunities	Risk analysis – Section 1.9.
Ethics and legal affairs	Ethics 4.3.2. Acting in accordance with the Ethical Principles and Code of Conduct		1.9.4.8. Ethical risks
		Responsible purchasing policy 4.3.2.5. A responsible purchasing policy to consolidate relations with suppliers	
Human resources	Attractiveness and talent management 4.3.1.5. Attracting and retaining talents		
	Managing skills 4.3.1.6. Managing mobility, careers and skills		
	Safety and health 4.3.1.3. An ambitious safety policy		1.9.4.5. Risks related to safety and security
		Diversity and equal opportunities 4.3.1.7. Committing to diversity	
		Social dialogue and participative management 4.3.1.4. Encouraging social dialogue and internal communication	
Societal		Support to communities and corporate patronage 4.4.2. Getting involved with local communities in regions where we operate	
Governance		Respect for Human Rights 4.3.2.3. Respect for Human Rights and Rights of the Child	
		Relations with stakeholders and participation in public debate 4.4.4. Making stakeholder dialogue a source of wealth	

5

FINANCIAL Information

5.1. CONSOLIDATED FINANCIAL STATEMENTS

5.1.1. Consolidated income statement

In millions of euros	Note	18-19	17-18
Revenue from ordinary activities	5	1,390.7	1,346.0
Cost of goods sold		-712.0	-687.3
Marketing and sales costs		-199.0	-190.0
Research and development costs	8	-199.5	-194.4
Administrative and general costs		-189.2	-180.4
Other operating income and charges	9	20.0	3.2
Operating income		111.0	97.1
Profit from associated companies	18	26.0	23.3
Interest costs	10	-30.4	-24.4
Other financial income and charges	11	-14.6	-13.6
Income taxes	12	-14.1	-5.5
Profit from continuing operations		77.9	76.9
Profit from discontinued operations		-	-
Net income for the period		77.9	76.9
> Attributable to controlling company		73.9	74.1
> Attributable to non-controlling minority		4.0	2.8
Earnings from continuing operations per share - attributable to controlling company	13	3.23	3.56
Earnings from discontinued operations per share - attributable to controlling company	13	-	-
Earnings for the period per share - attributable to controlling company	13	3.23	3.56
Diluted earnings from continuing operations per share - attributable to controlling company	13	3.05	3.45
Diluted earnings from discontinued operations per share - attributable to controlling company	13	-	-
Diluted earnings for the period per share - attributable to controlling company	13	3.05	3.45

Details of the gains and losses for the fiscal year

In millions of euros	18-19	17-18
Income for the period	77.9	76.9
Variation in currency translations	-20.3	-49.2
Variation in the fair value of assets available for sale	-	-
Variation in the fair value of financial instruments	-2.3	1.6
Change in method	-	-
Impact of taxes	0.5	-0.5
Items that might be reclassified to profit or loss	**-22.1**	**-48.1**
Variation in the fair value of financial instruments	1.8	5.7
Actuarial losses and gains	-3.9	5.7
Impact of taxes	-0.4	-4.4
Items not to be reclassified to profit or loss	**-2.5**	**1.3**
Other items in the total gains and losses for the period net of taxes	-24.6	-46.8
Total gains and losses for the period	53.3	30.1
> of which attributable to controlling company	50.7	30.3
> of which attributable to non-controlling minority	2.6	-0.2

5.1.2. Financial progress report

Assets

In millions of euros	Note	06.30.19	06.30.18
Goodwill	14	434.8	368.9
Other intangible fixed assets	15	739.5	692.7
Tangible fixed assets	16	292.8	290.2
Financial fixed assets	17	29.9	14.4
Equity shares	18	349.1	321.9
Deferred taxes	25	23.8	22.3
Total non-current assets		**1,869.9**	**1,710.4**
Inventories	19	533.7	474.0
Trade receivables and other receivables	20	526.7	514.5
Cash and cash equivalents	21	248.7	196.7
Total current assets		**1,309.1**	**1,185.2**
Total assets		**3,179.0**	**2,895.6**

Liabilities

In millions of euros	Note	06.30.19	06.30.18
Share capital	22	349.5	317.7
Reserves and income	22	886.4	877.3
Equity – controlling company	22	**1,235.9**	**1,195.0**
Equity – non-controlling minority	23	**88.0**	**109.7**
Consolidated equity		**1,323.9**	**1,304.7**
Provisions for employee benefits	24	61.7	57.4
Non-current financial debts	27	964.4	758.3
Deferred income taxes	25	99.1	97.1
Total non-current liabilities		**1,125.2**	**912.8**
Other current provisions	26	15.2	15.5
Accounts payable	28	489.4	428.7
Deferred income	29	29.0	29.6
Current financial debts	27	196.3	204.3
Total current liabilities		**729.9**	**678.1**
Total liabilities		**3,179.0**	**2,895.6**

5.1.3. Consolidated cash flow statement

In millions of euros	06.30.19	06.30.18
1 - Trading operations		
Income for the year	77.9	76.9
Results of companies consolidated under equity method after dividends	-19.0	-6.0
Depreciation, amortization and impairments	210.8	199.5
Net non-current provisions	6.9	1.1
Variation in deferred taxes	-8.6	-7.5
Income from capital operations	-29.9	1.3
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	-0.6
Fair value losses and gains for financial fixed assets available for sale	-	-
Cash flow	**237.5**	**264.7**
Dividends received on equity securities	-	-
Variation in working capital needs with comparable scope		
> Inventories	-39.7	-43.1
> Trade debts	1.1	-44.3
> Short-term debts	28.7	23.6
Cash from operating activities	**227.6**	**200.9**
2 - Investment operations		
Disposal of fixed assets	33.2	3.4
Acquisition of fixed assets		
> Intangible fixed assets	-179.9	-179.4
> Tangible fixed assets	-42.1	-43.5
Variation in other financial fixed assets	-15.3	-3.1
Cash flow acquired through scope entries	-124.0	-1.5
Cash flow conceded through cash exits	-0.1	-
Net impact of the disposal of assets and liabilities	-	-
Net increase/decrease in cash and cash equivalents	9.2	1.0
Cash flows from investing activities	**-319.0**	**-223.1**
3 - Cash flows from financing activities		
Increase/decrease in equity	-2.2	-
Transactions with non-controlling interests[1]	-3.2	-
Increase/decrease in financial liabilities[2]	178.3	6.6
Dividends received on unconsolidated participations	-	-
Dividends paid out	-30.7	-35.3
Cash flows from financing operations	**142.2**	**-28.7**
4 - Net effect of currency translation	**1.2**	**-8.7**
5 - Net increase/decrease in cash and cash equivalents	**52.0**	**-59.6**
6 - Cash and cash equivalents at beginning of period	**196.7**	**256.3**
7 - Cash and cash equivalents at end of period	**248.7**	**196.7**

(1) Application of the amended standard IAS 27: restatement of "Transactions with non-controlling interests." This line includes acquisition of the following securities:

	06.30.19	06.30.18
Biogemma	0.8	-
Seed Co Botswana	-4.0	
Transactions with non-controlling participations	**-3.2**	**-**

(2) Increase/decrease in financial liabilities:

	06.30.19	06.30.18
Increase in non-current financial debts	268.5	12.8
Repayment of non-current financial debts	-7.5	-
Payment on derivatives	-2.7	-
Net increase/decrease in current financial debts	-80.0	-6.2
Variation in financial liabilities	**178.3**	**6.6**

5.1.4. Variation in consolidated equity

In millions of euros	Attributable to controlling company					Attributable to non-controlling company	Total
	Capital	Premiums	Income and other reserves	Currency translation reserves	Total		
07.01.17	**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 capital stock of the parent company	-	-	-	-	-	-	-
Variation in the capital stock 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**
Other items of the global income net of taxes	-	-	-4.2	-19.0	-23.2	-1.4	-24.6
Net income	-	-	73.9	-	73.9	4.0	77.9
Global income for the fiscal year	**-**	**-**	**69.7**	**-19.0**	**50.7**	**2.6**	**53.3**
Variation in treasury shares	-	-	0.1	-	0.1	-	0.1
Dividends paid out	-	-	-28.0	-	-28.0	-2.6	-30.6
Variations in scope	-	-	-1.1	-	-1.1	-	-1.1
Effect of share purchase commitments	-	-	-	-	-	-	-
Variation in the share capital of the parent company	31.8	-31.8	-	-	-	-	-
Variation in the share capital of the subsidiaries	-	-	-4.4	-	-4.4	0.1	-4.3
Variation in minority interest shares	-	-	5.2	8.4	13.6	-21.9	-8.3
Bonds redeemable as shares[(1)]	-	-	-	-	-	-	-
Impact of adjustments in hyperinflationary currencies	-	-	11.2	-	11.2	0.1	11.3
Restatement	-	-	-3.5	3.5	-	-	-
Others	-	-	-1.2	-	-1.2	-	-
06.30.19	**349.5**	**300.6**	**644.7**	**-58.9**	**1,235.9**	**88.0**	**1,323.9**

(1) Cf. Note 23.

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5.1.5. Notes to the consolidated financial statements

Note 1: Accounting methods and principles in IFRS standards

1 - General context and declaration of compliance

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, 2019 (website: http://ec.europa.eu).

The consolidated financial statements were approved by the Board of Directors on October 15, 2019 and will be submitted for approval to the Annual General Meeting of December 6, 2019.

Hyperinflation

On July 1, 2018, Argentina joined the list of hyperinflationary countries in accordance with the criteria defined by the standard IAS 29, with the general consumer price index rising from 106% on December 31, 2017 to 134% on August 31, 2018.

As of July 1, 2018, in order to prepare for its consolidated financial statements, the group applied the specific accounting rules defined by this standard for the transactions of its subsidiaries: HM.CLAUSE Argentina, Limagrain Argentina, Agrofun, Relmo and Sursem, that operate in this country and have the Argentine peso as their functional currency. Data concerning previous periods have not been restated, in compliance with IAS 21 “The Effects of Changes in Foreign Exchange Rates.”

In accordance with IAS 29:
- non-monetary elements (fixed assets, equity, inventory) have been reassessed,
- monetary elements (receivables, debts, cash), already stated at the purchasing power measuring unit at the balance sheet date, have not been restated.

Gains or losses on the net monetary position for the period is recognized in financial income.

In order to revalue the financial statements concerned, Vilmorin & Cie used the CPI (Consumer Price Index). The impact of the first-time application of IAS 29 was recognized directly in the equity of the opening balance sheet. The Consumer Price Index was valued at 144.8 on June 30, 2018 and 225.5 on June 30, 2019.

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 revenue 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 and significant changes to accounting methods

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

4.2.1 - The new standards, interpretations and amendments to existing standards, adopted by the European Union and applicable to fiscal periods as of July 1, 2018 did not have any significant impact on the group's financial statements:

- IFRS 9 "Financial Instruments".
- IFRS 15 "Revenues from Contracts with Customers".
- Annual improvements (Cycle 2014-2016) which includes:
  - IFRS 12 "Information disclosed on interests held in other entities" on clarifying the application scope of the disclosure provisions,
  - IAS 28 "Investments in associates and joint ventures" concerning an evaluation of the investments at fair value using net profit or loss.

First application of IFRS 15 – Revenue from Contracts with Customers

The standard IFRS 15 concerning recognition of the revenue was applied for the first time by the group on July 1, 2018.
It supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the following interpretations: IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC 31 "Revenue - Barter Transactions involving Advertising Services".

In particular the group examined the notions introduced or laid down by IFRS 15:
- the consideration of situations in which the group is liable to act as an agent or principal,
- the identification of performance obligations included in contracts,
- the costs related to fulfilling contracts,
- clauses of product return from customers, along with discounts and rebates granted to customers.

This examination did not call into question the account processing applied by the group.

The accounting methods related to recognition of sales have been updated and are set out in detail in paragraph 24 of this Note.

First application of IFRS 9 – Financial instruments

Standard IFRS 9 concerning financial instruments was applied for the first time by the group on July 1, 2018, for phase I: classification and measurement and phase II: impairment.

Standard IFRS 9 replaces IAS 39 "Financial instruments: recognition and measurement" for the classification, measurement and impairment of financial assets and liabilities.

The group has decided not to opt for the new hedge accounting model of IFRS 9. Hedge accounting therefore remains subject to the rules of IAS 39 "Financial instruments: recognition and measurement".

Classification and measurement

IFRS 9 introduces a single approach for all financial assets (measurement either at amortized cost or at fair value) based on the following two criteria: the entity's business model for managing financial assets and the characteristics of contractual cash flows.

The application of IFRS 9 mainly results in the elimination of the category "Available-for-sale financial assets", which previously allowed changes in the fair value of securities to be recognized in "Other comprehensive income" with the possibility of being recycled to income on disposal.

Under IFRS 9, all financial assets whose flows do not solely represent the payment of principal and interest (SPPI Criterion), such as non-consolidated securities, shares and units of mutual funds, are classified and measured at fair value through profit or loss. When the standard is first recognized or applied, companies have the option of irrevocably opting for a fair value measurement through "Other comprehensive income" without the possibility of subsequent recycling into income. Only dividends are recognized in the income statement.

As part of the application of IFRS 9, the group reviewed the accounting treatment of equity investments that were previously classified as available-for-sale financial assets. For non-consolidated investments held for investment purposes, the group has opted for fair value accounting through shareholders' equity, with no subsequent recycling to the income statement for all securities held by the group as at June 30, 2019.

Impairment

IFRS 9 defines a new impairment model for financial assets based on expected losses, whereas IAS 39 was based on actual losses (following an event that has already occurred: late payment, deterioration in credit quality, etc.). The application of the expected credit loss model has no material impact on the group's financial statements at July 1, 2018.

The transition method used for IFRS 9 is the simplified method:
- in the absence of differences between the book value of assets and liabilities between June 30, 2018 and July 1, 2018, there is no impact on opening equity,
- in 2017-2018, the category "Available-for-sale financial assets" was reclassified as "Assets at fair value".

The accounting methods related to financial instruments have been updated and are set out in detail in paragraph 21 of this Note.

4.2.2 - The new standards, interpretations and amendments to existing standards, adopted by the European Union and applicable to fiscal periods opened as of July 1, 2019 have not been adopted in advance by Vilmorin & Cie.

- IFRS 16 “Leases”.
- IFRIC 23 “Uncertainty over income tax treatments”.
- Annual improvements 2015-2017: amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.
- Amendments to IAS 19 “Plan amendment, curtailment or settlement”.
- Amendments to IFRS 9 “Financial instruments” on the early repayment characteristics with negative compensation.

IFRS 16 “Leases” transition

The standard IFRS 16 “Leases” replaces IAS 17 “Leases” and is mandatory for fiscal years beginning on or after January 1, 2019, i.e. for the group as from July 1, 2019.

IFRS 16 introduces a single model for the lessee to recognize leases in the balance sheet. Indeed, the standard removes the distinction between operating leases and financial leases, which was in force with IAS 17 “Leases.”

The lessee recognizes a “right of use” asset representing its right to use the underlying asset, and a rent liability in respect of its obligation to pay the rent. The standard provides exemptions for short-term contracts (less than 1 year) or for low-value items (less than 5,000 US$). For lessors, the accounting remains similar to that of the current standard: leases are still classified as either finance or operating leases.

The transition method used by the group is the full retrospective method. Vilmorin & Cie will need to restate the comparative financial statements, i.e. fiscal year 2017-2018 and to recognize the impact of first-time application in opening shareholders' equity for the first published comparative fiscal year, i.e. July 1, 2018.

The group plans to apply the simplification measure that allows the previous definition of a lease to be retained at the time of transition. Accordingly, it will apply IFRS 16 to all contracts entered into before July 1, 2019 and identified as leases within the meaning of IAS 17 and IFRIC 4.

Through the deployment of a dedicated information system, the group has identified the contracts and their financial characteristics for all the entities over which it has control. Vilmorin & Cie's lease contracts mainly concern real estate and vehicles.

Data collection and quantitative analysis of the impacts on the group's financial statements are currently being finalized. The group estimates that the first-time application of IFRS 16 would lead to the recognition on July 1, 2019 of a financial debt in the range of 62 to 72 million euros. The group does not anticipate any significant impact on net income related to the application of IFRS 16.

IFRIC 23

This standard is applicable for fiscal years beginning on or after January 1, 2019, i.e. for the group as from July 1, 2019. This interpretation addresses the risks that arise when there is an uncertainty related to the interpretation of a tax measure adopted by the company that could give rise to a challenge in the event of a tax audit.

An analysis of these situations is in progress.

This interpretation is applicable retrospectively. The transition method has not yet been decided on.

4.2.3 - No new standard, interpretation or amendment of standards, adopted by the European Union, is mandatory for the group as of July 1, 2020

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.”

5

The following rules have been applied:

- Subsidiaries in an entity controlled directly or indirectly by the group are consolidated by global integration.
  In accordance with standard IFRS 10 “Consolidated financial statements”, control is defined using the single model based on three cumulative conditions. An investor holds power over an investee when it controls this investee, when it has exposure, or rights, to variable returns from involvement with the investee, and when it has the ability to use its power over the investee to affect the amount of the investor’s returns.

- Standard IFRS 11 eliminated the method of proportional integration and henceforth two types of joint arrangement are distinguished:
  - Joint arrangements qualified as “joint operations” whereby the parties have rights to the assets and obligations for the liabilities, relating to the arrangement. They are recorded in the accounts according to the proportion of assets, liabilities, income and charges controlled by the group. A joint operation may be structured through a distinct vehicle or not.
  - Joint arrangements qualified as “joint ventures” whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. They are consolidated by the group using the equity method.

- All internal transactions are eliminated in consolidation, particularly:
  - reciprocal transactions and accounts,
  - dividends paid out between consolidated companies,
  - provisions and write-back of amortization on consolidated securities,
  - internal margins on inventory,
  - capital gains or losses on internal disposals.

6 - Business combinations (revised IFRS 3)

Business combinations are recorded by applying the acquisition method on the acquisition date, which is the date on which control is transferred to Vilmorin & Cie.

The revised standard IFRS 3 is applicable to all take-overs as of July 1, 2009.

Vilmorin & Cie values goodwill:
- at the fair value of the consideration transferred,
- plus the recognized amount of any non-controlling interest rate in the acquiree,
- plus, if the business combination is carried out in stages, the fair value of any participation previously held in the acquiree,
- minus the net recognized amount (usually the fair value) of the identifiable assets acquired and liabilities assumed on the acquisition date.

If the difference above is negative, 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

Standard IFRS 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 and cash flow statements 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 date 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)

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 the aggregate of amortizations 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 their activation meets 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 acquisition of control.

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.).

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.

(1) 10 to 20 years for light constructions, 20 to 40 years for more robust constructions.

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 indirect production 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, and 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 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 measures are also recorded in the reorganization costs.

17.2.2. Provisions for litigations

Litigations (commercial, fiscal, intellectual property, etc.) are assessed individually and/or on the basis of a statistical estimate of the litigations observed for similar cases bearing in mind what is known at the end of the fiscal year.

17.2.3. Presentation in the financial statements

Except in particular justified cases, provisions are presented in the balance sheet in the current liabilities.

18 - Government grants (IAS 20)

In compliance with standard IAS 20, Vilmorin & Cie records government grants in the balance sheet on the line “Deferred income” and includes them in the income for the useful life of the assets for which they were received.

Government grants received for fixed assets that cannot be depreciated (land) are directly recorded in income for the fiscal year, when they cannot be linked to a fixed asset that is depreciated. If they can be linked to a depreciated fixed asset, they are depreciated at the same rhythm as this asset.

19 - Deferred taxes (IAS 12)

In compliance with standard IAS 12, deferred taxes are calculated for all temporal differences between the tax base and the book value of the assets and liabilities. The main items taken into account for this purpose concern:
- consolidation restatement showing a divergence between book value and tax base (special tax exemption, lease agreements, margins on inventory, income from sales of intra-group fixed assets, retirement benefits, etc.),
- recognized evaluation differences in the case of business combinations to the extent they concern clearly identified and controlled assets,
- the differences between the book value and the tax base for certain assets based on favorable fiscal systems such as the provisions for mergers in France.

Assets and liabilities of deferred taxes are assessed at the tax rate expected for the period during which the asset is recovered and the liability is settled, using the tax rates that have been enacted by the balance sheet date.

The balance sheet approach to the variable carry forward method is applied and the effects of taxable rate modifications are recorded in the income for the fiscal year during which the change in rate is fixed, as long as these tax modifications have no effect on the deferred taxes that had been recorded directly in equity.

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that they can be recovered in later years. Assessment of the capacity of Vilmorin & Cie to recover these assets in particular depends on the following criteria:
- future forecasts of fiscal results,
- the share of exceptional charges must not be renewed in the future and included in past losses,
- the net liabilities position can, in certain circumstances, be reduced in accordance with tax deficits carried forward reasonably recordable in consideration, on the basis of an amortization table.

In compliance with standard IAS 12, deferred tax assets and liabilities are not readjusted. Depending on the case, they are presented in the balance sheet as non-current assets or liabilities.

20 - Accounts payable

Debts that concern the normal operating cycle are recorded on the line “Accounts payable” for their fair value fixed at the initial assessment, and then adjusted for the cost of depreciation/amortization for subsequent evaluations.

21 - Financial instruments (IAS 32, IAS 39 and IFRS 9)

A financial instrument is a contract that gives rise to a financial asset for one party and a financial liability or equity instrument for the other party.

Financial instruments comprise:

- Financial assets which include other non-current assets, trade receivables, loans, securities portfolio, other current assets, cash management assets and cash and cash equivalents.
- Financial liabilities which include equity instruments, short and long-term financial debts, bank overdrafts, supplier payables and other current and non-current liabilities.
- Derivative instruments.

21.1 - Recording of financial assets

21.1.1. Classification and measurement

For classification and the measurement method for financial assets, the standard stipulates that two criteria should be used:

- The group's business model to manage financial assets. There are two models that involve:
  - either collecting the contractual cash flows until maturity: “Held To Collect” (HTC),
  - or collecting the contractual cash flows and selling the asset: “Held to Collect and Sell” (HTCS).
- The characteristics of the financial asset based on whether or not there are contractual terms that result in cash flows solely related to principal repayments and interest payments (“SPPI” test: Solely Payment of Principal and Interests).

Depending on these two criteria, a financial instrument is classified as having been measured:
- at amortized cost,
- at fair value through “Other comprehensive income”,
- at fair value through profit and loss,

on initial recognition.

Financial assets are not subsequently reclassified unless there is a change in business model.

Financial instruments	Subsequent measurement
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Profits, exchange losses and impairments are recognized in profit or loss. Gains and losses resulting from derecognition are recognized in profit or loss.
Financial assets at fair value through profit and loss	These assets are subsequently measured at fair value through profit or loss. Net profits and losses, including interest or dividends received, are recognized in profit or loss.
Debt instruments at fair value through "Other comprehensive income"	These assets are subsequently measured at fair value under "Other comprehensive income." Interest income, foreign exchange gains and losses, impairment losses are recorded in the profit or loss. Other net gains and losses are recorded in "Other comprehensive income". Upon derecognition, cumulative gains and losses in "Other comprehensive income" are reclassified to profit or loss.
Equity instruments at fair value through "Other comprehensive income"	These assets are subsequently measured at fair value through "Other comprehensive income". Dividends are recorded as income in profit or loss, unless the dividend clearly represents the recovery of part of the cost of the investment. Upon derecognition, other gains and losses are recorded in "Other comprehensive income" and are not recyclable in profit or loss.

21.1.2. Derecognition of a financial asset

The total or partial disposal of a financial asset is carried out in accordance with the successive application of the following three criteria:
- the expiry of contractual rights to the cash flows of the instrument or transfer of rights to receive the same flows to a third party,
- the transfer of substantially all the risks and benefits of the instrument,
- the transfer of control of this instrument.

21.1.3. Unconsolidated equity securities and other non-current financial assets

Non-consolidated investments are recorded:
- either at fair value through profit or loss,
- or, for instruments not held for trading, at fair value through "Other comprehensive income", at the irrevocable option of the group, on initial recognition.

The choice is made each time lots of shares are purchased.

Non-consolidated shares acquired before 30 June 2018 have been classified at fair value through "Other comprehensive income".

For listed securities, fair value corresponds to the market price in an active market.

For other securities whose fair value in general cannot be determined reliably, the securities are recorded at cost price less any impairments.

Variations in fair value are recorded directly in equity, and cannot be recycled in profit or loss.

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 as profit or loss, 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 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.

21.1.4. Accounts receivable

Customer receivables

Customer receivables are recorded in the consolidated balance sheet at amortized cost.
Mid- or long-term receivables that do not receive interest are adjusted in the conditions described above in Note 1 paragraph 21.1.3 above.

21.2 - Recording financial liabilities and derivative instruments

21.2.1. Initial and subsequent measurement

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss.
A liability is measured at fair value through profit or loss when it is classified as held for trading, whether it is a derivative or designated as such on initial recognition.

Financial instruments	Subsequent measurement
Financial liability at amortized cost	These are subsequently measure at amortized cost. Interest charges and foreign exchange gains or losses are recorded in profit or loss.
Financial liabilities at fair value through profit or loss	These liabilities are subsequently measured at fair value. Net gains and losses, including interest charges, are recorded as profit or loss.

21.2.2. Derecognition of a financial liability

The group derecognizes a financial liability:
- when its contractual obligations are discharged, cancelled or expire or,
- when its terms are amended and the flows of the amended liability are substantially different, in which case a new financial liability is recorded at fair value under the new terms.

When a financial liability is derecognized, the difference between the book value allocated to the derecognized portion and the consideration paid is recorded in profit or loss.

21.2.3. Derivative instruments

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.

21.2.4. 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.

21.2.5. Loan issue costs

Costs incurred by the issue of loans are recorded at the book value of the loans concerned since they are recorded at amortized cost. These costs are recorded as charges for the full duration of the loan using the effective interest rate method.

21.3 - Measurement of fair values

Financial instruments at fair value are classified according to the following hierarchy level:
- level 1 (listed prices): financial instruments that are listed on the active market,
- level 2 (observable data): financial instruments whose measurement uses valuation techniques based on observable parameters,
- level 3 (internal model): financial instruments whose measurement uses valuation techniques based in whole, or in part, on unobservable parameters.

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 measured 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

Accounts payable are recorded at amortized cost.

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 21.1.3.

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 IFRS 9 "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 resulting from customer contracts (IFRS 15)

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

Revenue is recorded as sales when the commitments (or performance obligations) arising from contracts with customers have been fulfilled, i.e. when customers have obtained control of the asset(s) sold.

Control is defined as the current ability to decide on the use of the asset and to obtain substantially all of the potential cash flows resulting from the use, consumption, resale, exchange or pledging of the asset. It also includes the ability to prohibit others from directing the use of the asset and to access substantially all the benefits of the asset.

Performance obligations can be met either:
- on an ongoing basis; the revenue is then recognized on a percentage-of-completion basis,
- on a given date; the income is then recognized on that date.

The transfer of control generally corresponds:

- For sold goods and products to the date they are made available to the customers.
- For services: revenue is taken into account according to the stage of completion of the transaction at the closing date, on a pro rata temporis basis;
- For royalties:
  - either on a given date for royalties on so-called "static" licenses (licenses that confer a right to use intellectual property as it exists on the date of signature of the contract),
  - or on an ongoing basis for royalties whose calculation is based on sales made or quantities sold by the licensor or for so-called "dynamic" licenses (licenses granting a right of access to intellectual property which will evolve over the duration of the license). Royalties based on sales made usually correspond to the remuneration of plant variety concessions or parental lines.

Revenue from ordinary operations includes:
- sales of products,
- sales of services,
- royalties received from commercial activities which are taken into account for the net amount of variable considerations (discounts, rebates, return rights, performance bonuses, etc.). Variable return considerations are taken into account to the extent that it is highly probable that their subsequent settlement will not result in a significant downward adjustment to the cumulative revenue recognized.

The payment terms applied are those in force in each country and are in most cases less than 12 months. Customer contracts do not include sales with a significant financing component.

The guarantees granted in the contracts provide the customer with assurance that the product complies with the contractual specifications: they are therefore “insurance” type guarantees that fall under IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. Estimated costs are recognized in provisions when the company recognizes the revenue.

Simplification measures applied

Vilmorin & Cie applies the simplification measure of paragraph 121 of IFRS 15 on the disclosure of unfulfilled performance obligations because the initial term of contracts with customers does not exceed one year.

In terms of significant procurement or execution costs, as Vilmorin & Cie has contracts with a duration of less than one year, it applies the simplification measure of recognizing these costs as expenses.

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:

Full takeover of the company AdvanSeed (Denmark)

On July 31, 2018, Vilmorin & Cie, through its subsidiary Vilmorin, completed the acquisition of full control of AdvanSeed, whose head office is located in Odense, Denmark.

AdvanSeed is specialized in the breeding, production and sales of hybrid spinach and leafy vegetable seeds. For fiscal year 2017-2018, it made sales of almost 3 million euros. Its distribution network extends over 23 countries, in Asia, in the Middle East, in South America and in Europe.

This acquisition meets the criteria for business combinations under IFRS 3. See Note 3.2.

Reorganization of the Seed Co group

In August 2018, the company Seed Co Limited (Zimbabwe), a subsidiary of Vilmorin & Cie, reorganized its activities. As a result of this operation, Vilmorin & Cie now directly holds 28.77% of the company Seed Co International (Botswana), which was previously a 100% held subsidiary of Seed Co Limited (Zimbabwe).

This restructuring has resulted in:
- the distribution in kind of 71% of Seed Co International (Botswana) shares to the shareholders of Seed Co Limited (Zimbabwe),
- a capital increase of Seed Co International (Botswana) subscribed in full by Vilmorin & Cie,
- the separate listing of Seed Co International (Botswana) on the Botswana and Zimbabwe stock markets.

In millions of euros	Seed Co Limited (Zimbabwe)	Seed Co International (Botswana)[1]	Impact on income from equity investments	Impact on reserves / translation reserves
Evolution of the % held by Vilmorin & Cie				
On June 30, 2018	29.45%	-		
On August 31, 2018	29.45%	28.77%		
On June 30, 2019	29.36%	30.98%		
Evolution of share values				
Equity investment value on June 30, 2018	**73.4**	**-**		
Distribution of dividends in Seed Co Botswana shares (net of tax)/August 2018	-30.3	30.3		
Net gain on revaluation of shares distributed/August 2018	19.0		19.0	
Recycling of foreign exchange losses against reserves			-7.9	7.9
Private placement of August 13, 2018 (cash)		16.9		
Purchase of shares between September and December 2018 (cash)		4.0		-0.3
Income for the fiscal year	7.2	1.0	8.2	
Restatement for IFRS 9	-0.2	-1.3		-1.5
Currency translation differences	-22.9	-2.8		-25.7
Equity investment value on June 30, 2019	**46.2**	**48.1**	**19.3**	**-19.6**

(1) Cf. Note 3.2.

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Full takeover of the Mars Holding group (Netherlands)

On December 3, 2018, Vilmorin & Cie, through its subsidiary Vilmorin Nederland Holding BV, took full control of the company Mars Holding BV, whose head office is located in Rilland, in the Netherlands.

Mars Holding has operating entities in Brazil and Argentina, including Sursem (Argentina) and Geneze Sementes (Brazil), which specialize in the breeding, production and distribution of hybrid corn, wheat, sunflower and soybean seeds. In 2017, these two operating companies generated total sales of more than US$ 40 million and employed more than 160 people.

This acquisition meets the criteria for business combinations under IFRS 3.

The opening balance sheet of the acquired entity has been revalued to fair value:

In millions of euros	Opening balance sheet	Revaluation for IFRS 3	Opening balance sheet	Allocation of goodwill	Opening balance sheet at fair value
Goodwill	4.3	-	4.3	58.1	62.4
Germplasm	-	-	-	22.6	22.6
Fixed assets	9.4	-	9.4	7.7	17.1
Working capital	18.8	2.9	21.7	-	21.7
Assets	**32.5**	**2.9**	**35.4**	**88.4**	**123.8**
Equity	20.6	2.9	23.5	80.3	103.8
Provisions	0.1	-	0.1	-	0.1
Net deferred taxes	- 0.1	-	-0.1	8.1	8.0
Net indebtedness	11.9	-	11.9	-	11.9
Liabilities	**32.5**	**2.9**	**35.4**	**88.4**	**123.8**

Reorganization of Biogemma's oilseed business

At the end of December 2018, Vilmorin & Cie reorganized its oilseed research business run by its subsidiary Biogemma. At the end of the operation, Vilmorin & Cie directly held 100% of the company Biogemma (as opposed to 55.01% on June 30, 2018) and 25% of the company Innolea, created in October 2018, to which the oilseed research activity was transferred, through a partial contribution of assets.

This reorganization led to:
- the creation of the company Innolea,
- a reduction of Biogemma's capital stock by buying back the Biogemma shares held by Euralis,
- the allocation to Biogemma's shareholders, for the amount of their shareholding in Biogemma's capital, of the shares issued by Innolea in consideration for the contribution, by way of distribution of reserves and reduction of Biogemma's capital,
- the sale of Innolea shares by Vilmorin & Cie to the other three shareholders so that each of the partners hold 25% of the share capital at the end of the reorganization,
- the acquisition of the minority shareholdings of Biogemma by Vilmorin & Cie, following which Vilmorin & Cie becomes the sole shareholder of Biogemma.

Note 3: Consolidation scope

1 - Evolution of the consolidation scope

1.1 - On June 30, 2019, Vilmorin & Cie consolidated 115 companies in accordance with the rules set out in Note 1 paragraph 5 of the "Accounting methods and principles in IFRS standards."

	18-19	17-18
By global integration	98	93
By the equity method	17	16
Total	**115**	**109**

1.2 - Variations in scope occurring during the course of fiscal year 2018-2019 were as follows:

1.2.1 Entries to the consolidation scope

- Through the purchase of a stake
  - AdvanSeed
  - Seed Co Botswana
  - Mars Holding
  - Latam Seed Holdings
  - Sursem
  - Relmo
  - Geneze
  - Agrofun
  - Innolea
- Through the creation of companies
  - Limagrain Myanmar
  - Vilmorin Mikado El Salvador

1.2.2 Exits from the consolidation scope

- Companies wound up
  - Van den Berg
- By the disposal of assets
  - Limagrain Hungary
- By loss of control
  - Genoplante-Valor
- Following reorganizations, the following mergers occurred:

Absorbing companies	Absorbed companies
Limagrain Belgium	Seedline
HM.CLAUSE Brasil	Hazera Brasil

1.2.3 Changes in name

The following changes in name occurred during the fiscal year:

Former names	New names
Semillas Harris Moran Mexicana S.A. de C.V.	HM.CLAUSE Mexico, S.A. de C.V.

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	AdvanSeed	Seed Co Botswana	Mars Holding group	Innolea
Date of entry into scope	07.31.2018	07.01.2018	12.03.2018	12.31.2018
% acquired				
Over the fiscal year	100.00%	28.77%	100.00%	25.00%
Previously held	-	-	-	-
Total held	100.00%	28.77%	100.00%	25.00%
Consolidation method adopted(1)	GI	EM	GI	EM
Acquisition price of the shares				
Agreed during the fiscal year	4.8	48.6	104.5	5.5
Previously agreed	-	-	-	-
Total	4.8	48.6	104.5	5.5
Fair value of assets and liabilities acquired				
Fixed assets	0.1	33.5	44.1	3.8
Working capital needs	0.6	12.4	21.7	0.3
Provisions for liabilities and charges	-	0.3	0.1	-
Indebtedness net of cash	-0.7	-2.0	11.9	-1.4
Deferred taxes	-	0.3	8.0	-
Equity acquired	1.4	47.3	45.8	5.5
Goodwill(2)	**3.4**	**0.2**	**56.6**	**-**

(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.

In accordance with revised IFRS 3, the fair value measurement of identifiable assets and liabilities acquired in business combinations may be modified during a period of 12 months following the acquisition date.

As a result, the goodwill recognized following the acquisitions of AdvanSeed and Mars Holding is provisional and subject to adjustment.

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 2017-2018 has been established in the following conditions:

- In order to neutralize the impact of currency variations, the income statement on June 30, 2018 has been restated by applying the average rate on June 30, 2019.
- Companies exiting the scope during fiscal year 2018-2019 have been neutralized for the previous fiscal year, namely:
  - None
- Companies entering the scope during fiscal year 2018-2019, and providing new business, have been added to the financial statements on June 30, 2018, namely:
  - AdvanSeed
  - Mars Holding
  - Latam Seed Holdings
  - Sursem
  - Relmo
  - Geneze
  - Agrofun

- Information is restated as follows:

In millions of euros	Variation %	18-19	17-18 restated
Revenue from ordinary activities	+4.0%	1,390.7	1,337.8
Operating income	+19.1%	111.0	93.2
Income from continuing operations	+6.9%	77.9	72.9
Income from discontinued operations	-	-	-
Income for the period	+6.9%	77.9	72.9

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, 2019 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 2018-2019

In millions of euros	Vegetable Seeds	Field Seeds	Garden Products & Holdings	Unallocated	Total
Revenue from ordinary activities	687.5	649.9	53.3	-	1,390.7
Operating income	102.7	27.4	-19.1	-	111.0
Income from continuing operations	71.7	32.8	-26.6	-	77.9
Income from discontinued operations	-	-	-	-	-
Total consolidated net income	**71.7**	**32.8**	**-26.6**	**-**	**77.9**
Non-current assets	622.6	1,065.9	181.4	-	1,869.9
> Including investments for the period	119.0	101.2	193.6	-	413.8
Current assets	654.2	540.0	114.9	-	1,309.1
Total assets	**1,276.8**	**1,605.9**	**296.3**	**-**	**3,179.0**
Equity(1)	-	-	-	1,323.9	1,323.9
Non-current liabilities	93.3	115.4	916.5	-	1,125.2
Current liabilities	225.1	319.4	185.4	-	729.9
Total liabilities	**318.4**	**434.8**	**1,101.9**	**1,323.9**	**3,179.0**

(1) The line "Equity" for all Vilmorin & Cie's companies is not broken down per business segment.

2.2 - 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.

Note 5: Revenue from ordinary activities

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1 - Analysis by nature

In millions of euros	Variation %	18-19	17-18
Sales of goods	+3.4%	1,335.1	1,290.7
Sales of services	+1.0%	8.3	8.3
Royalties received	+0.6%	47.3	47.0
Total	**+3.3%**	**1,390.7**	**1,346.0**

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 %	18-19	17-18
Europe	+4.3%	802.3	768.9
Americas	+5.6%	279.7	264.9
Asia and Oceania	-3.1%	119.4	123.2
Africa and Middle East	-	133.7	133.7
Total	**+3.4%**	**1,335.1**	**1,290.7**

3 - Analysis by product

Analysis according to product families sold is as follows:

In millions of euros	Variation %	18-19	17-18
Vegetable seeds and flowers	+4.1%	664.2	638.1
Field seeds	+3.0%	565.7	549.4
Forage seeds and lawn	+15.7%	39.7	34.3
Garden products	+6.5%	59.1	55.5
Other products	-52.2%	6.4	13.4
Total	**+3.4%**	**1,335.1**	**1,290.7**

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 1,325.9 million euros compared with 1,390.7 million euros for this past fiscal year, an increase of 4.9%.

Note 6: Personnel costs

1 - Evolution of personnel costs

In millions of euros	18-19	17-18
Gross salaries	304.8	291.5
Social charges	100.0	101.6
Profit-sharing schemes	10.6	11.0
Total	**415.4**	**404.1**

2 - Further informations

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

	18-19	17-18
France	2,516	2,500
Non-France	5,005	4,767
Total	**7,521**	**7,267**

2.1.2 Analysis by employee status

	18-19	17-18
Management	2,179	1,994
Non-management	5,342	5,273
Total	**7,521**	**7,267**

2.2 - Permanent headcount at the end of the fiscal year

2.2.1 Analysis France/Non-France

	18-19	17-18
France	2,133	2,062
Non-France	4,717	4,591
Total	**6,850**	**6,653**

2.2.2 Analysis by employee status

	18-19	17-18
Management	2,316	2,002
Non-management	4,534	4,651
Total	**6,850**	**6,653**

2.2.3 Analysis by function

	18-19	17-18
Research & Innovation	1,997	1,945
Production & Operations	1,651	1,803
Support Functions & General Management	1,276	1,058
Sales & Marketing	1,926	1,847
Total	**6,850**	**6,653**

Note 7: Provisions for the depreciation, amortization and impairment of tangible and intangible fixed assets

In millions of euros	18-19	17-18
Provisions for the amortization and impairment of intangible fixed assets		
> Development programs(1)	-162.6	-155.0
> Other intangible fixed assets	-16.0	-13.1
Sub-total	**-178.6**	**-168.1**
Provisions for the depreciation and impairment of tangible fixed assets	-31.4	-31.4
Total	**-210.0**	**-199.5**

(1) The increase in provisions concerning development costs is an indication of the intensification of investment in research by the group over several fiscal years.

Note 8: Research and development costs

1 - Evolution of costs

In millions of euros	18-19	17-18
Development programs activated during the fiscal year	171.1	171.3
Provisions for the amortization of development programs recorded as fixed assets	-162.6	-155.0
Total research and development costs	-241.5	-241.4
Tax relief for research	33.5	30.7
Net costs for the year	**-199.5**	**-194.4**

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	18-19	17-18
Costs identified and recorded as intangible fixed assets (cf. Note 15)	171.1	171.3
Provisions for amortization	-162.6	-155.0
Net increase in activated research and development costs	**8.5**	**16.3**

It is important to note that out of a total investment in research and development of 241.5 million euros, only 171.1 million euros met the criteria set out in Note 1 paragraph 9 of the "Accounting methods and principles in IFRS standards." There was a slight overall increase in research and development costs of 0.1 million euros.

The group's investment in research remained stable over the fiscal year.

2.2 - Effect of activation on the cash flow statement

In millions of euros	18-19	17-18
Effect on the income for the period	8.5	16.3
Effect on amortization and depreciation	162.6	155.0
Effect on the cash flow	171.1	171.3
Effect on the investment flows	-171.1	-171.3
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 related assets.

Note 9: Other operating income and charges

1 - Evolution

In millions of euros	18-19	17-18
Litigation	-3.2	-4.0
Income from the sale of fixed assets	4.4	-1.4
Income from the sale of consolidated securities(1)	25.3	-
Government subsidies	2.3	4.4
Reorganization costs	-3.5	-
Impairment on fixed assets	-1.8	0.4
Other charges and income	-3.5	3.8
Total	**20.0**	**3.2**

(1) For fiscal year 2018-2019:

- the reorganization of Biogemma's oilseed business	*11.2*
- the disposal of Limagrain Hungary's isolated assets	*14.2*
- the disposal of the Van den Berg business	*-0.1*

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2 - Further information

2.1 - On operations for fiscal year 2018-2019

2.1.1 Reorganization costs

These mainly concern:

In millions of euros	Amount
Biogemma	-1.5
Geneze	-0.2
Limagrain Brasil	-0.2
Limagrain Europe	-0.6
Vilmorin Jardin	-0.8
Miscellaneous	-0.2
Total	**-3.5**

2.1.2 Impairment of fixed assets

These mainly concern:

In millions of euros	Amount
Biogemma	-2.3
HM.CLAUSE Polska	0.5
Total	**-1.8**

2.2 - On operations for fiscal year 2017-2018

2.2.1 Reorganization costs

These mainly concern:

In millions of euros	Amount
Limagrain Europe	0.2
Miscellaneous	-0.2
Total	**-**

2.2.2 Impairment of fixed assets

These mainly concern:

In millions of euros	Amount
Mikado Kyowa Seed	0.4
Total	**0.4**

Note 10: Interest costs

1 - Evolution

In millions of euros	18-19	17-18
Interests on loans and bank overdrafts(1)	-30.6	-24.3
Interest on financial leasing agreements	-0.1	-0.1
Losses and gains of fair value on hedging instruments	-	-
Losses and gains on the disposal of hedging instruments	-	-
Cash income	2.8	2.8
Miscellaneous(2)	-2.5	-2.8
Total	**-30.4**	**-24.4**

(1) The increase in interest charges is mainly due to the impact of the acquisition of the companies Geneze and Sursem in December 2019, slightly higher US interest rates and a rise in the interest charges of the 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	18-19	17-18
Interest charges	-33.1	-27.3
Interest income	2.7	2.9
Total	**-30.4**	**-24.4**

Note 11: Other financial income and charges

1 - Evolution

In millions of euros	18-19	17-18
Gains or losses on the sales of unconsolidated securities, profits and losses from winding up business, income from consolidation exits	-	-
Interest income	2.2	1.5
Interest charges	-1.8	-1.5
Provisions for the impairment of securities and other financial assets	-	-
Provisions for risks and other financial charges	0.1	-0.1
Gains or losses on currency translation	-8.5	-12.1
Impact of adjustments in hyperinflationary currency	-5.4	
Net charges on commitments for personnel benefits	-1.2	-1.4
Other financial gains and losses	-	-
Total	**-14.6**	**-13.6**

2 - Further information

2.1 - On operations for fiscal year 2018-2019

No particular operation occurred during fiscal year 2018-2019.

2.2 - On operations for fiscal year 2017-2018

No particular operation occurred during fiscal year 2017-2018.

Note 12: Income taxes

1 - Evolution

In millions of euros	18-19	17-18
Current taxes	-22.7	-13.0
Deferred taxes	8.6	7.5
Total	**-14.1**	**-5.5**

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 temporal 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 parent company's statutory tax rate and the effective tax rate at June 30, 2019 is mainly due to the effect of the non-recognition of tax losses carried forward, tax savings generated by the use of tax credits and group tax regimes ("tax integration"), withholding taxes on distributions and changes in tax rates.

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, 2019:

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 USA
	Limagrain Sunflowers
	Shamrock USA

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 a five-year 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 years 2017-2018 and 2018-2019, and also 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 %	18-19	17-18
Theoretical tax rate in France	**34.43**	**34.43**
Impact of partnerships (using the equity method)	-0.51	-6.00
Differences between the tax rates applied in France and other countries	-5.55	-6.41
Other permanent differences	-3.03	-2.80
Impact of dividend distributions	8.42	9.21
Adjustments of taxes and taxes with no base	-20.0	-18.40
Unrecognized losses	20.67	14.35
Temporal differences	-2.46	-0.61
Impact of capital gains and losses from disposals and asset value losses	-3.50	-4.02
Impact from the variations in the deferred taxes rate in France and the USA	-7.50	-12.01
Effective tax rate	**20.97**	**7.74**

2.5 - Details of tax receivables and debts due

In millions of euros	18-19	17-18
Tax receivables due	55.1	54.5
Tax debts due	-13.1	-12.2
Net total	**42.0**	**42.3**

2.6 - Information on tax losses

On June 30, 2019, Vilmorin & Cie held a total of 261.8 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, 2019, the amount of tax losses activated on losses carried forward amounted to 71.8 million euros, representing deferred tax assets of 19.7 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	18-19	17-18
Attributable to the controlling company in continuing operations	73,915,046	74,106,212
Attributable to the controlling company in discontinued operations	-	-
Attributable to the controlling company in the consolidated income	**73,915,046**	**74,106,212**
Number of Vilmorin & Cie shares apart from treasury shares	22,911,003	20,828,025
Earnings from continuing operations for one share	3.23	3.56
Earnings from discontinued operations for one share	-	-
Earnings per share	**3.23**	**3.56**

  - 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	18-19	17-18
Income attributable to the controlling company in continuing operations before conversion	73,915,046	74,106,212
Impact on the income attributable to the controlling company of the conversion of ORA bonds	-4,068,833	-2,145,663
Income attributable to the controlling company in continuing operations after conversion	69,846,213	71,960,550
Income attributable to the controlling company in discontinued operations after conversion	-	-
Income attributable to the controlling company in the consolidated income after conversion	**69,846,213**	**71,960,550**
Number of shares held by Vilmorin & Cie before conversion excluding treasury shares	22,911,003	20,828,025
Creation of new shares after conversion of ORA bonds	-	-
Number of shares held by Vilmorin & Cie after conversion of ORA bonds excluding treasury shares	22,911,003	20,828,025
Earnings from continuing operations per share	3.05	3.45
Earnings from discontinued operations per share	-	-
Diluted earnings per share	**3.05**	**3.45**

- Dividends paid out per share

	Dividends distributed in December 2018	Dividends distributed in December 2017
Amount distributed	€28,125,767.70	€33,334,243.20
Details	€1.35 x 20,833,902 shares	€1.60 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.

The group's acquisitions of the company AdvanSeed, on July 31, 2018, and the Mars Holding group, on December 3, 2019, led to the recognition of provisional goodwill, the allocation of which will have to be finalized, if necessary, before July 30, 2019 and December 2, 2019 respectively.

1.2 - Goodwill impairment test

Vilmorin & Cie carried out impairment tests on its goodwill on June 30, 2019 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 scaled down to 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 4.3% to 5.4% 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 has been 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 5.2% 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	
07.01.17	**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**
Acquisitions and increases	-
Impact of minority redemption commitments	-
Exits	-
Allocation of goodwill	-
Variations in scope	62.0
Reclassifications	1.1
Currency translations	4.0
06.30.19	**449.3**

5

2.2 - Impairments

In millions of euros	
07.01.17	**13.4**
Exits	-
Impairments	-
Variations in scope	-
Reclassifications	-
Currency translation	-0.1
06.30.18	**13.3**
Exits	-
Impairments	-
Variations in scope	-
Reclassifications	1.1
Currency translation	0.1
06.30.19	**14.5**

2.3 - Net values

In millions of euros	
06.30.18	368.9
06.30.19	**434.8**

3 - Further information

3.1 - Analysis by business segments

In millions of euros	06.30.19	06.30.18
Vegetable Seeds	102.6	98.3
Field Seeds	320.7	259.2
Garden Products and Holdings	11.5	11.4
Total net of impairments	**434.8**	**368.9**

3.2 - Variations in scope

Variations in scope concern the following operations:

In millions of euros	Total
Fiscal year 18-19[(1)]	
AdvanSeed	3.4
Mars Holding group	60.9
- Geneze	*4.3*
- Mars Holding	*56.6*
Biogemma/Innolea	-2.2
Van den Berg	-0.1
Total	**62.0**
Fiscal year 17-18	
None	-
Total	**-**

(1) It should be noted that the allocation of goodwill is provisional until the end of a twelve-month period, in compliance with IFRS 3.

3.3 - Impact of minority redemption commitments

Minority redemption commitments concern the companies:

In millions of euros	Total
Fiscal year 18-19	
None	-
Total	**-**
Fiscal year 17-18	
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
07.01.17	**-**	**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**
Acquisitions and increases	-	171.1	-	0.4	0.1	0.3	-	8.0	179.9
Exits	-	-	-	-0.3	-1.3	-	-	-0.1	-1.7
Variations in scope	-	4.3	22.8	0.3	-0.2	0.1	8.2	2.7	38.2
Currency translations	-	14.1	0.8	0.3	0.2	0.1	-0.7	0.1	14.9
Restatement for hyperinflation	-	1.4	4.5	0.1	0.4	-	1.7	-	8.1
Reclassifications	-	-	-	5.1	0.4	1.4	-	-5.2	1.7
06.30.19	**-**	**1,976.9**	**298.6**	**103.7**	**70.1**	**36.6**	**20.9**	**9.5**	**2,516.3**

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
07.01.17	**-**	**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**
Provisions/Impairments	-	162.6	-	10.1	4.7	-	1.2	-	178.6
Exits	-	-	-	-0.3	-1.1	-	-	-	-1.4
Variations in scope	-	1.8	-	0.3	-0.1	0.1	0.2	-	2.3
Currency translations	-	11.2	0.1	0.2	0.1	-	-	-	11.6
Restatement for hyperinflation	-	1.1	-	0.1	0.4		0.2	-	1.8
Reclassifications	-	-	-	-	-	1.4	-	-	1.4
06.30.19	**-**	**1,636.2**	**2.0**	**74.0**	**49.2**	**8.4**	**7.0**	**-**	**1,776.8**

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
06.30.18	-	326.5	268.6	34.2	25.3	27.8	6.3	4.0	692.7
06.30.19	**-**	**340.7**	**296.6**	**29.7**	**20.9**	**28.2**	**13.9**	**9.5**	**739.5**

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	Other intangible fixed assets	Total
07.01.17 (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**
New fixed assets	0.1	-	-	0.1
Fixed assets taken out	-	-	-	-
Variations in scope	-0.1	-	0.2	0.1
Currency translations	-	-	-	-
Reclassifications	0.2	-	-	0.2
Provisions for amortization	-0.1	-	-	-0.1
06.30.19 (net value)	**0.9**	**-**	**0.2**	**1.1**

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
07.01.17	**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**
Fiscal year 18-19	-	2.5	-	-	-	2.5
06.30.19	**0.9**	**8.2**	**0.4**	**8.3**	**-**	**17.8**

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 18-19	
Mars Holding group	36.0
- Geneze	*10.2*
- Sursem	*25.8*
Biogemma/Innolea	-0.1
Total	**35.9**
Fiscal year 17-18	
None	-
Total	**-**

2.4 - Analysis of germplasm per business segment

In millions of euros	06.30.19	06.30.18
Vegetable Seeds	100.2	97.7
Field Seeds	196.4	170.9
Garden Products and Holdings	-	-
Total net impairments	**296.6**	**268.6**

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
07.01.17	**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**
Acquisitions and increases	0.1	4.1	2.7	8.7	0.7	3.1	22.7	42.1
Exits	-1.6	-11.9	-0.6	-3.6	-0.5	-13.4	-0.3	-31.9
Variations in scope	0.4	2.0	1.5	4.7	0.2	-0.4	-	8.4
Currency translations	0.4	3.8	-0.1	1.4	0.1	0.3	0.1	6.0
Restatement for hyperinflation	-	0.1	0.3	1.8	0.4	0.2	-	2.8
Reclassifications	0.7	4.9	2.3	3.3	0.2	3.3	-15.3	-0.6
06.30.19	**31.1**	**264.8**	**106.4**	**210.7**	**16.6**	**55.5**	**24.3**	**709.4**

1.2 - Depreciation 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
07.01.17	**3.4**	**126.0**	**63.6**	**133.7**	**11.7**	**44.1**	**-**	**382.5**
Provisions/ Impairments	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**
Provisions/ Impairments	-0.4	10.5	5.2	10.1	1.2	4.8	-	31.4
Exits	-	-5.0	-0.6	-3.0	-0.5	-7.1	-	-16.2
Variations in scope	-	0.6	1.0	3.7	0.2	-0.7	-	4.8
Currency translations	-	1.4	-0.1	0.5	0.1	0.2	-	2.1
Restatement for hyperinflation	-	0.0	0.3	1.5	0.3	0.1	-	2.2
Reclassifications	-	-0.2	0.4	-0.1	-0.1	-0.1	-	-0.1
06.30.19	**2.9**	**135.4**	**74.1**	**150.1**	**13.4**	**40.7**	**-**	**416.6**

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
06.30.18	27.9	133.7	32.4	57.0	3.3	18.9	17.1	290.2
06.30.19	**28.2**	**129.4**	**32.3**	**60.6**	**3.2**	**14.8**	**24.3**	**292.8**

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
06.30.18	0.2	-	0.2	0.1	0.5
06.30.19	**0.2**	**-**	**0.1**	**0.1**	**0.4**

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
07.01.17	**0.5**	**0.7**	**-**	**1.2**
Fiscal year 17-18	-	-0.4	-	-0.4
06.30.18	**0.5**	**0.3**	**-**	**0.8**
Fiscal year 18-19	-0.5	-	-	-0.5
06.30.19	**-**	**0.3**	**-**	**0.3**

2.3 - Variations in scope

Variations in scope concern the following operations (net of amortization):

In millions of euros	Total
Fiscal year 18-19	
Mars Holding group	3.7
- Agrofun	*1.2*
- Geneze	*1.9*
- Sursem	*0.6*
Biogemma/Innolea	-0.1
Total	**3.6**
Fiscal year 17-18	
None	-
Total	**-**

2.4 - Commitments on leasing contracts

In millions of euros	Total	< 1 year	1 to 5 years	> 5 years
Direct financing lease	4.9	2.0	2.7	0.2
Simple lease contracts	47.4	14.8	25.0	7.6

Note 17: Financial fixed assets

1 - Evolution of net book values

1.1 - Gross values

In millions of euros	Financial assets at fair value	Assets at amortized cost	Total
07.01.17	**7.4**	**13.4**	**20.8**
Increases	0.2	3.7	3.9
Decreases	-	-4.6	-4.6
Variations in scope	-	-	-
Currency translations	-	-0.2	-0.2
Reclassifications	-	-0.2	-0.2
06.30.18	**7.6**	**12.1**	**19.7**
Increases	5.3	16.0	21.3
Decreases	-	-5.8	-5.8
Variations in scope	-	-	-
Currency translations	-	-	-
Restatement for hyperinflation	-	-	-
Reclassifications	-	-	-
06.30.19	**12.9**	**22.3**	**35.2**

1.2 - Provisions

In millions of euros	Financial assets at fair value	Assets at amortized cost	Total
07.01.17	**5.3**	**-**	**5.3**
Increases	-	-	-
Decreases	-	-	-
Variations in scope	-	-	-
Currency translations	-	-	-
Reclassifications	-	-	-
06.30.18	**5.3**	**-**	**5.3**
Increases	-	-	-
Decreases	-	-	-
Variations in scope	-	-	-
Currency translations	-	-	-
Reclassifications	-	-	-
06.30.19	**5.3**	**-**	**5.3**

1.3 - Net values

In millions of euros	Financial assets at fair value	Assets at amortized cost	Total
06.30.18	2.3	12.1	14.4
06.30.19	**7.6**	**22.3**	**29.9**

2 - Further information

2.1 - Financial assets at fair value

Unconsolidated equity interests appear on this line. They are assessed in compliance with the rules described in Note 1 paragraph 21.1.3 of the "Accounting methods and principles in IFRS standards."

Interests acquired during the course of fiscal year 2018-2019 have also been classified in fair value by "Other items in the global income" with the exception of the FUL securities acquired in December 2018 which have been allocated in fair value by income.

The contents of this item are set out below:

Companies	06.30.19		06.30.18		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	8.0	0.3
Avesthagen	4.14	-	4.14	-	-14.5	-2.2
Exotic Systems	20.23	0.9	20.23	0.9	1.3	-0.5
FUL	5.78	0.3				
PSL Innovation	7.65	5.0				
Miscellaneous		0.8		0.8		
Total		**7.6**		**2.3**		

2.2 - Variations in scope

Variations in scope correspond to the following operations (net of provisions):

In millions of euros	Total
Fiscal year 18-19	
None	-
Total	**-**
Fiscal year 17-18	
None	-
Total	**-**

Note 18: Equity shares

1 - Details of equity shares are as follows:

In millions of euros	06.30.19	06.30.18
AgReliant Genetics Inc.	6.2	5.3
AgReliant Genetics LLC	172.5	174.2
Australian Grain Technology (AGT)	24.4	23.6
Bio Seeds	5.1	3.8
Canterra Seeds	5.1	5.1
Carthage Génétique	0.4	0.4
DLF France	1.8	1.8
Genective	9.6	9.6
Genoplante-Valor	-	1.5
GIE Semences de Brie	-	-
Hengji Limagrain	3.7	3.5
Innolea	5.5	
Prime Seed Co Botswana	1.4	0.9
Prime Seed Co Zimbabwe	0.8	1.5
Seed Co Zimbabwe	46.2	73.4
Seed Co Botswana	48.1	
Soltis	18.1	17.0
Unisigma	0.2	0.3
Total	**349.1**	**321.9**
Variation for the fiscal year	**27.2**	**9.0**

2 - Further information

Variation for the fiscal year corresponds to the items below:

In millions of euros	18-19		17-18	
Proportion of income for the fiscal year		26.0		23.3
> AgReliant Genetics Inc.	0.9		1.1	
> AgReliant Genetics LLC	1.0		12.5	
> Australian Grain Technology (AGT)	2.0		2.9	
> Bio Seeds	-0.4		-0.2	
> Canterra Seeds	-0.2		-	
> Carthage Génétique	0.1		-	
> DLF France	0.1		0.1	
> Genective	-		0.5	
> Genoplante-Valor	-		-	
> GIE Semences de Brie	-		-0.2	
> Hengji Limagrain	0.3		-0.8	
> Innolea	-			
> Prime Seed Co Botswana	-		-	
> Prime Seed Co Zimbabwe	0.5		-0.1	
> Seed Co Zimbabwe	18.3		5.3	
> Seed Co Botswana	1.0			
> Soltis	2.5		2.2	
> Unisigma	-0.1		-	
Variation in scope, variation in percentages of interest and others[1]		64.1		7.2
Distributions		-38.7		-17.3
Currency translation		-24.2		-4.2
Total		**27.2**		**9.0**

(1) For fiscal year 2018-2019:

- *the reorganization of the Seed Co group* 7.8
- *the entry of Seed Co Botswana into the consolidation scope* 51.1
- *the entry of Innolea into the consolidation scope* 5.5
- *the exit of Genovalor from the scope* -1.5
- *the increase in the capital stock of Prime Seed Co Botswana* 0.6
- *the restatement at fair value of the unconsolidated securities held by Bioseeds* 1.8
- *impact of the standard IFRS 9 on the impairment of the Seed Co Zimbabwe receivables* -0.2
- *impact of the standard IFRS 9 on the impairment of the Seed Co Botswana receivables* -1.3
- *others* 0.3

For fiscal year 2017-2018:

- *increase in the capital stock of Genective* 3.0
- *the entry of Prime Seed Co Botswana into the consolidation scope followed by an increase in the capital stock* 0.9
- *the entry of Prime Seed Co Zimbabwe into the consolidation scope* 1.6
- *the increase in the capital stock of Seed Co Zimbabwe* 0.8
- *others* 0.9

3 - Financial information of the main equity shares

3.1 - For fiscal year 2018-2019

In millions of euros	AgReliant Genetics Inc.	AgReliant Genetics LLC	Australian Grain Technology (AGT)(1)	Bioseeds(2)	Canterra Seeds(1)	Carthage Génétique(3)	DLF(4)	Genective	GIE Semences de Brie
Sales	35.6	453.0	23.9	20.4	20.7	0.5	27.6	-	-
Net income	1.8	10.1	8.3	-1.8	0.1	0.2	0.3	0.1	-
Assets	43.6	569.3	70.2	22.9	18.2	1.2	8.1	13.7	0.7
Liabilities (excluding equity)	31.6	356.8	13.2	5.3	8.3	0.4	2.7	5.3	0.6

In millions of euros	Hengji Limagrain	Innolea	Prime Seed Co Botswana(5)	Prime Seed Co Zimbabwe(5)	Seed Co Zimbabwe(5)	Seed Co International(5)	Soltis	Unisigma
Sales	10.4	-	1.3	2.9	64.3	52.7	19.7	2.5
Net income	0.6	0.1	-0.1	0.2	79.5	3.3	4.2	-0.1
Assets	18.8	23.3	3.6	3.4	96.6	117.8	43.2	2.4
Liabilities (excluding equity)	10.6	1.2	1.9	1.9	13.0	45.1	18.4	1.9

(1) Accounts closed on September 30, 2018.
(2) Accounts closed on December 31, 2018.
(3) Interim close on June 30, 2019.
(4) Accounts closed on June 30, 2019.
(5) Accounts closed on March 31, 2019.

3.2 - 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.

Note 19: Inventories

1 - Evolution of net book values

In millions of euros	06.30.19			06.30.18		
	Gross value	Provision	Net value	Gross value	Provision	Net value
Raw materials and other supplies	158.6	-9.4	149.2	140.3	-11.7	128.6
Production in progress	186.9	-20.0	166.9	163.8	-19.0	144.8
Goods	77.2	-7.9	69.3	73.7	-7.1	66.6
Finished products	172.3	-24.0	148.3	160.9	-26.9	134.0
Total	**595.0**	**-61.3**	**533.7**	**538.7**	**-64.7**	**474.0**
Variation for the fiscal year			**59.7**			**26.1**

2 - Further information

2.1 - Variations for the fiscal year correspond to the following items:

In millions of euros		18-19		17-18
Variations in scope (net of provisions)		17.7		-
Variations in gross values		34.6		51.5
Variations in provisions including:		5.0		-8.4
- new provisions	*-41.8*		*-37.2*	
- provisions used	*42.9*		*27.2*	
- provisions written back	*3.9*		*1.6*	
Reclassifications		-		0.4
Currency translations		2.4		-17.4
Total		**59.7**		**26.1**

2.2 - Variations in scope concern:

In millions of euros		Total
Fiscal year 18-19		
AdvanSeed		0.7
Mars Holding group		17.0
- Geneze	*7.2*	
- Sursem	*9.8*	
Total		**-**
Fiscal year 17-18		
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, 2018: 12.0%
- On June 30, 2019: 10.3%

Note 20: Trade receivables

1 - Evolution of net book values

In millions of euros	06.30.19	06.30.18
Customer receivables	386.9	384.4
Advance payment to suppliers	26.2	20.7
Personnel and social security	1.3	1.1
State, income taxes	55.1	54.5
Other tax receivables	51.0	45.8
Other operating receivables	16.6	10.6
Prepayments	16.2	13.8
Gross total	**553.3**	**530.9**
Customer receivables	-26.0	-16.4
Advance payment to suppliers	-	-
Other operating receivables	-0.6	-
Total des provisions	**-26.6**	**-16.4**
Net book values	**526.7**	**514.5**
Variation for the fiscal year	**12.2**	**12.8**

2 - Further information

2.1 - Variations for the fiscal year comprise the following main items:

In millions of euros	18-19	17-18
Variations in scope (net of provisions)	19.7	-
Variations in provisions including	-4.2	-0.8
- New provisions	*-7.0*	*-5.2*
- Provisions used	*2.0*	*3.5*
- Provisions written back	*0.8*	*0.9*
Other gross variations	2.8	44.5
Reclassifications and others	-	-0.5
Currency translations	-6.1	-30.4
Total	**12.2**	**12.8**

2.2 - Variations in scope concern:

In millions of euros		Total
Fiscal year 18-19		
AdvanSeed		0.6
Mars Holding group		21.3
- Agrofun	*0.6*	
- Geneze	*5.0*	
- Relmo	*0.7*	
- Sursem	*14.9*	
Biogemma/Innolea		-2.1
Total		**19.7**
Fiscal year 17-18		
None		-
Total		**-**

Note 21: Cash and cash equivalents

1 - Evolution of fair values

In millions of euros	06.30.19	06.30.18
Financial current accounts	2.8	4.0
Placement securities held for purposes of transaction	21.7	29.6
Cash and bank in hand	224.2	163.1
Total	**248.7**	**196.7**
Variation for the fiscal year	**52.0**	**-59.6**

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 18-19	
Variations in scope	2.1
Variation in gross values	47.9
Currency translations	2.0
New provisions	-
Reclassifications and others	-
Total	**52.0**
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**

2.2 - Variations in scope concern:

In millions of euros		Total
Fiscal year 18-19		
AdvanSeed		0.7
Ensemble Mars Holding		1.5
- Geneze	*0.6*	
- Relmo	*0.5*	
- Sursem	*0.4*	
Van den Berg		-0.1
Total		**2.1**
Fiscal year 17-18		
Hazera Ethiopia		0.2
Total		**0.2**

Note 22: Shareholders' equity - attributable to controlling company

1 - Composition of the shareholders' equity

In millions of euros	06.30.19	06.30.18
Parent capital stock	349.5	317.7
Issue premium	300.6	332.4
Parent legal reserve	25.9	24.3
Other parent reserves	-1.4	-2.6
Consolidation reserves and others	546.3	500.9
Currency translation reserves	-58.9	-51.8
Income for the fiscal year	73.9	74.1
Total	**1,235.9**	**1,195.0**
Variation for the fiscal year	**40.9**	**-1.7**

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 22,917,292 shares, each with a nominal value of 15.25 euros. During the fiscal year it was increased by 31,771,697.50 euros following the free allotment of 2,083,390 shares, through the incorporation of reserves, at the rate of one new share for ten old shares held.

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	06.30.19	06.30.18
Consolidation reserve and others	97.5	119.1
Currency translation reserve	-13.5	-12.2
Income for the fiscal year	4.0	2.8
Total	**88.0**	**109.7**
Variation for the fiscal year	**-21.7**	**-2.1**

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	55.7 M€
Interest rate	1.0%(1)
Due date	June 28, 2020
Normal redemption conditions	1 Limagrain Europe share for 1 bond

(1) The exact remuneration is 1% plus the amount of any dividend paid out per Limagrain Europe share for the last closed fiscal year.

- The impact 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
07.01.17	**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**
Restatement of the interest on the debt component	-	-0.5	0.1	0.4
06.30.19	**55.7**	**0.5**	**-0.2**	**55.4**

5

Note 24: Provisions for employee benefits

Provisions for employee benefits are analyzed as follows:

In millions of euros	06.30.19	06.30.18
Provisions for lump sums paid at retirement	21.4	19.6
Commitments for "work medal" bonuses and other benefits	1.1	1.0
Pension schemes	39.2	36.8
Provisions for employee benefits	**61.7**	**57.4**
Financial assets	-	-
Net recorded commitment	**61.7**	**57.4**

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 49% 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 26% 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 10% 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	18-19	17-18
Current value of obligations at opening of the fiscal year	**217.0**	**221.0**
Cost of services rendered for the year (net of contributions)	3.9	3.7
Financial cost	5.9	5.8
Participants' contributions	-	-
Welfare services paid out	-12.5	-9.8
Cost of past services recorded	0.7	0.4
Effect of liquidation/reduction of future services	-	-
Currency translations and others	0.4	-3.0
Variations in scope	-	-0.1
Revaluations	12.3	-1.0
- Changes in demographic hypotheses	*-0.3*	*-0.3*
- Changes in financial hypotheses	*12.7*	*-0.9*
- Adjustments linked to experience	*-0.1*	*0.2*
Current value of obligations at close of the fiscal year (a)	**227.7**	**217.0**

Evolution of the fair value of the assets of defined contribution schemes is as follows:

In millions of euros	18-19	17-18
Fair value of forward assets at opening of the fiscal year	**159.6**	**157.0**
Financial charges	4.7	4.4
Expected returns on forward assets	8.3	4.7
Employers' contributions	3.3	3.3
Participants' contributions	-	-
Welfare services paid out	-10.2	-7.7
Effect of liquidation/reduction of future services	-	-
Variations in scope	-	-
Currency translations and others	0.3	-2.1
Fair value of forward assets at close of the fiscal year (b)	**166.0**	**159.6**

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, 2019:

In millions of euros	06.30.19	06.30.18
Adjusted value of the commitment	227.7	217.0
Fair value of assets of schemes	-166.0	-159.6
Provisions for employee benefits (a - b)	**61.7**	**57.4**

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	18-19	17-18
Cost of services rendered	3.9	3.7
Cost of past services recorded	0.7	0.4
Net financial cost	1.2	1.4
Recognized actuarial losses or gains	0.1	-
Effect of liquidations/reductions	-	-
Other charges	-	-
Recorded charge	**5.9**	**5.5**

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	18-19	17-18
Returns on forward assets	-8.3	-4.7
Actuarial losses or gains	12.2	-1.0
- Changes in demographic hypotheses	*-0.3*	*-0.4*
- Changes in financial hypotheses	*12.6*	*-0.9*
- Adjustments linked to experience	*-0.1*	*0.3*
Statement of the capping of assets	-	-
Items recognized in the statement of the global income during the fiscal year	**3.9**	**- 5.7**

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	
		2019	2018	2019	2018
Average duration of the plan	years	13.8	13.6	17.0	16.8
Adjustment rate		1.05	1.70	2.40	2.60
Salaries progression rate	%	2.52	2.50	Not available	Not available
Inflation rate		1.80	1.80	3.40	3.25

Americas

As a %		2019	2018
Average duration of the plan	years	13.1	12.7
Adjustment rate		3.55	4.10
Salaries progression rate	%	3.00	3.00
Inflation rate		Not available	Not available

Middle East and Asia

As a %		2019	2018
Average duration of the plan	years	8.4	9.7
Adjustment rate		2.28	2.47
Salaries progression rate	%	2.62	2.62
Inflation rate		1.60	1.60

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 3.51%, which is 7.9 million euros. A 25 percentage-point drop in the adjustment rate increases the value of the commitment by 3.72%, which is 8.4 million euros.

4 - Nature of the assets of the plans

The assets for the plans are invested in the following:

In millions of euros	06.30.19	06.30.18
Listed assets	**163.3**	**157.2**
Shares	88.1	80.7
Government bonds	1.5	1.8
Corporate bonds	20.5	19.0
Other bonds	31.4	33.1
Cash and cash equivalents	2.1	4.2
Other listed securities	0.5	0.5
Real estate	2.8	2.4
Insurance contracts	16.4	15.5
Unlisted assets	**2.7**	**2.4**
Real estate	-	-
Insurance contracts	2.7	2.4
Total	**166.0**	**159.6**

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	06.30.19	06.30.18
Estimate of the benefits to be paid out		
< 1 year	1.7	7.3
From 2 to 5 years	8.7	38.0
From 6 to 10 years	12.7	44.3
Employer contributions planned for N+1	**3.3**	**3.3**

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
07.01.17	**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**
Variations in scope	0.2	8.2		
Variations influencing income	1.2	-7.5	8.7	
Variations influencing reserves	0.1	1.3		-1.2
Reclassifications	0.1	0.1		
Currency translations	-0.1	-0.1		
06.30.19	**23.8**	**99.1**	**8.7**	**-1.2**

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 18-19		
Mars Holding group	0.2	8.2
- Agrofun	*0.2*	*0.2*
- Geneze		*1.6*
- Sursem		*6.4*
Total	**0.2**	**8.2**
Fiscal year 17-18		
None	-	-
Total	**-**	**-**

2.2 - Variations affecting reserves

In millions of euros	Deferred taxes assets	Deferred taxes liabilities	Net deferred taxes
Fiscal year 18-19			
Hedges	0.5	-	0.5
Restatement of pension commitments - IAS 19R	-0.4	-	-0.4
Impact of adjustments in hyperinflationary currency	-	1.3	-1.3
Variations in scope and miscellaneous	-	-	-
Total	**0.1**	**1.3**	**-1.4**
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**

Note 26: Other current provisions

1 - Evolution of book values

In millions of euros	06.30.19	06.30.18
Commercial litigation	2.2	2.5
Other risks and litigation	10.4	10.4
Reorganization costs	2.6	2.6
Employee benefits	-	-
Total	**15.2**	**15.5**
Variation for the fiscal year	**-0.3**	**-0.6**

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		
Fiscal year 18-19		
Variations in scope		0.1
Variations in provisions		-0.4
- Provisions for the fiscal year	*11.9*	
- Write-back used	*-11.5*	
- Write-back not used	*-0.8*	
Reclassifications		-
Currency fluctuations		-
Total		**-0.3**
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**

2.2 - Variations in scope concern the following operations:

In millions of euros		Total
Fiscal year 18-19		
Mars Holding group		0.1
- Geneze	*0.1*	
Total		**0.1**
Fiscal year 17-18		
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	06.30.19	06.30.18
Debt component of the bonds redeemable as shares (ORA)(1)	-	0.5
Bank loans	143.0	143.5
Minority redemption commitments	-	-
Lease/hire purchase	0.4	0.6
Derivatives(2)(3)	0.8	-1.5
Other financial debts	820.2	615.2
Total	**964.4**	**758.3**
Variation for the fiscal year	**206.1**	**9.1**

(1) Cf. Note 23.
(2) Cf. Note 30.
(3) On June 30, 2018: including active derivatives: -1.5 million euros.

1.2 - Current financial debts

In millions of euros	06.30.19	06.30.18
Debt component of the bonds redeemable as shares (ORA)(1)	0.5	0.5
Bank loans	140.8	199.1
Lease/hire purchase	0.1	0.2
Derivatives(2)	-	-
Current accounts	4.7	0.2
Interest incurred	5.1	4.3
Other financial debts	45.1	-
Total	**196.3**	**204.3**
Variation for the fiscal year	**-8.0**	**-16.7**

(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	06.30.19	06.30.18
Non-current financial debts	964.4	758.3
Current financial debts	196.3	204.3
Cash and bank in hand (cf. Note 21)	-248.7	-196.7
Net financial debts	**912.0**	**765.9**
Variation for the fiscal year	**146.1**	**52.0**

The rules applied for recording financial debts are described in Note 1 paragraphs 21.2, 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
07.01.17	**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**
Increase	265.8	-	265.8
Decrease	-7.5	-80.1	-87.6
Variations in scope	-	13.1	13.1
Currency translations	3.7	1.3	5.0
Reclassifications	-57.7	57.7	-
Restatement of the shares redeemable as shares (ORA)(1)	-0.5	-	-0.5
Restatement of derivatives	2.3	-	2.3
Minority redemption commitment	-	-	-
06.30.19	**964.4**	**196.3**	**1,160.7**

(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 18-19			
Mars Holding group	-	13.1	13.1
- Geneze	-	*4.2*	*4.2*
- Mars Holding	-	*1.6*	*1.6*
- Sursem	-	*7.3*	*7.3*
Total	**-**	**13.1**	**13.1**
Fiscal year 17-18			
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	300 M€	150 M€
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 of 2014 has been repaid and a new loan was taken out in May 2019 for a total of 300 million euros over an initial five-year period with an extension clause of two years, and the possibility of an increase to 450 million euros with the prior agreement of the banks.

In June 2019, Vilmorin & Cie initiated a new Schuldschein issue for a total of 250 million euros with maturities of 5, 7 and 10 years, taking the outstanding amount of Schuldschein loans up to 415 million euros.

In May 2017, Vilmorin USA Corp renewed in advance its syndicated loan agreement with a total increase to 120 million US dollars over a duration of 5 years.

The different loans involve default clauses concerning the respect of certain ratios tested every year that, in certain conditions, are liable to lead to their being payable earlier than planned.

The characteristics are as follows:

Original amount of the loan	300.0 M€	130.0 M€	100.0 M€	250.0 M€	120.0 MUSD
Company to which the loan was granted	Vilmorin & Cie(1)	Vilmorin & Cie(2)	Vilmorin & Cie(3)	Vilmorin & Cie(3)	Vilmorin USA(4)
Outstanding					
- On June 30, 2018	-	65.0 M€	100.0 M€	-	120.0 MUSD
- On June 30, 2019	-	65.0 M€	100.0 M€	250.0 M€	120.0 MUSD
Rate	Euribor + margin	Fixed and variable	Fixed and variable	Fixed and variable	Libor + margin
Collateral granted	No	No	No	No	Yes
Existence of “covenants"(5)	Yes	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, 2019. 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 2014 syndicated loan agreement.
(3) Vilmorin & Cie: no collateral has been granted. The covenants are identical to those of the 2019 syndicated loan agreement.
(3) Vilmorin USA: 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.
(5) The above-mentioned covenants were respected for fiscal year 2018-2019.

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
06.30.19			
Financial debts with fixed rate	625.7	137.5	763.2
Financial debts with variable rate	338.7	58.8	397.5
Total	**964.4**	**196.3**	**1,160.7**
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**

(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 70.3 million euros at the end of June 2019.

Note 28: Accounts payable

1 - Evolution of the book values

In millions of euros	06.30.19	06.30.18
Suppliers and other accounts payable	255.8	230.0
Debts on the acquisition of fixed assets	28.5	21.1
Advance payments received from customers	14.8	14.9
Social security	82.1	80.3
Taxes	27.8	23.8
Other operating debts	73.0	56.2
Other non-operating debts	7.4	2.4
Total	**489.4**	**428.7**
Variation for the fiscal year	**60.7**	**4.1**

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	18-19	17-18
Variations in scope	22.9	-
Other variations	39.9	29.3
Currency translations	-2.1	-25.2
Total	**60.7**	**4.1**

Variations in scope concern:

In millions of euros		Total
Fiscal year 18-19		
AdvanSeed		0.7
Mars Holding group		17.4
- Agrofun	*0.8*	
- Geneze	*6.8*	
- Relmo	*0.1*	
- Sursem	*9.7*	
Biogemma/Innolea		4.9
Van Den Berg		-0.1
Total		**22.9**
Fiscal year 17-18		
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	06.30.19	06.30.18
Total amount	29.0	29.6
Variation for the fiscal year	-0.6	-3.4

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	18-19	17-18
Subsidies written back into the income	-0.1	-0.1
Restatement of tax relief for research for the fiscal year	0.5	0.4
Variations in scope	-0.1	-
Others	-0.9	-3.7
Total	-0.6	-3.4

Variations in scope concern:

In million euros	Total
Fiscal year 18-19	
Biogemma/Innolea	-0.1
Total	-0.1
Fiscal year 17-18	
None	-
Total	-

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Note 30: Financial instruments

1- Financial instruments by category

1.1 - Analysis by category of instrument

1.1.1 On June 30, 2019

In millions of euros	Assets at fair value through OCI	Assets at fair value through income	Assets at amortized cost	Liabilities at amortized cost	Fair value of hedging derivatives	TOTAL
Financial assets evaluated at their fair value						
> Financial assets	7.7	-	-	-	-	7.7
> Derivatives – assets	-	-	-	-	-	-
> Cash and cash equivalents	-	21.7	-	-	-	21.7
Financial assets not evaluated at their fair value						
> Financial assets	-	-	22.2	-	-	22.2
> Customers and other receivables	-	-	510.5	-	-	510.5
> Cash and cash equivalents	-	-	227.0	-	-	227.0
Financial assets on 06.30.19	7.7	21.7	759.7	-	-	789.1
Financial liabilities evaluated at their fair value						
> Financial liabilities	-	-	-	-	-	-
> Derivatives – liabilities	-	-	-	-	0.8	0.8
Financial liabilities not evaluated at their fair value						
> Financial liabilities	-	-	-	1,159.9	-	1,159.9
> Suppliers and other payables	-	-	-	489.4	-	489.4
Financial liabilities on 06.30.19	-	-	-	1,649.3	0.8	1,650.1

1.1.2 On June 30, 2018

In millions of euros	Assets at fair value through OCI	Assets at fair value through income	Assets at amortized cost	Liabilities at amortized cost	Fair value of hedging derivatives	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	**2.4**	**29.6**	**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**

1.2 - 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, 2019

In millions of euros (fair value)	Level 1	Level 2	Level 3	Total
Financial assets evaluated at their fair value				
> Financial assets	-	-	7.7	7.7
> Derivatives – assets	-	-	-	-
> Cash and cash equivalents	21.7	-	-	21.7
Financial liabilities evaluated at their fair value				
> Financial liabilities	-	-	-	-
> Derivatives – liabilities	-	0.8	-	0.8
Financial liabilities not evaluated at their fair value				
> Financial liabilities	-	1,144.5	-	1,144.5

1.2.2 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

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, 2019, 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

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2.1.1 Objectives

Vilmorin & Cie manages its currency positions with the objective of hedging the risks of fluctuation of relative parities, mainly in relation to its industrial and commercial operations. Indeed, Vilmorin & Cie sets up forward contracts exclusively in order to hedge currency exchange risks linked to provisional flows.

For this purpose, a procedure to manage currency exchange risks collectively has been set up in Vilmorin & Cie. This position mainly consists in taking out contracts with a fixed term.

2.1.2 Assets and liabilities analyzed according to the main foreign currencies

In millions of euros	Euro zone	US dollar	Canadian dollar	GB pound	Australian dollar	Yen	Shekel	Turkish lira	Other currencies	Total
06.30.19										
Assets(1)	1,029.2	507.2	16.9	37.8	27.8	50.4	92.7	41.3	367.2	2,170.5
Liabilities(1)	1,215.0	190.1	0.4	11.4	1.6	21.0	48.3	4.9	157.4	1,650.1
Differential	**-185.8**	**317.1**	**16.5**	**26.4**	**26.2**	**29.4**	**44.4**	**36.4**	**209.8**	**520.4**
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**

(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
06.30.19				
Forward exchange contracts	30.3	30.3	-	-
Exchange options	-	-	-	-
Total	**30.3**	**30.3**	**-**	**-**
06.30.18				
Forward exchange contracts	42.9	42.9	-	-
Exchange options	-	-	-	-
Total	**42.9**	**42.9**	**-**	**-**

2.1.4 Information on the value of instruments set up to hedge currency exchange

In millions of euros	Total
06.30.19	
Contracts on commercial transactions	
- Cash flow hedge[1]	-
Contracts on financial transactions	
- Fair value hedge	*NS*
06.30.18	
Contracts on commercial transactions	
- Cash flow hedge[1]	-
Contracts on financial transactions	
- Fair value hedge	*NS*

(1) The intrinsic value of contracts on June 30, 2019 is not significant (NS).
(2) The intrinsic value of contracts on June 30, 2018 is not significant (NS).

2.1.5 Information on risk exposure to instruments set up to hedge currency exchange

Vilmorin & Cie's net exposure for notional amounts mainly concerns the following currencies (excluding entities' functional currencies):

In millions for each currency	US dollar	GB pound	Australian dollar	New Zealand dollar	Canadian dollar	Yen	South African rand
Net position before management	**30.6**	**3.8**	**5.1**	**0.3**	**0.1**	**-43.4**	**38.0**
Forward purchasing	-	-	-	-	-	-	-
Forward selling	-27.9	-	-	-	-	-136.2	-
Net position after management	**2.7**	**3.8**	**5.1**	**0.3**	**0.1**	**-179.6**	**38.0**

In millions for each currency	Turkish lira	Hungarian forint	Polish zloty	Russian ruble	Chinese renminbi yuan	Czech crown	Israeli shekel
Net position before management	**89.3**	**266.6**	**37.4**	**1,994.7**	**26.7**	**137.7**	**-174.2**
Forward purchasing	-	435.0	-	-	-	-	-
Forward selling	-17.8	-	-	-	-1.6	-7.0	-
Net position after management	**71.5**	**701.6**	**37.4**	**1,994.7**	**25.1**	**130.7**	**- 174.2**

On June 30, 2019, exchange rates for one euro were: 1.138 US dollar, 0.89655 GB pound, 1.6244 Australian dollar, 1.696 New Zealand dollar, 1.4893 Canadian dollar, 122.6 yen, 16.1218 South African rand, 6.5655 Turkish lira, 323.39 Hungarian forint, 4.2496 Polish zloty, 71.5975 Russian ruble, 7.8185 Chinese renminbi yuan, 25.447 Czech crown and 4.0607 Israeli shekel.

On June 30, 2019, 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**	**0.5**	**0.4**	**0.0**	**0.0**	**-0.2**	**0.3**
Hypothesis of euro variation against the currency (as a %)	10%	10%	10%	10%	10%	10%	10%
Impact on income	**1.2**	**0.2**	**1.0**	**3.1**	**0.3**	**0.6**	**-4.8**

In millions for each currency	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	**-0.2**	**-0.4**	**-0.3**	**0.0**	**0.0**	**0.1**	**-0.2**
Hypothesis of euro variation against the currency (as a %)	10%	10%	10%	10%	10%	10%	10%
Impact on income	**-1.0**	**-0.2**	**-0.8**	**-2.5**	**-0.3**	**-0.5**	**3.9**

A drop of 10% in the euro rate against other currencies would have a positive impact of 2.9 million euros on the financial income. An increase of 10% in in the euro rate against other currencies would have a negative impact of 2.4 million euros on the financial income.

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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
06.30.19				
Assets	24.8	9.9	14.0	0.9
Liabilities	1,160.7	196.3	816.1	148.3
Differential	**-1,135.9**	**-186.4**	**-802.1**	**-147.4**
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**

(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
		2020	2021	2022	2023	> 2023	
Cash flow hedge operations	**70.3**	-	-	**70.3**	-	-	
Interest rate swap							0.7
Fair value operations through profit and loss[1]	-	-	-	-	-	-	
Interest rate swap							-
Total	**70.3**	-	-	**70.3**	-	-	**0.7**

(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, 2019.

2.2.4 Information on exposure to interest rates risks

On the basis of net financial indebtedness on June 30, 2019, a variation of ±1% in interest rates after forward cover instruments would represent an extra financial charge or income limited to 0.8 million euros.

2.3 - Information concerning risks for shares and treasury shares

Listed shares held by Vilmorin & Cie are subject to the risk of volatility characteristic of financial markets.

Apart from consolidated securities, they can be divided up into three categories:
- securities in companies consolidated using the equity method: these concern for the most part the companies Seed Co Limited (Zimbabwe), Seed Co Botswana (Botswana), Australian Grain Technology (AGT) (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, 2019, Vilmorin & Cie held 6,289 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 also 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 2019, the main resources implemented by Vilmorin & Cie comprised:

- A bond loan of 450 million euros maturing in May, 2021.
- Three 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,
  - and 250 million euros set up in June 2019, of which 138 million euros mature in June 2024, 82 million euros in June 2026, and 30 million euros in June 2029.
- A syndicated loan agreement of 300 million euros set up for Vilmorin & Cie, maturing in May 2024, and which was not used on June 30, 2019.

Vilmorin USA benefits from a syndicated loan agreement for a total of 120 million US dollars, maturing in May 2022.

The schedule for financial debts is as follows:

In millions of euros	Due dates			Total
	< 1 year	1 to 5 years	> 5 years	
06.30.19				
Non-current financial debts				
> Debt components of the bonds redeemable as shares (ORA)		-	-	-
> Bank loans		142.0	1.0	143.0
> Commitments to purchase minority shares		-	-	-
> Financial lease/hire purchase		0.3	0.1	0.4
> Derivatives		0.8	-	0.8
> Other financial debts		673.0	147.2	820.2
Total non-current debts		816.1	148.3	964.4
Current financial debts	196.3			196.3
Total	**196.3**	**816.1**	**148.3**	**1,160.7**
Future interest on loans and other liabilities	**17.6**	**31.1**	**7.0**	**55.7**
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**

(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, 2019, Vilmorin & Cie had not identified any significant risk.

At close, the chronological breakdown of customer receivables was as follows:

In millions of euros	06.30.19	06.30.18
Receivables not yet due	289.4	290.9
Receivables due:		
> delay of 0 to 3 months	50.9	56.3
> delay of 3 to 6 months	9.2	11.3
> delay of 6 to 12 months	7.7	11.7
> delay greater than 1 year	29.7	14.2
Gross customer and other receivables	**386.9**	**384.4**

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	06.30.19	06.30.18
Endorsements, sureties, guarantees	8.3	4.3
Other commitments	0.4	0.3
Total	**8.7**	**4.6**

2 - Guarantees given

In millions of euros	06.30.19	06.30.18
Endorsements, sureties, guarantees	1.1	2.3
Clause of return to better fortune		-
Other commitments	-	0.5
Total	**1.1**	**2.8**

3 - Reciprocal commitments

In millions of euros	Nominal	Due dates		
		< 1 year	1 to 5 years	> 5 years
06.30.19				
Lease agreements	4.4	1.9	2.4	0.1
Simple rental agreements	47.4	14.8	25.0	7.6
Forward purchase of currency (cf. Note 30)	30.3	30.3	-	-
Forward interest rate cover (cf. Note 30)	70.3	-	70.3	-
Interest to pay on mid- and long-term debts	55.7	17.6	31.1	7.0
Mid- and long-term research contracts	0.1	0.1	-	-
Other commitments	25.6	11.4	14.2	-
Total	**233.8**	**76.1**	**143.0**	**14.7**
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**

Forward cover of interest rates concerns the following operations:

3.1 - On June 30, 2019

Mid-term bank loans (and other amounts)	70.3 M€	Fixed and semi-fixed rate over variable rate at 3 months
Bonds redeemable as shares (ORA)	-	Fixed rate over variable rate at 6 months
Short-term loan	-	Fixed and semi-fixed rate over variable rate at 3 months

3.2 - On June 30, 2018

Mid-term bank loans (and other amounts)	68.6 M€	Fixed and semi-fixed rate over variable rate at 3 months
Bonds redeemable as shares (ORA)	-	Fixed rate over variable rate at 6 months
Short-term loan	-	Fixed and semi-fixed rate over variable rate at 3 months

4 - Debts with real sureties

In millions of euros	Debts guaranteed	Total amount of sureties granted	Book value of the assets provided as a guarantee
06.30.18[(1)]	6.8	22.3	9.9
06.30.19[(1)]	**6.6**	**10.3**	**10.1**

(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, 2019 stood at 3.7 million euros.

Note 32: Transactions between related parties

1 - Associated companies

These are companies in which Vilmorin & Cie exerts significant influence and which are consolidated using the equity method.

Transactions with associated companies are carried out on the basis of a market price.

The debts and receivables with regard to companies consolidated using the equity method are not significant. The main figures for companies consolidated using the equity method are provided in Note 18.

2 - Related parties with a significant influence on Vilmorin & Cie

Vilmorin & Cie is held by its majority shareholder Groupe Limagrain. The economic relationships developed with the companies in this Group are summarized in the table below:

2.1 - Receivables and debts on June 30, 2019

In millions of euros	Assets	Liabilities
Operating debts and receivables	2.8	35.9
Financial debts and receivables	-	-
Total	**2.8**	**35.9**

2.2 - Charges and income for fiscal year 2018-2019

In millions of euros	Charges	Income
Purchases and sales of goods	-69.8	4.8
Intra-group services	-8.8	6.1
Other operating charges and income	-24.5	3.9
Financial charges and income	-0.3	-
Total	**-103.4**	**14.8**

3 - Remuneration of the top executives

In millions of euros	06.30.19	06.30.18
Global amount of remunerations and benefits paid to the Executive Committee:		
> Short-term benefits	1.4	1.5
> Benefits paid out after employment	-	-
> Other long-term benefits	-	-
> Severance pay	1.1	0.8
> Payment through shares	-	-
> Directors' fees paid to the Executive Committee	-	-

The Executive Committee comprised five members during fiscal year 2018-2019, as in 2017-2018.

On average, the contractual benefits due when the mandate of a top executive 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 lump sum retirement benefits for the Executive Committee stood at 1.1 million euros on June 30, 2019, including employer's welfare contributions.

This commitment is assessed by actuaries in order to determine the amount of provisions for lump sum retirement benefits.

Provisions for the lump sum retirement benefits of the Executive Committee are included in the provisions 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 10.5 million euros.

In order to invoice intra-group services, the nature of the services provided are accounted for using four keys:
- an “activity” key (revenue from ordinary activities and margin on cost of sales),
- an “information systems” key (number of licenses),
- a “research” key (research and development costs),
- a “human resources” key (payroll).

4.2 - Vilmorin & Cie intra-group services

In the same way, Vilmorin & Cie invoices intra-group services to all its subsidiaries and to the subsidiaries of Limagrain according to the same criteria as the Limagrain intra-group services mentioned above. The total invoiced came to 53.4 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 19.1 million euros. The criteria applied homogeneously throughout Vilmorin & Cie to calculate these allocations for services of a scientific nature take into account research and development costs.

4.4 - Cash flow agreements and pooling of exchange risks

Companies have signed agreements with Vilmorin & Cie in order to optimize the management of their cash flow under conditions that provide lenders with a financial margin of 0.20% over the average monthly EONIA rate.

Moreover, Vilmorin & Cie centralizes its foreign currency risk hedges for its subsidiaries. The main currencies hedged are the US dollar, the GB pound, the yen and the Australian dollar (cf. Note 30 paragraph 2.1).

4.5 - Other operations

Other operations correspond to current commercial transactions made on the basis of market prices.

Note 33: Potential liabilities

As they run their businesses, Vilmorin & Cie's operating companies are exposed to claims on the products they have sold, and such claims are generally covered by their insurance policies.

Note 34: Events occurring after the closing of the accounts

No event has occurred after the closing of the accounts.

Appendix 1: Consolidation scope 2019

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 SA	Argentina	Pavon 1478 - Capital Federal CP 1151 - Buenos Aires		100.00	100.00	GI
Clause Maghreb EURL	Algeria	Coopérative Amel 2, Lotissement n°15 (Rez-de-Chaussée) Kheraicia - Alger		100.00	99.98	GI
Henderson Seed Group PTY LTD Trading As HM. 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-lès-Valence	435 480 546	99.98	99.98	GI
HM.CLAUSE (Thailand) Co, Ltd	Thailand	Unit 1801, 18th Floor, Empire Tower, 1 South Sathom Road, Yannawa, Sathom, 10120 Sathorn, Bangkok		100.00	99.98	GI
HM.CLAUSE Brasil Comercio de Sementes Ltda	Brazil	Rue Guapuruvu, 177 - Térreo, Condominio 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 Iberica, SA	Spain	Paraje La Reserva s/n Apdo Correos n°17 La Mojonera Almeria 04745		100.00	99.98	GI
HM.CLAUSE Inc.	United States	260 Cousteau Place - Suite 210 95618 Davis (Californie)		100.00	100.00	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
HM.CLAUSE Kenya Limited	Kenya	Land Reference No. 6338/7, Turaco Farm, PO Box 854 10400 Nanyuki		100.00	99.98	GI
HM. CLAUSE Mexico, S.A. de C.V.	Mexico	Ave. Manuel Gomez Morin 3881 3er piso Col. Centro Sur - 76090 Queretaro		100.00	100.00	GI
HM.CLAUSE Peru S.A.C.	Peru	Fundo Santa Rosa S/N Distrito La Tinguiña Ica		100.00	100.00	GI
HM.CLAUSE Polska Sp.z.o.o.	Poland	ul. Skibicka 29, 02-269 Warsaw		100.00	99.98	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 Grand Viko 2 No. B.1, Jl. Sukarno hatta Magelang, Kelurahan Tidar Utara, Kecamtan Magelang Selatan, Kota Magelang, 56172 Jawa Tengah		100.00	99.98	GI
Tropical Development and Investment Company Limited	Vietnam	Agriculture High-Tech Park of Ho Chi Minh City, Pham Van Coi Ward, Cu Chi District, Ho Chi Minh City		100.00	99.98	GI

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 España 90 SA	Spain	Paseo de la Castellana 259 B - 28046 Madrid		100.00	100.00	GI
Hazera Holding International BV	Israel	Koningslaan, 34 - 1075AD Amsterdam - Netherlands		100.00	100.00	GI
Hazera Poland SP.z.o.o.	Poland	ul. Marywilska 34 I - 03-228 - Warszawa		100.00	100.00	GI
Hazera Seeds BV	Netherlands	Schanseind 27 BP28 - 4921 Pm Made		100.00	100.00	GI
Hazera Seeds Ltd	Israel	Brurim Farm MP - 79837 Shikmim		100.00	100.00	GI
Hazera Seeds Ethiopia Ltd	Ethiopia	Selma City mall Bole sub city, Woreda 3, Floor n°4, Office n° 405, Addis Ababa		100.00	100.00	GI
Hazera Seeds Germany Gmbh	Germany	2 Am Griewenkamp - D31234 Edemissen		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 Seeds Mexico SA	Mexico	Montecito 38, Piso 23, Oficina 15 Napoles Distrito Federal - 03810 Mexico		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 Seeds Uk Ltd	United Kingdom	Joseph Nickerson Research Centre Market Rasen - LN7 6DT Rothwell		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 Gerede Cd. Ömer Rüştü Paşa Sk, No.12 Şişli İstanbul		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						
AdvanSeed APS	Denmark	Dahlsvej 43 5260 Odense		100.00	99.98	GI
Anadolu Tohum Uretim Ve Pazarlama Anonim Sirketi	Turkey	Güzelyali. Bati Sahili, Ciftlik Sok. No.9 Pendik Istanbul 34903		100.00	99.98	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 - Liangiju 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	Route de l'Oasis, rue n°3 - n°6, Bureaux n°B108, B109 & M02 - 20410 Casablanca		70.00	69.98	GI
Vilmorin do Brasil Comercio de Sementes Ltda	Brazil	Avenida Alexander Grahan Bell, nº 200 Unidade A3, Bairro Techno Park, CEP 13.069-310 Campinas, SP		100.00	99.98	GI
Vilmorin Iberica SA	Spain	Calle Joaquim Orozco 17 - 03006 Alicante		99.91	99.89	GI
Vilmorin Italia SRL	Italy	Centergross CP 97 - Blocco 22 - Via dei Notai 123 40050 Funo		100.00	99.98	GI
Vilmorin OOO	Russia	Building 3, - 3/10 Elektricheskiy Lane 123557, Moscow		100.00	99.98	GI
Vilmorin SA	France	Route du Manoir - 49250 La Ménitré	562 050 864	99.98	99.98	GI
Vilmorin-Mikado El Salvador S.A DE C.V	El Salvador	Zapotitan-Calle el Charco, Caserio Belen Canton Sitio El Niño Departamento de la Libertad, San Juan Opico		100.00	99.98	GI

Name	Country	Head Office	SIREN No.	% Voting rights	% Interest	Consolidation method
FIELD SEEDS						
Biogemma SAS	France	Route d'Ennezat, Lieu-dit La Garenne - 63720 Chappes	412 514 366	100.00	100.00	GI
Biogemma USA Corp	United States	2331 230th Street 50014 - Ames IA		100.00	100.00	GI
Innolea	France	Domaine Sandreau - 31700 Mondonville	843 228 636	25.00	25.00	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	Erhvervsej 13 - 8700 Horsens		100.00	95.21	GI
Limagrain Central Europe Cereals Sro	Czech Republic	Praha 9 - Podedvorska 755/5 - 19800 - Kyje		100.00	95.21	GI
Limagrain Central Europe SE	France	Biopôle Clermont-Limagne - Rue Henri Mondor 63360 Saint-Beauzire	438 205 320	100.00	95.21	GI
Limagrain Belgium NV	Belgium	5 rue du Quai - 8581 Avelgem-Kerkhove		100.00	95.21	GI
Limagrain d.o.o Beograd	Serbia	Vojvode Misica 2 - Novia Sad 21000		100.00	95.21	GI
Limagrain Europe SAS	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 Iberica SA	Spain	Centra Pamplona - Huesca Km 12 - Elorz Navarra 31470		100.00	95.21	GI
Limagrain Italia SPA	Italy	Via Dante Corradini 3 - 43036 Fidenza		100.00	95.21	GI
Limagrain Moldova srl	Moldova	Strada Sfatul Tarii 59 MD - 2004 Municipiu Chisinau		100.00	95.21	GI
Limagrain Nederland BV	Netherlands	Van der Haveweg 2 - 4411 RB Rilland		100.00	95.21	GI
Limagrain RU	Russia	Mitrofana Sedina str., 159350015 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 Mh. Karaosmanlar Kume - Evleri n°2, Limagrain - Sitesi 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	55 Turgenevska str. 2nd floor 04053 Kyiv		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 N0P 1IZ0		50.00	50.00	EM
6 - LIMAGRAIN CEREAL SEEDS						
Canterra Seeds Holding, Ltd.	Canada	201-1475 Chevrier Blvd - R3T 1Y7 Winnipeg Manitoba		30.00	30.00	EM
Limagrain Cereals Research Canada	Canada	843 - 58th Street East - S7K 6X5 Saskatoon - Saskatchewan		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						
Agrofun SA	Argentina	Avda Santa Fe 931 - Piso 4, Buenos Aires		100.00	100.00	GI
Geneze Sementes SA	Brazil	Avenida Olegário Maciel, N°876, 2° andar, Salas 14 e 15 CEP 38600-000 Paracatu		100.00	100.00	GI
Limagrain Argentina SA	Argentina	Av. Pdte. Quintana 529, Piso 5° Buenos Aires		96.54	96.54	GI
Limagrain Brasil SA	Brazil	Rua Pasteur, N° 463, 7° Andar Conjunto 701, Sala C- Bairro Água Verde, Estado do Paranã 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
Relmo SA	Argentina	Paraguay 777, Piso 9º, Rosario, Prov. de Santa Fe		100.00	100.00	GI
Sursem SA	Argentina	Ruta 32, Km 2 Pergamino, Provincia de Buenos Aires		100.00	100.00	GI
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	411 Apollo Square, 7/2 Racecourse Road Indore 452001 Madhya Pradesh		99.99	99.99	GI
Hengji Limagrain Seeds Co Ltd	China	N°9 Xianfu Street - Zhangye City - Gansu Province		45.05	45.05	EM
Limagrain Myanmar	Myanmar	Room #608, 6th Floor, Lapyaye Wun Plaza, No-37, Alanpya Pagoda Road, Dagon Township 11191 Yangon		100.00	100.00	GI
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 International Limited	Botswana	Plot 43178 Phakalane - P.O.Box 47143 Phakalane Gaborone		30.98	30.98	EM
Seed Co Limited	Zimbabwe	1st Floor, S.A.Z. Building, Northend Park, Borrowdale - Harare		29.36	29.36	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						
Vilmorin Bahce Urunleri Anonim Sirketi	Turkey	Güzelyali Bati Sahili, 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
Latam Seed Holdings SL	Spain	Calle Serrano numéro 41,planta 4° 28001 Madrid		100.00	100.00	GI
Mars 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

5

Appendix 2: Fees paid to the Statutory Auditors and to members of their network

On June 30, 2019:

In euros	06.30.19		
	KPMG	Visas 4	Total
Certification and limited half-yearly review of the individual and consolidated financial statements			
> Vilmorin & Cie	172,642	43,260	215,902
> Globally integrated subsidiaries	821,173	21,027	842,200
Services other than certification of the financial statements			
> Vilmorin & Cie	45,274	1,726	47,000
> Globally integrated subsidiaries	67,554	1,576	69,130
Total	1,106,643	67,589	1,174,232

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	-	43,824
Total	**983,639**	**63,418**	**1,047,057**

5.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Fiscal year closing on June 30, 2019

To the Shareholders of the Company Vilmorin & Cie SA,

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meetings, we have conducted the audit of the consolidated financial statements of the company Vilmorin & Cie S.A. concerning the fiscal year closing on June 30, 2019 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, 2019 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, 2018 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 qualifying the opinion expressed above, we draw your attention to Note 1.4.2 "Application and interpretation of standards and regulations" to the consolidated financial statements, which sets out the adoption as at July 1, 2018 of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "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 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, 2019, the values of goodwill and germplasm for the group stood respectively at 434.8 million euros and 296.6 million euros within the total balance sheet of 3.179 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 ensure 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.

We certify that the consolidated statement of non-financial performance provided for in article L.225-102-1 of the French Commercial Code is included in the information relating to the group given in the management report. However, in accordance with the provisions of article L.823-10 of this Code, we have not verified the information contained in in this declaration as to its fair presentation or consistency with the consolidated financial statements. This must be the subject of a report by an independent third party.

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, 2019, KPMG S.A. was in its 29th uninterrupted year of mission, and Visas 4 Commissariat in its 25th year, and respectively the 26th and 25th 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 15, 2019

KPMG Audit
Département de KPMG SA
Catherine PORTA, *Partner*

Visas 4
Commissariat
Emily STRICKLAND, *Partner*

5.3. CORPORATE FINANCIAL STATEMENTS

5.3.1. Income statement

In thousands of euros	18-19	17-18
Sales	**84,244**	**82,165**
Purchases	-420	-401
Gross margin	**83,824**	**81,764**
Other operating income	20,657	18,435
Operating resources	**104,480**	**100,198**
Other purchases and external charges	-67,188	-69,427
Taxes	-1,882	-1,812
Personnel charges	-29,281	-27,393
Depreciation and amortization	-11,456	-11,752
Operating charges	**-109,807**	**-110,384**
Operating result	**-5,327**	**-10,185**
Share in income from joint operations	-5,273	-5,036
Financial income	37,786	22,931
Extraordinary income	-2,578	1,754
Income taxes	17,774	21,365
Net income for the fiscal year	**42,382**	**30,827**

5.3.2. Balance Sheet Assets

In thousands of euros	Gross 06.30.19	Depreciation Amortization	Net 06.30.19	Net 06.30.18
Intangible fixed assets	98,536	-47,053	51,483	56,273
Tangible fixed assets	3,116	-2,308	808	1,008
Financial fixed assets	1,187,188	-127,992	1,059,197	1,016,533
Fixed assets	**1,288,841**	**-177,353**	**1,111,487**	**1,073,814**
Inventories	172	0	172	182
Accounts receivable	12,215	-45	12,169	7,753
Other receivables	612,677	0	612,677	479,509
Cash and bank in hand	27,392		27,392	12,628
Current assets	**652,456**	**-45**	**652,410**	**500,073**
Accruals	8,535		8,535	4,090
Total assets	**1,949,831**	**-177,399**	**1,772,432**	**1,577,976**

5.3.3. Balance Sheet Liabilities

In thousands of euros	Net 06.30.19	Net 06.30.18
Capital stock	349,489	317,717
Issue premiums	300,602	332,374
Reserves	25,897	24,356
Carried forward	1,168	1
Income for the fiscal year	42,382	30,827
Investment subsidies	-	-
Regulated provisions	-	-
Equity	**719,538**	**705,275**
Other shareholders' funds	**600**	**823**
Provisions for liabilities and charges	**8,357**	**9,032**
Loans and financial debts	948,201	780,466
Accounts payable	21,561	17,059
Other debts	74,162	65,091
Current liabilities	**1,043,924**	**862,615**
Accruals	14	231
Total liabilities	**1,772,432**	**1,577,976**

5.4. STATUTORY AUDITORS' REPORT ON THE ANNUAL CORPORATE FINANCIAL STATEMENTS

Fiscal year closing on June 30, 2019

To the Shareholders of the Company Vilmorin & Cie S.A.,

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meetings, 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, 2019 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, 2019 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, 2018 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 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, 2019 for a net amount of 1,048 million euros when considering the balance sheet total of 1,772 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 equity investments 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 achieved, 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 and Seed Co International.

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.

Specific verifications

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 that of February 21, 1995.

On June 30, 2019, KPMG S.A. was in its 29th uninterrupted year of mission, and Visas 4 Commissariat in its 25th year, and respectively the 26th and 25th year since the shares of the Company were admitted for trading on a regulated market.

Responsibilities of Management and those charged with corporate 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

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 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 mission to certify the financial statements 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 significant 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 15, 2019

KPMG Audit	Visas 4
Département de KPMG SA	Commissariat
Catherine PORTA, *Partner*	Emily STRICKLAND, *Partner*

6

Vilmorin & Cie and its **SHAREHOLDERS**

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 - F-63360 Gerzat.
- 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 and decisions taken by the Chairman and CEO on January 11, 2019).

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).
No. LEI: 969500TQ4OAZZXSUPZ18

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 in force are respected, each member attending the meeting has the same number of votes as the number of shares he or she holds or represents, without any limits. Nevertheless, double voting rights compared to other shares, in proportion to the stock they represent, are granted to any shares fully paid up and held nominatively for 4 years at least with the same Shareholder's name (decision of the General Meeting of July 22, 1993).

This right is also granted, as soon as they are issued in the case of an increase in stock through incorporation of the reserves, profits or issue premiums, to nominative shares allotted free of charge to a Shareholder by virtue of former shares which provide this right.

6.1.9.4. Rules for representation and placing items of 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.

Adding items or draft resolutions 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 a request for acknowledgement of receipt or by e-mail, and must reach the Company at least 25 days before the date of the General Meeting, but no later than 20 days after the date of the notice to attend the meeting.

All requests to include draft resolutions must be accompanied by:
- the text of the draft resolutions,
- where relevant, a brief presentation of the motives,
- a certificate of registered shares justifying that the required capital stock is held.

Any request for the inclusion of an item 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 a request for 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

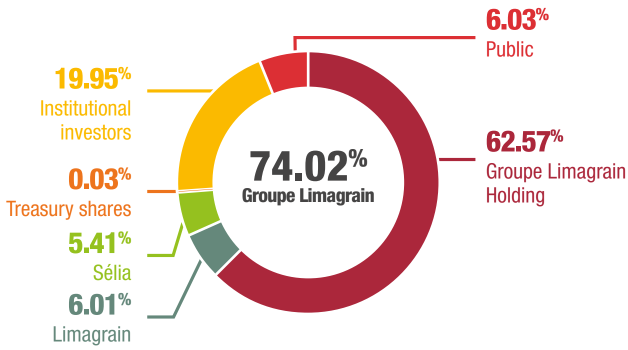
6.2.1. Capital stock

The capital stock on June 30, 2019, stood at 349,488,703 euros divided into 22,917,292 shares each with a nominal value of 15.25 euros, fully paid up.

Vilmorin & Cie's reference shareholder, Limagrain (c.f. page 88) directly or indirectly holds 74.02% of its capital stock.

Almost 20% of the capital stock is held by institutional investors, about half of whom are based outside France (United States, Luxembourg, United Kingdom, Singapore, Germany, Switzerland, etc.). Almost 10,000 individual Vilmorin & Cie Shareholders, owning either registered or bearer shares, hold 6.03% of the capital stock.

6.2.1.1. Analysis of capital stock on June 30, 2019



6.2.1.2. Analysis of the capital stock and the voting rights on June 30, 2019

	Single vote shares	Double vote shares	% of capital stock	Total number of votes(1)	% of total number of votes(1)
Groupe Limagrain Holding	16,523	14,322,948	62.57%	28,662,419	72.04%
Limagrain	56,094	1,320,506	6.01%	2,697,106	6.78%
Sélia	92,325	1,147,990	5.41%	2,388,305	6.00%
Treasury shares(2)	6,289		0.03%	-	
Groupe Limagrain	**171,231**	**16,791,444**	**74.02%**	**33,747,830**	**84.82%**
Public	**5,870,583**	**84,034**	**25.98%**	**6,038,651**	**15.18%**
Total	**6,041,814**	**16,875,478**	**100.00%**	**39,786,481**	**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 2 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.

6

(1) Today Bpifrance Participations.
(2) This agreement can be consulted on the AMF website: www.amf-france.org.
(3) This readjustment can be consulted on the AMF website: 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 180	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 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 by the allotment of free shares	€15.25	€317,717,005.50	20,833,902
01.21.19	Creation of 2,083,390 shares by the allotment of free shares	€15.25	€349,488,703	22,917,292

On the date of the opening of fiscal year 2018-2019 (July 1, 2018), Vilmorin & Cie's capital stock stood at 317,717,005.50 euros divided up into 20,833,902 shares. On the date of the closing of fiscal year 2018-2019 (June 30, 2019), Vilmorin & Cie's capital stock stood at 349,488,703 euros divided up into 22,917,292 shares.

6.2.1.4. Modifications occurring in the breakdown of the capital stock over the last three fiscal years

	06.30.17			06.30.18			06.30.19		
	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	13,035,883	62.57	71.94	13,035,883	62.57	71.92	14,339,471	62.57	72.04
Limagrain	1,251,455	6.01	6.81	1,251,455	6.01	6.81	1,376,600	6.01	6.78
Sélia	1,081,550	5.19	5.91	1,081,550	5.19	5.91	1,240,315	5.41	6.00
Treasury shares	8,153	0.04	-	5,877	0.03	-	6,289	0.03	-
Groupe Limagrain	15,377,041	73.81	84.66	15,374,765	73.80	84.64	16,962,675	74.02	84.82
Public and various	5,456,861	26.19	15.34	5,459,137	26.20	15.36	5,954,617	25.98	15.18
Total	**20,833,902**	**100.00**	**100.00**	**20,833,902**	**100.00**	**100.00**	**22,917,292**	**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 own Shareholders' meetings.

On September 4, 2019, the Caisse des Dépôts et Consignations declared that it had crossed under the legal threshold of 6% of the capital stock and held directly and indirectly through CDC Croissance and Bpifrance Participations, 1,374,190 shares and voting rights, which is 5.99% of the Company's capital stock and 3.45% 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 7, 2018

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 (eighth 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 (thirteenth and fourteenth resolutions).

The Annual General Meeting of December 7, 2018 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 (fifteenth resolution).
The total nominal amount of these issues may not exceed 500 million euros, as presented in the sixteenth resolution.

Finally, the Annual General Meeting of December 7, 2018 authorized the Board of Directors to increase the capital stock by incorporating premiums, reserves, profits or other items with a view to allotting free shares to the Shareholders (eighteenth resolution).

6.3. VILMORIN & CIE'S SHARES

6.3.1. Share data sheet

- Date of introduction to the second market of the Paris stock exchange: November 3, 1993.
- Place of quotation: Euronext Paris. Compartment A.
- Eligible for Deferred Settlement Order (SRD) 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: 22,917,292.
- Close of the fiscal year on June 30.

6.3.2. Management and liquidity of the shares

Natixis Oddo BHF is responsible for running Vilmorin & Cie's liquidity contract.

This contract complies with the AMAFI deontology charter approved by the AMF (authority governing the French stock market) on March 8, 2011.

Assets that appear on the liquidity account are:

- At the beginning of the contract:
  - number of shares: 5,877
  - cash: 341,717.60 euros
- On June 30, 2019:
  - number of shares: 6,289
  - cash: 370,423.32 euros
- Over the period from January 1, 2019 until June 30, 2019 there were:
  - 727 purchasing transactions,
  - 746 sales transactions.
- Over this same period, volumes exchanged represented:
  - 55,125 shares and 2,876,045.05 euros purchased,
  - 54,777 shares and 2,895,281.70 euros sold.

6.3.3. Performance of the shares

In recent years, Vilmorin & Cie's share price has undergone contrasting trends.

After performing very well in 2016-2017 with an increase of 24.6%[(1)], Vilmorin & Cie's share price fell by 17.3%[(2)] in 2017-2018, mainly as a result of downward revisions to the annual objectives communicated during the year.

In addition, in 2018, financial markets were particularly volatile due to fears of a global economic slowdown, shaped and driven by geopolitical tensions and political uncertainties, particularly in Europe. Even if these factors remain relevant, the first half of 2019 marked, on the contrary, a clear rebound in financial markets. In this context, the Vilmorin & Cie share price fell by 0.9%[(3)] in 2018-2019, while the CAC 40 posted a 5% increase over the same period and the SBF 120 index a 3.3% increase *(Source: Euronext)*. Over the last three months of the fiscal year, Vilmorin & Cie's share price nevertheless rose by 5%[(3)].

As short-term variations do not always reflect the group's fundamentals, the evolution of the Vilmorin & Cie share price must be assessed over the long term. Vilmorin & Cie regularly demonstrates the relevance of its specific development model (the latter is presented in detail on page 43) as well as its long-term strategy in global markets that are fundamentally growth-oriented. Thus, the increase in the share price over 10 years is 24.9%[(3)].

In terms of total profitability (including the reinvestment in Vilmorin & Cie shares of the amount of dividends received and taking into account the free share allotments made by the Company), a Vilmorin & Cie shareholder who invested 1,000 euros on June 30, 2004 would have a capital of 2,115 euros on June 30, 2019.

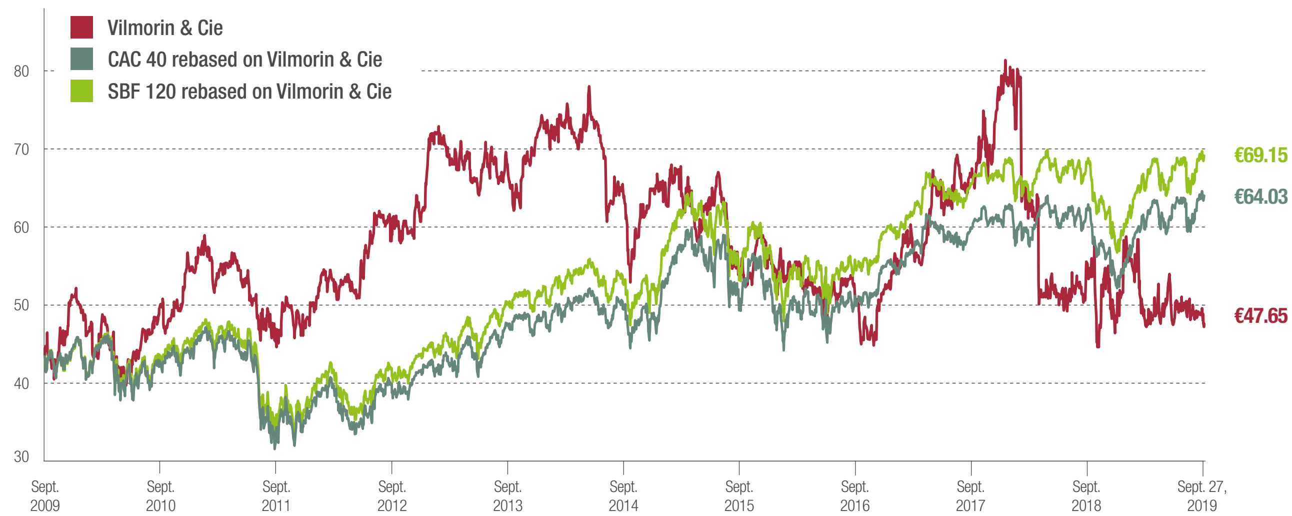
(1) Evolutions at June 30, 2017, calculated on the basis of a reinvestment in shares of dividends received and taking into account the free allotments of shares made by the Company. Source: internal.
(2) Evolutions at June 30, 2018, calculated on the basis of a reinvestment in shares of dividends received and taking into account the free allotments of shares made by the Company. Source: internal.
(3) Evolutions at June 30, 2019, calculated on the basis of a reinvestment in shares of dividends received and taking into account the free allotments of shares made by the Company. Source: internal.

6.3.3.1. Evolution of the quoted price of Vilmorin & Cie's shares in relation to the CAC 40 and SBF 120 indices

From the introduction to the French stock market in 1993 up until September 27, 2019

- Evolution[1] of the share price performance over the past 20 years: +349.5%
- Evolution[1] of the share price performance over the past 1 year: -10.5%

Over the past 10 years (from September 27, 2009 until September 27, 2019)



- Evolution[1] of the share price over the past 10 years: +13.6%

(1) Evolutions on September 27, 2019, calculated on the basis of a reinvestment in shares of dividends received, 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]

	16-17	17-18	18-19
Daily average of transactions			
> number of shares	7,947	13,887	10,127
> thousands of euros	495.47	1,036.06	560.36
Maxima and minima[2]			
> highest rate	77.30	91.70	65.00
> lowest rate	52.50	56.40	47.20
Closing rate of the fiscal year in euros[2]	**71.24**	**57.80**	**50.30**
Net yield per share as a %[3]	**2.25%**	**2.34%**	**2.68%**

(1) Historical data (not restated for free allotment of shares).
(2) Closing rates.
(3) Net dividend distributed in fiscal year N, in proportion to the final rate for fiscal 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€)	Hightest record rate (€)[2]	Lowest record rate (€)[2]
2018				
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
October	429,468	24.969	65.00	50.30
November	407,845	23.933	62.00	52.70
December	189,365	10.479	60.20	51.10
2019				
January	162,927	9.367	62.00	53.50
February	116,816	6.440	57.10	53.00
March	233,384	11.825	58.40	47.20
April	148,473	7.259	51.00	47.50
May	114,891	5.725	52.70	47.65
June	290,837	14.197	54.00	47.50
July	95,452	4.765	51.10	49.05
August	121,502	6.002	50.80	48.10
September	116,608	5.642	49.60	46.75

(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 existing 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 existing shares was made in January 2015. The share price was thus divided by 1.10 as of this date.
A third capital stock increase through the free allotment of shares at the rate of one new share for ten existing shares was made in January 2019. 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 7, 2018, 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 seventh 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, 2019, the Company conducted, either directly or indirectly, the following operations:
- number of shares purchased = 138,716,
- average purchasing price = 55.62 euros,
- number of shares sold = 138,585,
- average selling price = 55.82 euros,
- number of treasury shares held on June 30, 2019: 6,289 corresponding to less than 0.1% of the capital stock, at a purchasing price of 317,550.50 euros, which is an average unit price of 50.49 euros.

It is proposed to the Annual General Meeting of December 6, 2019 to authorize the Board of Directors, for a maximum period of 18 months, to buy or to sell treasury shares in compliance with the provisions of article L.225-209 *et seq*. of the French Commercial Code, with the aim of:
- ensuring 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 legally or by the Autorité des marchés financiers or any other objective that complies with regulations in force.

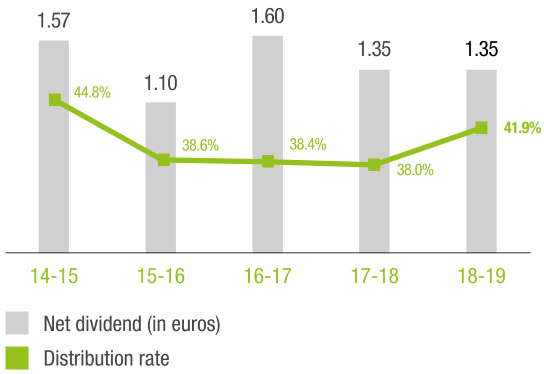
These operations will be carried out in compliance with regulations in force and in the following conditions:
- the maximum purchasing price is fixed at 100 euros per share,
- the maximum quantity of shares liable to be purchased is fixed at one million shares representing a maximum potential commitment of 100 million euros.

6.3.4. Dividends

6.3.4.1. Dividends over the last five fiscal years and distribution policy[1]

The dividend distribution policy, defined by the Board of Directors, is based on an analysis that takes into account, in particular, the Company's dividend history, financial position and results. The net dividend per share proposed to the General Meeting of December 6, 2019 is 1.35 euros per share. Stable in nominal value compared to the previous fiscal year, it nevertheless shows an increase of nearly 10% given the allotment of free shares made during 2018-2019, on the basis of one new share for every 10 existing shares. This dividend corresponds to a significantly higher payout rate of nearly 42%, compared to 38% in 2018. Vilmorin & Cie is thus pursuing a dynamic dividend distribution policy.
If this dividend is approved, it will be detached from the share on December 11, 2019 and will be paid on December 13, 2019.

Net dividend and distribution rate
(in euros and as a %)



(1) Historical data not restated for allotments of free shares (three capital stock increases through the allotment of free shares with one new share for every ten existing shares took place in January 2013, January 2015 and January 2019. The share price was mechanically and successively divided by 1.10 as of these three dates).

	14-15	15-16	16-17	17-18	18-19
Number of shares receiving dividend	20,829,597	20,833,462	20,833,079	20,829,136	22,917,292[2]

(2) The number of treasury shares held at the date the dividend is detached should be deducted from this figure.

6.3.4.2. Tax regulations (on September 14, 2019)

Dividends claim limit

The legal limit is 5 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%.

Tax is carried out in two stages.

When dividends are paid out, 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-Cooperative 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.

6.3.4.3 Free allotment of shares

Vilmorin & Cie's Board of Directors, acting by delegation of the Joint Annual General Meeting of Shareholders of December 7, 2018, decided to grant free shares on the basis of 1 new share for every 10 existing shares held.

Any Shareholder who traded shares before the close of trading on January 16, 2019 benefited from this allotment. The allocation operations began on January 21, 2019.

The 2,083,390 new shares were assimilated to the existing shares as of January 21, 2019 and benefit from the same rights as the previous shares from which they were issued (notably voting and dividend rights).

As a result, Vilmorin & Cie's capital stock was increased to 349,488,703 euros divided into 22,917,292 shares with a par value of 15.25 euros each.

Vilmorin & Cie, which had already allocated free shares in January 2013 and January 2015, thus reaffirms its desire to pursue a privileged relationship with its Shareholders who are loyal and committed over the long term.

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 France: 0 826 109 119
- from other countries: +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.

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. Information available to all the financial community

Every year Vilmorin & Cie produces 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 available at **www.vilmorincie.com**. The site, available in English and French, allows you to stay connected to the group's news. It aims to inform the financial community about Vilmorin & Cie's financial performance, but also about its business, strategy, prospects and current events. In addition to regulatory financial information and with the aim of always better meeting the expectations of each audience, the site offers content dedicated to journalists, analysts and institutional investors or individual shareholders.

These include, for example, presentations by the Company, changes in the Vilmorin & Cie share price, financial presentations, press kits, letters to shareholders, etc. The site also offers the opportunity to listen, on a deferred basis, to the commented presentations of sales figures. It also offers the possibility, from the home page, to subscribe to receive the Company's publications by email.

During fiscal year 2018-2019, changes were made to Vilmorin & Cie's website with more easily accessible content and videos illustrating the group's activities (section "Activities & Strategy").

6.4.1.2. Relations with analysts, institutional investors and the press

In 2018-2019, eight financial analyst companies followed the share price: CM-CIC Market Solutions, Kepler Cheuvreux, Exane BNP Paribas, Gilbert Dupont, Midcap Partners, 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 2018-2019 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 2018-2019 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 2018-2019 Vilmorin & Cie participated in thirteen meetings with investors and analysts in the form of conferences, roadshows and lunches, including several outside France (London, Frankfurt, Geneva, etc.).

Press kit

The press kit 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, 2019, 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.

In 2018-2019, focuses were placed on Vilmorin & Cie's presence in Africa and South 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.

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 2018-2019, Vilmorin & Cie met its Shareholders at meetings held in Nice and Lyon. The Company will continue these privileged moments of exchange during fiscal year 2019-2020 They are an opportunity to present the Company, its activities, its business and strategy, and to answer many 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 2018, with very positive results once again. It is an important event in the Company's communication strategy with regard to its individual Shareholders, and this edition was marked by the highlighting of product innovations. The Adora tomatoes and Friseline lettuces, launched respectively by the HM.CLAUSE and Vilmorin-Mikado Business Units (Vegetable Seeds division of Vilmorin & Cie), were presented. Visitors expressed a strong interest in the products and asked many questions to the Company's management, the financial communication team and the members of the Shareholders' Advisory Committee present on the stand. This innovation theme was an opportunity to discuss strategy and research topics. Vilmorin & Cie's participation in the "Face to face with managers" also provided an opportunity to present the business and the group's activities.

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

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 2018-2019 will take place on December 6, 2019 in Paris. Detailed information concerning General Meetings is presented on page 245.

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.

On June 30, 2019, the Committee comprised:

- six individual Shareholders representing all Shareholders:
  - Pascale DEVERAUX (Auvergne-Rhône-Alpes – 69),
  - Jean GERMAN (Île-de-France – 78),
  - Michel GUÉRILLOT (Normandie – 61),
  - Christian MAMY (Île-de-France – 78),
  - Pierre-Yves PELISSIER (Île-de-France – 95),
  - Jean-Claude PETIT (Hauts-de-France – 59).
- two Board Members 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 2018-2019 at different sites of the group, including that of the Business Unit HM.CLAUSE (Vegetable Seeds) in Saint-Rémy-de-Provence, to visit its research center and examine the specific aspects of plant breeding*. In addition to the presentations, the main theme of which was tomatoes, and for a more practical approach, the Committee visited the farm of a tomato producer.

As every year, the Committee's work has helped to make recommendations on communications devoted to individual Shareholders (communication materials, Actionaria Fair, Annual General Meeting, a conference on a particular theme, etc.) and exchange on topics concerning the group's strategy and perspectives.

Membership of the Individual Investors' Federation and Investment Clubs (F2IC)

Vilmorin & Cie has been an active member of the Individual Investors' Federation and Investment Clubs (F2IC) since 2005. It participates in shareholder meetings organized by the Federation, and also distributes its letters to shareholder investment clubs.

6.4.2. Documents accessible

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 Autorité des Marchés Financiers (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.

6.4.3. Scheduled agenda for 2019-2020

The dates are provided as an indication and subject to modification

November 4, 2019	Disclosure of sales at the end of the 1st quarter 2019-2020(1)
21 and 22 November 2019	Actionaria Fair at the Palais des Congrès in Paris
December 6, 2019	Annual General Meeting of Shareholders in Paris
December 11, 2019	Detachment of the dividends
December 13, 2019	Payment of the dividends
February 26, 2020	Disclosure of sales and results for the first semester(1)
April 23, 2020	Disclosure of sales at the end of the 3rd quarter(1)
August 3,2020	Disclosure of sales for the fiscal year(1)
October 14, 2020	Disclosure of results for the fiscal year(1)

(1) Disclosure after trading on the Paris stock market.

6.4.4. Contacts

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JOINT ANNUAL GENERAL MEETING of December 6, 2019

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 2018-2019

Sixth resolution

Appointment of a new Board Member

Seventh resolution

Renewal of the term of office of a Board Member

Eighth 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

Ninth resolution

Issue of bonds and other assimilated debt securities

Tenth resolution

Decision on the components of the remuneration granted for fiscal year 2018-2019 to Mr. Philippe AYMARD, Chairman and 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, 2019 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 total 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

Draf resolution of an ordinary nature

Eighteenth 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, 2019 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 42,382,050.13 euros in the following manner:

- Net profits on June 30, 2019	42,382,050.13 euros
- Application to legal reserve	2,119,102.51 euros
- Profits available on June 30, 2019	40,262,947.62 euros
- Dividends to distribute	30,938,344.20 euros
- Carried forward	9,324,603.42 euros

After this application, the final amount to carry forward will be 10,492,970.89 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 11, 2019 and will be paid on December 13, 2019.

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 were distributed as follows:

Fiscal year	Income eligible for tax credit		Income not eligible for tax credit
	Dividends	Other distributed revenue	
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	-	-
2017-2018	€28,125,767.70[(1)] i.e. €1.35 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, 2019 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 2018-2019.

Fifth resolution

Fixing the amount for attendance fees for fiscal year 2018-2019

After acknowledging the report of the Board of Directors, the AGM decides, in compliance with article 23 of the by-laws, to fix the attendance fees for its Directors for fiscal year 2018-2019, at 45,900 euros.

Sixth resolution

Appointment of a new Board Member

After hearing the report of the Board of Directors, the AGM, acknowledges the expiry of the term of office as Board Member of Miriam MAES and decides to appoint Marie-Yvonne CHARLEMAGNE, as Board Member, for a period 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, 2022.

Seventh resolution

Renewal of the term of office of a Board Member

After hearing the report of the Board of Directors, the AGM, decides to renew the term of office as Board Member of Pascal VIGUIER, 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, 2022.

Eighth 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 7, 2018 regarding the unused proportion on this date.

The AGM grants full powers to the Board of Directors, with the faculty to delegate, to apply the present authorization, place an order on the stock market, sign any agreements, carry out any formalities and declarations with any organizations, and in more general terms, to do all that is required to implement the decisions it has taken with regard to the present authorization.

The Board of Directors shall inform the AGM of any operations carried out, in compliance with applicable regulations.

Ninth 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 18 months. It supersedes the authorization previously granted by the AGM of December 7, 2018.

Tenth resolution

Decision on the components of the remuneration granted for fiscal year 2018-2019 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 2018-2019 to Mr. Philippe AYMARD, Chairman and 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, 2019 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 components 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, 2019.

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, 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 otherwise give the right.

- Decides that stock purchase warrants in the Company may be issued either by subscription offers, or by free allotment to those who already hold shares.

  Where autonomous stock subscription warrants are allocated free, the Board of Directors will be entitled to stipulate that any odd lots of allotment rights are not negotiable, and that the corresponding securities may be sold.

- Grants full powers to the Board of Directors to implement this delegation, with the faculty of sub-delegation, and in compliance with legislation, and in particular with the possibility of determining the dates and methods of issues, and the forms and characteristics of the securities to be created, to decide on the prices and conditions of the issues, to fix the amount to issue and the date of entitlement, albeit retroactive, of the securities to be issued, to determine how the ordinary shares or other issued securities are to be paid up, and the conditions in which these securities procure the right to ordinary shares in the Company, and to determine how, where relevant, they can be bought back on the stock market, how they can be cancelled and the possibility of suspending the exercise of rights to allocate ordinary shares associated to securities to be issued, and determine how to protect the interests of the holders of securities that, upon maturity, provide access to the capital stock, in compliance with legislative and regulatory provisions.

- Decides, furthermore, that when securities for issue consist in, or are associated to, debt securities, the Board of Directors will also have full powers, with the faculty of sub-delegation, to decide whether they are perpetual or not, their remuneration, and, where relevant, mandatory or optional cases of suspension or non-payment of interest, their duration, the possibility of reducing or increasing the nominal value of the securities and other methods of issue and amortization.
- Decides that the Board of Directors may also, with the faculty of sub-delegation, and upon its own initiative, deduct capital increase costs from the amount of premiums associated to this increase, and also deduct from this amount the legal reserves required, and take all necessary measures, and reach any agreements to ensure the successful conclusion of the issues envisaged, and to record any capital increases that result from any issue made through this delegation, and modify the by-laws accordingly.
- Finally, decides that this delegation supersedes any previous delegation with the same object, for any unused sums.

If the Board of Directors uses the delegation granted in this resolution, it must report back to the following Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.

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 ordinary shares and securities providing access immediately or when due, to Company shares or to shares in a company in which it directly or indirectly holds more than half the capital stock, or to securities that give the right to the allotment of debt securities, and which may be subscribed to either in cash, or by compensation of receivables. The present delegation can be used for one or several issues in application of article L.228-93 of the French Commercial Code.

  Any preferential shares and security issues providing access by any means, immediately or when due, to preferential shares, are excluded from the present delegation.
- Decides that the nominal amount for any increases in the capital stock that are immediate and/or at a due date, and that are liable to result from the present delegation, cannot be greater than 200 million euros, to which may be added, where appropriate, and in compliance with applicable regulatory and legislative provisions, and with any contractual stipulations allowing for other cases of adjustment, the nominal amount of extra shares issued to preserve the rights of the bearers of securities that grant rights to the Company's shares, on condition that the global limit fixed in the 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 issue price of ordinary shares or securities granting the right to the Company's capital stock.
- Decides that if the subscriptions of Shareholders and the public have not absorbed all the issue of shares or securities

as defined above, the Board of Directors may, in any order it may consider to be efficient, make use of the faculties offered by article L.225-134 of the French Commercial Code, and in particular the faculty of proposing to the public all or part of the unsubscribed shares or securities.

- Decides that the Board of Directors may not, without prior authorization from the General Meeting of Shareholders, make use of this delegation of authority from the filing by a third party of a proposed takeover bid for the Company's shares until the end of the offer period.
- Grants full powers to the Board of Directors to implement this delegation, with the faculty of sub-delegation, and in compliance with legislation, and in particular with the possibility of determining the dates and methods of issues, and the forms and characteristics of the securities to be created, to decide on the prices and conditions of the issues, to fix the amount to issue and the date of entitlement, albeit retroactive, of the securities to be issued, to determine how the ordinary shares or other issued securities are to be paid up, and the conditions in which these securities procure the right to ordinary shares in the Company, and to determine how, where relevant, they can be bought back on the Paris stock market, how they can be cancelled and the possibility of suspending the exercise of rights to allot ordinary shares associated to securities to be issued, and determine how to protect the interests of the holders of securities that, upon maturity, provide access to the capital stock, in compliance with legislative and regulatory provisions.
- Decides, furthermore, that when securities for issue consist in, or are associated to debt securities, the Board of Directors will have full powers, with the faculty of sub-delegation, to decide whether they are perpetual or not, their remuneration, and, where relevant, mandatory or facultative cases of suspension or non-payment of interest, their duration, the possibility of reducing or increasing the nominal value of the securities and other methods of issue and amortization.

  When securities for issue consist in, or are associated, to debt securities, the Board of Directors will decide whether they are subordinated or not, will fix their rate of interest and how this interest is to be paid, whether they are perpetual floating or not, their fixed or variable price of redemption, with or without premium, the possibility of reducing or increasing the par value of the securities, and all other methods of issue and amortization according, in particular, to market conditions and the conditions in which these securities grant the right to shares in the Company.

  Where appropriate, the securities to be issued may be associated with warrants granting the right to the allotment, acquisition or subscription of bonds or other debt securities, or may stipulate that the Company may issue debt securities, whether fungible treasury bonds or not, to pay for interest that has been suspended by the Company, or take the form of complex bonds as defined by the stock market authorities.

  The Board of Directors may decide, during the life cycle of the securities concerned, to modify the provisions presented above, on condition that applicable formalities are respected.
- Decides that the Board of Directors may also, with the faculty of sub-delegation, and upon its own initiative, deduct capital increase costs from the amount of premiums associated to this increase, and also deduct from this amount the legal reserves required, and take all necessary measures, and reach any agreements to ensure the successful conclusion of the issues envisaged and to record any capital increases that result from any issue made through this delegation and modify the by-laws accordingly.
- Finally, decides that this delegation supersedes any previous delegation with the same object, for any unused sums.

  If the Board of Directors uses the delegation granted in this resolution, it must report back to the following Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.

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 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.
- 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 Annual General Meeting of Shareholders on how it has used the authorizations granted in this resolution.

Sixteenth resolution

Global limit of the total amount to be issued

After acknowledging the report of the Board of Directors, the AGM decides that any capital increases resulting from the use of delegations involving the authorization to issue shares and other securities granted in the thirteenth, fourteenth and fifteenth resolutions above, whether immediate, deferred or potential, and also any issue of securities according to the provisions of the ninth 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 law in force at the date considered; current legislation states this period to be the twenty days the Paris stock market is open preceding the day of the decision taken by the Board of Directors to fix the date when subscriptions are open.

The Board of Directors is granted full powers, in conditions fixed by the law, to implement this present delegation, or postpone this implementation to a later date, within the limits and methods that it fixes in advance, to:

- determine the companies whose employees may benefit from the issue subscription offer, for the purposes of the present delegation,
- fix the conditions of seniority in particular necessary to benefit from these subscription offers,
- determine the issue dates and methods adopted,
- fix the issue prices and conditions,
- fix the amounts to be issued,
- fix the date of entitlement, albeit retroactive, for the securities to be issued,
- determine how the shares should be paid up and the time granted to the beneficiaries to pay up their subscription,
- decide whether the subscriptions can be made directly and/or indirectly through mutual funds,
- fix, for security issues covered by the present delegation, the methods and conditions of participation in a Company or group savings plan, determine their regulations or, for pre-existing plans, 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 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 7, 2018.

7.4. DRAF RESOLUTION OF AN ORDINARY NATURE

Eighteenth 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.

8 FURTHER Information

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)

8.2.2. Fees of the Statutory Auditors and members of their network

This information is presented in Appendix 2 of section 5 Consolidated Financial Statements, page 234 of this Annual.

8.2. HISTORICAL FINANCIAL INFORMATION INCORPORATED BY REFERENCE

Pursuant to article 19 of regulation (EU) 2017/1129 of the European parliament and the Council of June 14, 2017, the following information is incorporated by reference in this annual report for 2018-2019:

- The activity report, Vilmorin & Cie's consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements for fiscal year 2017-2018 as presented on pages 88 thru 100 and 146 thru 215 of the *"document de référence"* filed with the Autorité des marchés financiers on October 29, 2018 under the reference No. D.18-0895.
- 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.17-10077.

The information included in these documents, other than those referred to above, have, where necessary, been replaced and/or updated by information included in this annual report. The documents referred to above 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

B

Biological fight: The fight against crop pathogens using their natural predators.

Biotechnology: All methods and techniques that use living organisms or their components to manufacture or modify products, to improve plants, or to develop micro-organisms for specific applications.

Breeder: The breeder – a company or a professional – is in charge of creating new seed varieties from the existing diversity, the main tasks being to define selection objectives, manage selection programs and ensure relations with internal and external partners.

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

DUS/VATE tests: In France, before being sold, new varieties are subjected to DUS (Distinction, Uniformity, Stability) tests: Distinction of the variety from all varieties already registered; Uniformity between individuals of the variety; Stability over time of the characteristics of the variety. 1 to 3 years of studies and field observations are required. In field crops, the variety is also subject to agricultural, technological and environmental value (VATE) tests: it must therefore demonstrate an agricultural (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.). These tests require two years of study and are carried out by the variety testing department of GEVES (Groupement d'étude et de contrôle des variétés et des semences).

G

Genetic resources (or genetic heritage): 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 genes or hereditary heritage contained in each cell of any living organism.

Genomics: All techniques and research related to the study of the genome.

Germplasm: Genetic heritage.

H

Hybrid: Refers to a plant resulting from a cross between clearly different parents, belonging to the same species or to related species.

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: Among a plant population that one wishes to improve, the choice of individuals with the best phenotypic characteristics as breeding sources. By extension: all varietal improvement techniques.

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: A farmer specializing in seed multiplication, i.e. the production of seeds on a large scale, with the aim of selling them.

Stacking: Combination of characters - a process consisting of associating several genes of interest within the same plant.

T

Traits: The gene or genes that give the plant a desired characteristic (resistance to various insect pest attacks, tolerance to herbicides, etc.).

Transgenesis: A technique for the transfer and integration of one or more genes into the genetic heritage of a living organism.

Sources:
> 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(1) 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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