EXERCICE **2019**

COMBINED GENERAL MEETING

ORDINARY AND EXTRAORDINARY

APRIL 23, 2020

SAVENCIA

FROMAGE & DAIRY

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"For the record, SAVENCIA Fromage & Dairy is the trade name of SAVENCIA SA"

1

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

ORDINARY GENERAL MEETING CONVENED ON APRIL 23, 2020

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Ladies and gentlemen,

We have convened the present ordinary general meeting to report on our Company's activity during the fiscal year ended December 31, 2019 and to submit for your approval the Company's statutory and consolidated financial statements for the period.

You will also hear the reports on those financial statements prepared by Mr Jean-Charles Simon, representing KPMG SA and Mrs Amélie Wattel, representing PricewaterhouseCoopers Audit, the Company's joint statutory auditors.

The reports of the statutory auditors, the director's management report and the Company's annual financial statements and associated documents have been placed at your disposal in accordance with the applicable legal requirements to enable you to read them.

1 Management report

In 2019, the Group operated in a dairy environment more favorable to its operations. World milk production was slack under the influence of adverse climatic conditions. The price of milk is on the rise. The world price for skim milk powder, historically low at the end of the 1st quarter of 2018, gradually improved and continued to rise throughout 2019, supported by the elimination of the EU's intervention stocks and by supply shortfalls for milk powder. The average price for 2019 rose by 42.6% over that for 2018.

The world price for block butter, that had fallen since the 1st half of 2018, gradually rose at the end of 2019. Strong exports in the fall of 2019 brought butter inventories down to a level only slightly higher than the norm.

The European market for dairy products remained Impacted by strong competition between retailers. Our International operations pursued their development, but South America remained confronted with excessively unstable and inflationary economies, notably in Argentina, resulting in falling demand.

In that context, SAVENCIA Fromage & Dairy pursued its development, drawing on the strength of its brands and the quality of its products.

Scope of consolidation and financial reporting standards

At the end of July 2019, the Group acquired 100% of Fromageries Papillon SAS, SCI du Bousquet, SNC Fromageries du Levezou, SNC Saveurs de France and SNC Force Plus. Les Fromageries Papillon is one of the historical manufacturers of the Protected Denomination of Origin Roquefort cheese distributed under the Papillon brand since 1906.

This acquisition is within the Group's strategy of developing its portfolio of original cheese brands recognized for their high quality. The entities have been fully consolidated with effect from their date of acquisition. Post-acquisition, Fromageries Papillon contributed €10.2 million to the consolidated net sales in 2019, And €0.6 million current operating profit.

In 2018, the Group subscribed to share capital increases reserved for the benefit of non-controlling interests in respect of Ferrari in Italy, thereby increasing its interest from 27% to 49%, and of La Compagnie Fromagère de Tunisie, in Tunisia, thereby increasing its interest to 50%. The companies are now subject to joint control but continue to be consolidated by use of the equity method.

The Group also acquired 80% of Bake Plus Co, Ltd in South Korea on March 21, 2018 and 70% of Rogue Creamery in the USA on May 16, 2018. Both acquisitions include purchase and sale options for the residual interests.

The Group's consolidated financial statements have been prepared in accordance with IFRSs as adopted by the European Union.

The Group has applied the new texts obligatorily applicable from January 1, 2019 including: IFRS 16, the new standard on leases, IFRIC 23, the new interpretation on uncertainty over income tax treatments, the IFRS 9 amendment on prepayment features with negative compensation, the IAS 28 amendment on long-term interests in associates and joint ventures, the IAS 19 amendment on plan amendment, curtailment or settlement and the annual improvements to IFRSs for 2015-2017

The amendments to IFRS 9, "Financial Instruments", IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 7, "Financial Instruments: Disclosures", published in September 2019 by the IASB to resolve the issues associated with the reform of the IBOR and its potential impacts for hedge accounting, during the period preceding the replacement of a rate of reference by an effective interest rate, are obligatorily applicable on a retrospective basis for accounting periods commencing on or after January 1, 2020. The Group has chosen to make early application, as is permitted by the amendments.

The Group has not made early application of standards and interpretations that will not become applicable before the end of 2019. The Group is in the process of reviewing all the new standards, amendments and interpretations which will become applicable in 2020.

As the Group is present in Argentina, it applies IAS 29, "Financial Reportingin Hyperinflationary Economies".

The principles and effects on the consolidated financial statements are summarized in note 9 of the notes to the consolidated financial statements..

KEY FIGURES AT DECEMBER 31, 2019

Activity et results

The geographical dispersion of its markets and the diversity of its businesses enable SAVENCIA Fromage & Dairy (the dba [doing business as]name of SAVENCIA SA) to confront with maximum confidence the economic volatility liable to affect levels of consumption and costs, since consumer demand does not evolve in the same way in mature and developing markets and is also responsive to the type of retail product and to the intensity of marketing activity undertaken. Further, any fluctuation in the world prices for industrial products does not normally affect Cheese Product and Other Dairy Product operations at the same time, with the same amplitude and in the same direction. Cost increases may translate into net sales price increases given the strength of our brands and the often-innovative nature of our consumer offerings.

Other risk-related items can be found in the "Financial Position" section of this document, point 1.5.2.10 of the Annex to the Consolidated Financial Statements and the Internal Control Report, risk management and the due diligence plan in Chapter 2 of the Corporate Governance Report.

					% Change			
Consolidated data *in € m*	**Dec.2019**	**Net sales%**	**Dec.2018**	**Net sales %**	**Total**	**Organization**	**Exchange**	**Organic**
Net sales	**5 007.3**		**4 862.6**		**3.0%**	**0.4%**	**-0.3%**	**2.8%**
- Cheese Products	2 911.5	58.1%	2795.5	575%	4.1%	0.4%	0.5%	3.2%
- Other Dairy Products	2243.6	44.8%	2193.2	45.1%	2.3%	0.3%	-1.4%	3.5%
Current operating income	**192.1**		**177.6**		**8.2%**	**0.4%**	**-3.8%**	**12.1%**
- Cheese Products	139.3	72.5%	159.0	89.5%	-12.4%	-0.2%	0.9%	-13.0%
- Other Dairy Products	76.0	39.6%	41.0	23.1%	85.4%	0.2%	-10.4%	106.6%
Operating margin rate	**3.8%**		**3.7%**					
- Cheese Products	4.8%		5.7%					
- Other Dairy Products	3.4%		1.9%					

SAVENCIA Fromage & Dairy's consolidated net sales for 2019 amounted to **5 007,3 million** compared with **4 862,6 million** for 2018, an increase of +3%.

Like-for-like for scope[1] and foreign exchange [2], lthe increase amounts to +2.8%. The trend in net sales has been penalized by a severe negative foreign exchange impact of -0.3% mainly reflecting the loss in value of the Argentinian peso due to local inflation, partly offset by the increase in value against the euro of several other currencies and of the US dollar in particular. The +0.4% scope of consolidation impact reflects the consolidation of Bake Plus and Rogue Creamery, acquired in 2018, and of Fromageries Papillon acquired during the second half of 2019. SAVENCIA Fromage & Dairy's net sales growth in 2019 is mainly attributable to sustained volume for the Group's major brands, to the favorable price impact of world milk powder prices in particular, and to the pursuit of the Group's international development.

Net sales achieved outside France rose from 70% of the total in 2018 to 71% in 2019.

Current operating profit rose by +8.2% compared to 2018, to €192.1 million including a positive scope impact of +0.4% and a negative foreign exchange impact of -3.8% mainly reflecting the hyperinflationary economic context in Argentina.

Like-for-like, current operating profit rose by +12.1%, reflecting:

- A dairy environment more favorable to the development of Other Dairy Products given, in particular, the rise in world prices for milk powder;
- Positive volume trends for our major brands;
- Increases in raw material prices and production costs; and
- The continuing development of our activities internationally.

That evolution has nevertheless suffered the impact of:

- Partial product delistings, with particular impact for our volumes in Europe;
- The inflationary economic context in certain countries of South America in particular; and
- The pursuit of our drive for rationalization.

Current operating margin improved slightly to 3.8% compared with 3.7% in 2018.

Cheese Products

Net Sales for cheese products rose by +4.1% over 2018, to **2 911,5 million** or 58.1% of SAVENCIA Fromage & Dairy's total consolidated net sales compared with 57.5% in 2018.

The change in net sales included:

- Organic growth [3] of + 3.2 % ;
- A +0.5% positive foreign exchange impact mainly attributable to the gain in value of the US dollar; and
- A structural impact of +0.4% following the acquisition of Rogue Creamery in May 2018 and Fromageries Papillon at the end of July 2019.

In **Europe**, lnet sales benefited in certain countries from sales price increases in line with the increased price for milk paid to producers, whilst retaining positive volume trends for our major brands. Our volumes suffered temporarily in Europe from partial delisting of our products by certain retailers, refusing to accept strict application of France's EGalim law.

Internationally, our net sales reaped the benefit of a globally positive foreign exchange impact. Organic growth was positive for our North American, South American and Asian zones. Our volumes continued to develop more rapidly than in Europe..

(1) The scope adjustment for newly consolidated entities involves:
- *For new entrants of the current period, deducting the entrant's contribution to the reported aggregates of the current period;*
- *For new entrants of the prior year, deducting the entrant's contribution from January 1 of the current period to the end of the month of the current year in which the acquisition took place the year before.*

The scope adjustment for newly deconsolidated entities involves:
- *For exiting companies of the current period, deducting the entity's contribution to the reported aggregates of the prior year from the 1st day of the month of divestment and till the end of the year;*
- *For exiting companies of the prior year, deducting the entity's contribution to the reported aggregates of the prior year.*

(2) The foreign exchange adjustment involves calculating the reported aggregates of the current period using the foreign exchange rates of the prior year.

Current operating profit amounted to €139.3 million, down €19.7 million or by -12.4% over 2018. Operating margin for the segment contracted from 5.7% to 4.8% in 2019. In particular, Central and Eastern Europe have had to face significant increased costs for raw materials and labor notably linked to the existence of full employment in this zone.

Other Dairy Products

Net sales of Other Dairy Products amounted to **€2,243.6 million**, an increase of +2.3% over 2018. They represented 44.8% of SAVENCIA Fromage & Dairy's total consolidated net sales compared with 45.1% in 2018.

The increase included a:

- +3.5% organic growth reflecting:
  - price increases mainly as a result of Argentinian inflation;
  - increased world prices for milk powder; and
  - the negative impact of the -18% fall in the world price for butter, a fall which accelerated during the 2nd half of the year.
- -1.4% foreign exchange impact mainly reflecting the fall in value against the euro of the Argentinian peso partially offset by the US dollar and the Chinese yuan; and
  - +0.3% structural growth following the acquisition of Bake Plus in March 2018

Current operating profit for Other Dairy Products amounted to €76 million compared with €41 million in 2018, an increase of +85.4%. Operating margin rose from 1.9% in 2018 to 3.4% in 2019. Our butter and cream businesses were more profitable in 2019 and the Ingredients business also reaped the benefit of the increased world prices for milk powder.

Unallocated items

Current net operating expense for unallocated items amounted to -€23.2 million compared with -€22.3 million for 2018, mainly representing our holding company costs.

Non-recurring items amounted to -€54.7 million, compared to -€61.8 million in 2018, including -€23.6 of net reorganization costs (essentially in France), -€25.9 million of impairment of assets (of which -€19.7 million relating to the closure of the St Saviol site in France) and -€5.2 million of other items.

Operating Profit amounted to **€137.4 million,** a fall of -18.6% over 2018.

SAVENCIA Fromage & Dairy's **net financial expense** amounted to **-€21.3 million** for 2019, compared with -€18.4 million in 2018, reflecting the additional +€3.1 million of interest for lease obligations following the first-time application of IFRS 16

The +€2.5 million of result on net monetary position for 2019, compared with -€14.6 million in 2018, reflects the application of IAS 29 on hyperinflationary economies (Argentina).

The Group's share of net income of associates amounted to **+€2.0 million** compared with +€2.9 million in 2018.

Income Taxes amounted to **€45.6 million,** a rise of + €17.2 million over 2018 with an effective rate of 37.8% compared with 33.2% in 2018 (the rate for 2019 would fall to 35.5% in the absence of Argentinian inflation). The rise in the effective tax rate is notably attributable to the recognition of impairment losses not deductible for tax purposes.

Net income for continuing operations amounted to **€75 million** compared to €57.3 million in 2018..

There was no profit or loss for operations discontinued or in process of sale.

Net income for the period attributable to the shareholders of SAVENCIA Fromage & Dairy amounted to **€73.6 million** (€54.8 million in 2018).

Capital expenditure

SAVENCIA Fromage & Dairy's **investment in intangible assets and property**, plant and equipment rose by +11.7% from **€195.9 million** in 2018 to €218.9 million in 2019.

Its breakdown by business segment was as follows :

- Cheese Products: 65.6%;
- Other Dairy Products: 29.1%;
- Unallocated investment: 5.3%.

External development comprised the acquisition of Fromageries Papillon in 2019. In 2018, the Group acquired Bake Plus in South Korea and Rogue Creamery in the USA, as well as non-controlling interests in Ferrari (Italy) and La Compagnie Fromagère de Tunisie

Research and development

SAVENCIA Fromage & Dairy has always considered research and development expenditure as key to innovation and thereby to growth of its businesses. Consistently with our business culture and operating policies, development activities are organized by technological division in order to meet the specific requirements of each business. They are transversally coordinated and focus on balanced diet and the exploitation of milk's nutritional qualities.

All research and development expenditure is accounted by nature and charged to profit or loss as incurred.

Employees

The Group employed on average (including temporary staff, and at fully consolidated entities) **20,031 employees in 2019 compared** with **19,888 in 2018, a rise of +0.7%**. Like-for-like, the increase amounted to +0.4%. The scope effect reflected the acquisition of Fromageries Papillon in 2019 and Bake Plus and Rogue Creamery in 2018.

Their breakdown by business segment was as follows :

- Cheese Products: 71.5%;
- Other Dairy Products: 24.4%;
- Unallocated investment: 4.1%.

Financial position

The Group's **balance sheet** continues to reflect a sound financial position.

Equity rose by +€68 million, or +4.9%, compared with 2018, to **€1,464.3 million**.

Net borrowings* rose by +€41.3 million to **€604.9 million** and represent **41.3% of equity** compared to 40.4% as of December 31, 2018.

The financial ratios imposed by the Group's covenants have been respected.

SAVENCIA Fromage & Dairy has no significant exposure to financial market risks. As in the past, its foreign exchange risks are limited by the policy of locating production units close to their sales markets. Interest rate risks are limited by a policy of prudent hedgin.

Events after the year-end

A memorandum of understanding was signed with Sodiaal on October 4, 2019 for the purpose of increasing CF&R's integration within SAVENCIA Fromage & Dairy and developing synergies. On March 13, 2020 the European Commission informed the Group that it was not opposed to the Group's acquisition of control over Compagnie des Fromages & RichesMonts which it deemed compatible with the internal market. The timing for finalizing this transaction is under preparation; it will include pursuit of the process of informing CF&R's staff representative bodies. The transaction will involve the full consolidation of CF&R in SAVENCIA Fromage & Dairy's consolidated financial statements for 2020

Outlook

In 2020, Groupe SAVENCIA Fromage & Dairy will continue to add value to the milk purchased for the retail products it processes and distributes in France, thanks to constructive dialogue with milk producers and the distributors of its products.

It is as yet too early to assess the impact of Covid-19 but it appears certain that the crisis will influence economic activity with particular regard for food service businesses. In this context, the Group's priority in 2020 will be to preserve its employees whilst pursuing its efforts of competitiveness in order to ensure the profitable growth of its brands thanks to the quality of its products and the commitment of all its employees.

* *Net debt does not take account of the purchase and sale options contracted with the holders of non-controlling interests in Group companies or of the lease liabilities associated with the first-time application of IFRS 16 in 2019 (see note 27 to the consolidated financial statements).*

2 Parent company

Your Company's statutory accounts for 2019 have been prepared on the basis of the same accounting policies as in 2018.

Activity and results

The Company's revenue for 2019, mainly comprising industrial and intangible property royalties payable by your subsidiaries, amounted to €29.5 million compared with €28.4 million in 2018.

Its operating costs for 2019 amounted to €47.2 million compared with €46.7 million in 2018.

Net financial income amounted to €21 million, compared with €28.8 million in 2018, reflecting a fall in dividend income.

Net exceptional income amounted to €1.0 million compared with net exceptional expense of €0.2 million in 2018.

Taxes on income are impacted by the tax consolidation arrangements applicable to your French subsidiaries subject to control of at least 95%, which enable intragroup transactions to be neutralized and provide for the offsetting of taxable profits and tax-deductible losses.

The Company's net income, taking into account depreciation, amortization, impairment and changes in provisions, amounted to €14.6 million compared with €22.3 million in 2018.

Income statement *in millions of euro*	**2019**	**2018**
Operating revenue	29.5	28.4
Operating costs	- 47.2	- 46.7
Operating income	- 17.7	- 18.3
Net financial income	21.0	28.8
Net exceptional income (expense)	1.0	- 0.2
Taxes on income	10.3	12.0
NET INCOME	**14.6**	**22.3**

Expenditure for the period on intangible assets, mainly comprising computer software, amounted to €1.6 million compared with €3.2 million in 2018. Expenditure on financial assets amounted to €5 million compared with €nil in 2018.

The Company's portfolio of marketable securities, amounting to €26.5 million compared with €24.5 million in 2018, comprises the investment of surplus cash as well as treasury shares.

Summary balance sheet *in millions of euros*	**2019**	**2018**
Net debt *	- 495	- 485
Equity	- 828	- 828
Liabilities not included in net debt	- 15	- 25
Assets not included in net debt	1 338	1 338

* The €10 million increase in net debt in 2019 is analyzed in the statement of cash flows below:

Cash flows	**2019**	**2018**
Net cash from operating activities	10	25
Net cash for investing activities	- 7	- 3
Dividends paid	- 13	- 19
Net cash flow before financing*	**- 10**	**3**
Net cash (for) from financing activities and other financial assets	- 197	99
NET CASH FLOW	**- 207**	**102**

Intercompany loans

In accordance with the provisions of France's code of monetary and financial law and the associated implementing decree, joint stock companies are required to communicate the amount of loans with maturities of less than two (2) years granted to enterprises with which they entertain economic relationships justifying such financing.

The information is attested to by the Company's statutory auditor as provided for by law. As of December 31, 2019 the Company had not granted any such intercompany loans.

In accordance with the requirements of article L441-6-1 of the French code of commercial law in respect of terms of payment, we hereby inform you of the composition at the year-end of the Company's supplier and customer terms of payment :

	Article D. 441-4 of the French code of commercial law: Past due supplier invoices on hand at the year-end					
Supplier invoices	**0 day (indicative)**	**1-30 days**	**31-60 days**	**61-90 days**	**≥91 days**	**total (≥1 day)**
(A) Payment delay interval						
Number of applicable invoices	82					5
Total VAT-inclusive invoice amounts *in thousand of euro*	5 458		2	-	16	18
% total VAT-inclusive billings of the period	4.36 %	0.00 %	0.00 %	0.00 %	0.01 %	0.01 %
(B) Unrecorded invoices for disputed liabilities excluded from (A)						
Nil						
(C) Legal or contractual terms of payment of reference (article L441-6 or L443-1 of the French code of commercial law)						
Payment terms used to calculate payment delays	30 days < contractual term > 45 days					

	Article D. 441-4 of the French code of commercial law: Past due customer invoices outstanding at the year-end					
Customer invoices	**0 day (indicative)**	**1-30 days**	**31-60 days**	**61-90 days**	**≥91 days**	**total (≥1 day)**
(A) Payment delay interval						
Number of applicable invoices	41					17
Total VAT-inclusive invoice amounts *in thousand of euro*	3 113	713	553	271	23	1 560
% VAT-inclusive revenue of the period	2.74 %	0.63 %	0.48 %	0.24 %	0.02 %	1.37 %
(B) Unrecorded invoices for disputed liabilities excluded from (A)						
Nil						
(C) Legal or contractual terms of payment of reference (article L441-6 or L443-1 of the French code of commercial law)						
Payment terms used to calculate payment delays	Contractual payment terms: ≤25 days from the end of the month of invoicing					

Review of related party agreements authorized in previous years and pursued in 2019

The Board of Directors has examined the following agreements authorized in previous years and pursued in 2019:

- financing of S.B.M.S. S.A. (Belgium):

As authorized by the Board of Directors on September 6, 2018 a €200 million loan has been granted to S.B.M.S. The loan is for 5 years and bears interest at the rate of 6 month Euribor plus 0.875%. The interest payable for 2019 amounts to €1,165,500.

As authorized by the Board of Directors on December 13, 2018 a €50 million loan has been granted to S.B.M.S. The loan is for 5 years and bears interest at the rate of 6 month Euribor plus 0.875%. The interest payable for 2019 amounts to €314,578.

- Complementary retirement:

A retirement benefit plan governed by article 39 of the French code of tax law, providing for the payment to certain executives of a complementary benefit equating with 0.5% of final salary per year of past service, capped at 2.5%, was implemented in 2002.

Result for the year and proposed appropriation

We request that you approve the Company's statutory and consolidated financial statements for the fiscal year ended December 31, 2019, as presented to you, and propose that you appropriate as follows the Company's net income for 2019 amounting to €14,647,711.83, which together with the prior retained earnings of €388,026,291.93 produces an amount available for distribution of €402,674,003.76:

In euro

To retained earnings	402 674 003.76
TOTAL	**402 674 003.76**

As required by law, we recall that the Company has paid the following dividends to shareholders during the last three fiscal years:

Paid in	In respect of	Number of shares comprising the Company's share capital	Total Dividend [1]	Gross Dividende per share	Tax allowance
2017	2016	14 032 930	22 223 742,00 €	1.60 €	40 %
2018	2017	14 032 930	19 493 943,00 €	1.40 €	40 %
2019	2018	14 032 930	13 783 566,00 €	1.00 €	40 %

(1) Excluding shares with no dividend entitlement .

We confirm that in 2019, the Company made no expenditure on luxuries as defined by article 223 quater of the French code of tax law.

Informations on the Company's share capital

Breakdown of the share capital as of December 31, 2019

At December 31, 2019	Share Capital %	Number of shares	Gross number of voting rights [3]	Gross voting rights %	Net number of voting rights [4]	Net voting rights %
SAVENCIA Holding	66.64 %	9 350 953	18 701 906	78.90 %	18 701 906	79.72 %
Corporate savings plan [1]	3.22 %	451 473	752 921	3.18 %	752 921	3.21 %
Corporate savings plan [2]	1.74 %	245 198	245 198	1.03 %	0	0 %
Public	28.40 %	3 985 306	4 003 555	16.89 %	4 003 555	17.07 %
TOTAL	**100 %**	**14 032 930**	**23 703 580**	**100 %**	**23 458 382**	**100 %**

(1) Personnel of Savencia Fromage & Dairy, and of related companies as defined by articles L3344-1 and following of the French code of employment law, holding shares of Savencia Fromage & Dairy in the framework of a corporate savings plan (Fonds Commun de Placement d'Entreprise).
(2) Including the Company's liquidity contract.
(3) Taking account of shares deprived of voting rights.
(4) Excluding shares deprived of voting rights.

At February 6, 2020 Northern Trust Corporation held 6.59% of your Company's equity.

Since February 28, 2013 the Company's share capital has comprised 14,032,930 shares with a par value of €1 per share.

Trading by the Company in its own shares

At its ordinary general meeting held on April 18, 2019 the Company's shareholders, acting in accordance with the provisions of article L225-209 of the French code of commercial law, authorized the Company to purchase its own shares in the market with a view to the exercise of share purchase and/or subscription options by executives and/or corporate officers of the Company, or of affiliated companies, or to the allocation of free shares to executives and/or corporate officers of the Company or of affiliated companies.

Maximum purchase price: €140 per share.

Number of shares to be acquired: 10% at most of the shares comprising the Company's share capital.

In that respect, during the period:

1. For the purpose of share purchase option plans for the benefit of executives and/or corporate officers and/or employees of the Company, or of affiliated companies:

- 22,993 shares were purchased at an average price of €59.26 per share;
- 4,300 shares were sold at an average price of €50.35 per share.

2. For the purpose of the Company's liquidity contract designed to create a market for its shares:

- 28,592 shares were purchased at an average price of €62.80 per share;
- 32,132 shares were sold at an average price of €62.60 per share;
- The corresponding trading expense amounted to €25,000.

3. For the purpose of holding shares destined for conservation with a view to their subsequent remittance in the framework of eventual acquisitions:

- 132,107 shares were purchased at an average price of €59.31 per share;
- The corresponding trading expense amounted to €36,504.

At December 31, 2019 your Company thus held 245,198 treasury shares, representing 1.75% of its share capital, for a total purchase value of €14,551,503 equating with €245,198 of the nominal share capital.

Taking account of treasury share movements from January 1, 2020 through February 5, 2020 it may be noted that at the latter date, your Company held 244,008 treasury shares, representing 1.74% of its share capital, for a total purchase value of €14,482,007 equating with €244,008 of the nominal share capital.

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Trends et vision

Food transition is a major social issue. With "consum'actors" in the quest of Better Food and trust, food is evolving towards a new model that is more responsible and more respectful of local cultures. Sustainable development and the **digital revolution are transforming the agrifood chain and food retailing**. SAVENCIA Fromage & Dairy has **the ambition of reinventing quality food** meeting consumers'

New expectations: natural, good, healthy, practical and sustainable. By reinforcing its competitiveness and innovation, and its CSR commitment towards its various stakeholders, the Group constantly adapts to changes in its markets worldwide and in its customers whether in retail or in B to B professionals.

Resources

Human resources

20 031 employees

...in **31** countries

60% of men
+ **40 %** of women

Subsidiaries in close touch with their local environment

Environmental and societal resources

16,8 million m^3 of water

2 055 GWh of nergy

12 000 dairy farms supplying 4.2 billions liters of milk

Financial Resources

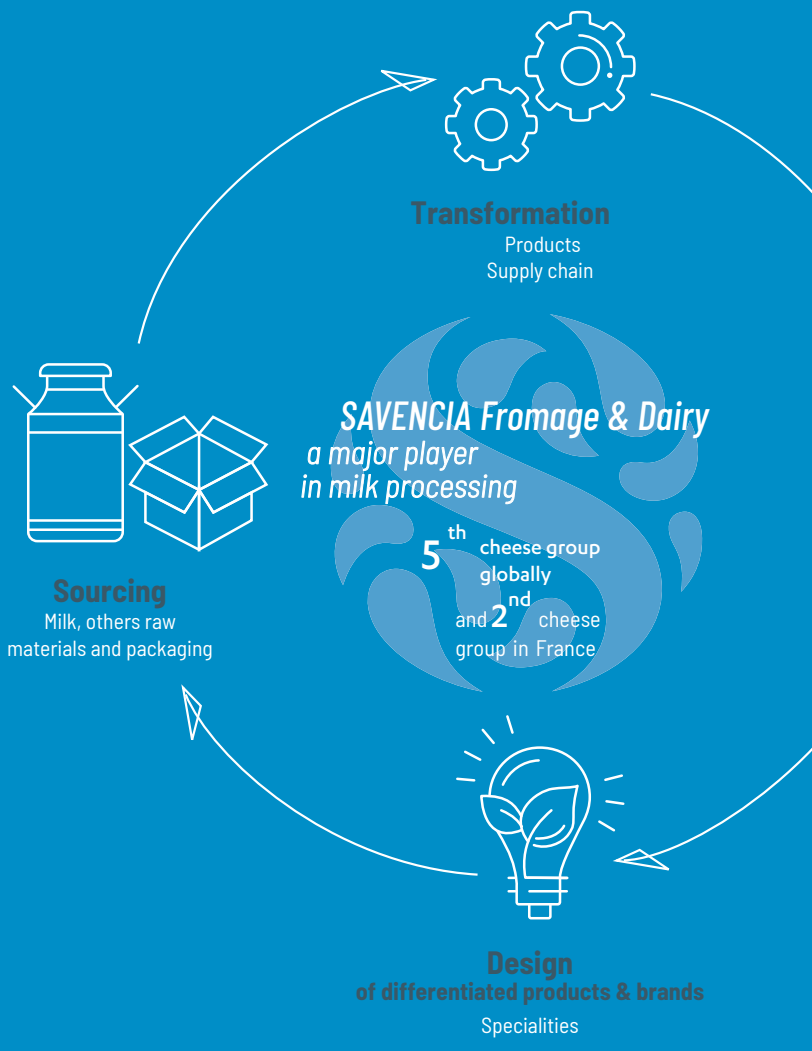
The stability of a majority family shareholding

Equity : **€1,464 million**

Capital expenditures: **€219 million**

Value

An international, independent family food group with a long-term perspective. With its strong values and its mission: **LEADING THE WAY TO BETTER FOOD,** the Group deploys a strategy of creating **innovative and high quality products and brands**



Creation

SAVENCIA Fromage & Dairy manufactures and sells differentiated cheeses and other dairy products, under specialty brands, for retail and food service, as well as dairy-based ingredients for industry. The Group relies on subsidiaries in close contact with their local markets as well as by the pooling of global expertises

Commercialisation

Brands and solutions for our customers

Retail

Cheese Products
•
Butter, cream, Infantformula

Food Service

Cheese, cheese sauces
•
Butter, cream

Industry

Functional and nutritional dairy-based ingredients
•
Technical butters
•
Dryfruits

Shared values

For people

- Top Employer Europe 2019
- Payroll costs : **€918 million**
- **73,8 %** of employees received training in 2019
- **321** apprenticeship contracts in 2019

For the environment

- Trend in greenhouse gas impact of milk collection: **-217,000 equivalent tons** of CO2, between 2010 and 2019
- Energy consumption : **- 5,9 %** per manufacturing ton between 2015 of 2019

For society at large and local communities

- A new formula for evolution of the price for milk jointly developed with the farming community
- SAVENCIA has led retail revenue growth in France between 2016 and 2019 *(source: distributor panel)*
- Solidarity initiatives: **65%** of subsidiaries have made gifts of food
- Purchases from suppliers and service-providers: **€3,638 million**
- Dividends distributed in 2019: **€16 million**
- Taxes: **€90 million**
- Non-financial assessment: SAVENCIA Fromage & Dairy is included in the 2019 Gaïa Index

Presentation of key issues

The approach

The process of selection of Groupe SAVENCIA's key issues is unchanged from 2018 but has nevertheless been reviewed in 2019 to reflect:

- Regulatory aspects:
  - The topics presented in the European directive on the disclosure of non-financial and diversity information dated October 22, 2014, transposed into French law and modifying articles L225-102-1 and R225-104 to R225-105-2 of the French code of commercial law;
  - French decree n°2017-1265 dated August 9, 2017: list of topics.
- Additional elements such as:
  - The Group's business model, business relationships and products;
  - The materiality analysis performed by the work group on Corporate Social Responsibility (CSR).

    A multidisciplinary group bringing together the Group's key business functions has been established, with support from an external consultant specializing in CSR.
    Initial mapping and diagnosis were performed, and CSR issues have been listed.
    185 stakeholders worldwide were consulted (employees, producers, customers, consumers, suppliers, executives, investors and members of society at large).
    Materiality analysis was then performed with a view to selecting the issues identified as priorities both for the Group, and for all its stakeholders;
  - Groupe SAVENCIA's approach to Corporate Social Responsibility (CSR.

Our OXYGEN plan, the name of Groupe SAVENCIA's approach to CSR, embodies the CSR ambition of combining meaning and performance, acting in conjunction with our partners and innovating for a sustainable world.

Four major focuses for progress have been identified for the period through 2025:

OXYGEN: 4 MAJOR PROGRESS FOCUSES BY 2025

- The reflexions conducted within the Group's Oxygen Committee. Created in 2019 and led by the CSR Department, it brings together supporting expertise from the Group's Human Resources, Purchasing, Milk Procurement, Marketing, Nutrition, Quality and Industrial departments.
  In 2019, the Committee identified a new issue translating into the Group's recent commitment to clarify its ambition with regard to packaging by developing eco-design. The objective is to approach 100% of recyclable or biodegradable packaging for our branded products by 2025.

Methodology

In 2019, the analysis just described sheds light on 16 issues for which the Group's regulatory compliance had been verified, ensuring coverage of the following points:

- The areas provided for by regulatory requirements: Social – Societal – Environment– Human Rights – Combating corruption and tax evasion;
- The other expected themes: Consequences for climate change – The circular economy and food waste – Precariousness – Healthy and sustainable diet – Animal wellbeing – Collective agreements and action in favor of diversity – Handicaps.

For each key focus identified, a commitment has been defined, and quantitative or qualitative objectives have been set.

To ensure the consistency of our overall CSR approach, the issues have been integrated within our four major focuses for progress, and performance indicators relevant to our operating segments have been defined for each of them.

SAVENCIA Fromage & Dairy makes voluntary publication of a Non-Financial Performance Statement in the framework of application of the European directive. Data in France's so-called "Grenelle II" format are available in a specific document which may be consulted on our *savencia-fromagedairy. com* website.

OUR KEY ISSUES:

Issues	Risks
Healthy and responsible pleasure • Improve the nutritional quality and design of our products • Promote responsible consumption	• Quality and food safety risk • Risk of damage to brand reputation
A sustainable agriculture • Co-develop a more sustainable sourcing with our suppliers of agricultural raw materials • Promote responsible purchasing	• Risks associated with suppliers • Regulatory risk • Climate risk
Environmental footprint • Reduce our greenhouse gas emissions • Control our water resources • Optimize our waste management • Develop eco-design of our packaging	• Climate risk • Environmental risk
Employee wellbeing • Ensure our employees' safety • Improve quality of life at work • Develop competencies • Commit to diversity and inclusion • Encourage solidary commitmente	• Risks associated with human safety and health • Regulatory risk • Risk of lack of competencies and attractiveness
Society at large • Respect for human rights • Combating corruption • Combating tax evasion	• Regulatory risk • Risk of damage to the Group's reputation • Financial risks

Healthy and responsible pleasure

1 Improve the nutritional quality and design of our products

Improve the nutritional quality and design of our products

Issues, risks and policy

SAVENCIA Fromage & Dairy manufactures natural products using carefully selected quality raw materials.

In harmony with its vocation of "Leading the way to better food", the Group is determined to contribute to public health objectives by offering sound and healthy food, with the conviction that it is food a key factor in people's health and wellbeing. To meet consumers' growing expectations of transparency, we provide clear information to guide their choices.

Our teams design and put together concrete and targeted plans for progress with the aim of continuously improving products' nutritional quality and design and promoting responsible consumption. With this purpose, our actions focus on two major drivers, namely product offering and consumer habits, in order to contribute positively to the evolution of dietary practices.

An effective source for the development of a balanced and diversified diet is the size of the portion consumed.

The official recommendations issued in many countries are based on the frequency of consumption and portion sizes for each food category. By adding nutritional per portion labeling for all its retail brands, the Group seeks to provide consumers with an improved understanding of the nutritionalbenefits of its products.

In the case of pre-portioned products such as cheese slices, or including a visual guide to portion size, the actual unit size is on the product label so that the consumer can identify the appropriate portion and adopt a reasoned and educated mode of consumption.

In the case of products that are not pre-portioned, the portion size approaches the recommended portion of 30 grams of cheese or the portion habitually consumed in the framework of a balanced diet.

The Group undertakes that by 2025, 100% of its branded retail products will include per-portion labeling, thereby going beyond the regulatory requirements of certain countries.

Actions implemented and results

Caprice des Dieux is a brand committed to the concept of portion size. All packs already included per-portion labeling and in addition, the 150, 200 and 300 gram formats now all include visual portion markings on the bottom of each packet to encourage reasoned consumption of the product.

Key performance and results

In 2019, about 49% of our branded retail products include per-portion nutritional labeling.

Responsible design and redesign of our products

Issues, risks and policy

To ensure the sustainability of its activities and reputation, Groupe SAVENCIA must adapt to new habits of consumption and meet growing societal expectations for the sustainability of its products as well as public authorities' requirements.

SAVENCIA's Charter for Responsible Packaging Design has been prepared in 2019.

Its purpose is:

- To provide all its subsidiaries with guidelines and proactive orientations for more sustainable and responsible design and redesign of our products;
- To establish transversal goals;
- To facilitate the phase of diagnosis and structure proposals for product and packaging progress plans;
- To share methods and a common vocabulary throughout our teams

The charter has three parts:

- responsible product design
  Our commitment is to have implemented by 2025 a Clean Label approach for 100% of our new branded products, involving an a continuous improvement approach for our product formulation, based on recipe enhancement through the removal of certain additives and a list of ingredients reduced as much as possible.

  With that objective, a stage-by-stage process has been defined at Group level, thereby enabling our brands to commit to an approach of progress and optimization of product formulation. As to the nutritional quality of our products, we make use of both our product offering and consumption behavior to achieve positive improvement in consumption habits by relaying the official nutritional recommendations.

  Our commitments are as follows: :

  - to **ensure** the best possible nutritional composition, in regard to each product's organoleptic quality and use, in order to achieve positive improvement in the nutritional profile of our product portfolio;
  - to **align**, as much as possible, the nutritional composition of our products targeting children, on the thresholds provided by the WHO's marketing guide for products destined for children (percentages of fat, salt and total and added sugar);
  - to **limit** the number of stages in our processing in order to retain the natural nutritional properties of the raw materials used (e.g. milk proteins, calcium and vitamins).
- Eco-design of packaging
  Groupe SAVENCIA's ambition is to design packaging reconciling its indispensable functionalities (contain and conserve the product's qualities– protect the product from shocks, light and contaminants – store, regroup and transport the product), and to adapt to new consumption patterns, with minimum environmental impact.
- Responsible communication and marketing
  Responsible communication is based on a number of principles: transparency in responses provided to consumers, sincerity in commitments, encouragement to consume well and attentiveness to the societal and environmental impact of our communication. The approach applies to all forms of our brand communication, whatever the targeted groups (customers, consumers, shoppers, users etc.) and whatever the media used (packaging, audio-visual media, printed materials, point-of-sale advertising etc.).

Actions implemented and results

- **The Charter for Responsible Design has been shared with all our subsidiaries** and has been presented to our various internal stakeholders (buyers, pack developers, CSR managers etc.). Our definitions of recyclability and biodegradability have been fine-tuned.
- An Oxygen Steering Committee, dedicated to packaging eco-design, has been set up to monitor achievement of the defined objective.
- Several of our brands have optimized their products' nutritional profile in 2019. For example:
  - the salt content of Saint-Loup's new goat cheese log has been reduced by 14%;
  - In Egypt, the Milkana range has seen a 20% reduction in salt content;
  - a lactose-free cream has been launched by Elle & Vire.

Key performance indicators

In 2019, approximately 64% of our new branded products have incorporated a Clean Label approach.

2 Promote responsible consumption

Issues, risks and policy

Supporting consumers, and our employees, in adopting more reasoned habits of consumption is both a societal challenge and one of the Group's objectives.

The Group has been using the Nudge methodology since 2016. It uses behavioral economics to create the conditions that can encourage individuals, without coercion, to adopt behavior beneficial for themselves, for the community and/or for the planet.

To limit food waste, Groupe SAVENCIA deploys actions such as gifting to food banks or designing formats adapted to consumers' needs (portions, re-closable packs etc.).

Actions implemented and results

- Signature in June 2019 of a partnership with the European Food Banks Federation.
- Launch of a store promotion inciting increased consumption of vegetables via the grant of a reciprocal reduction coupon for the simultaneous purchase of cheese and a kilo of vegetables.

- In October 2019, for the World Food Day, the *#PositiveFood* hashtag was launched. It formalizes our commitment to a responsible diet mixing pleasure and health. #PositiveFood implies a diversified diet and balanced menus giving pride of place to products that are natural or processed as little as possible. It also implies a well-meaning yet committed approach to food transition via positive initiatives inciting consumers to adopt new habits. Flexitarian recipes, associating cheese with vegetables, are available on our quiveutdufromage.com digital platform. The recipes achieve A or B Nutri-Score and contribute to balanced meals.
- An e-learning training module devoted to a healthy diet and nutrition was deployed in 2019. The 5-part learning program was developed by nutritionists and other specialists. Its purpose is to provide Group employees with the fundamental concepts of nutrition as well as practical advice in support of more healthy and responsible patterns of consumption.
- Since 2016, our St Môret brand has organized the collection, on French local markets, of unsold or damaged fresh produce for gifting to the Fédération Française des Banques Alimentaires (French food bank federation). In 2019, St Môret has directed 2 tons of fresh produce towards local food banks.
- In 2019, products made up 82.7% of the gifts made by our manufacturing sites.

Key performance indicators

The above mentioned training was shared with our subsidiaries at the end of 2019.

Over three months, 38% of the Group's employees connected to its *Learning@Savencia* digital platform have followed the Nutrition module in 2019.

A sustainable agriculture

1 Co-develop more sustainable sourcing with our suppliers of agricultural raw materials

Issues, risks and policy

SAVENCIA Fromage & Dairy has opted for co-development, with its suppliers of agricultural raw materials, of a more sustainable and value-creating sourcing, in order to ensure the sustainability of its operations, and meet the climatic and societal challenges of its ecosystem.

The Group focuses on strong and recognized brands, that require irreproachable raw materials from its suppliers. It engages in long-term partnerships with its suppliers, with whom it strives to foster and maintain fair and balanced commercial relationships.

To meet our consumers' new societal expectations, our subsidiaries are keen to develop relationships of quality that are respectful of animal wellbeing and the environment, and bring more value to the work performed by our producers.

Our commitments focus on our main strategic raw material, milk, with:

- The extension of our Charter for Best Farming Practices to all our milk collection worldwide, by 2025;
- The deployment of our "Sustainable Milk Production" diagnosis to 50% of our milk producers by 2025; and;
- The co-development of milk from herds benefiting from a GMO-free diet and sourced from Organic Farming.

Actions implemented and results

SAVENCIA Fromage & Dairy buys 4.2 billion liters of milk in 15 countries worldwide, from around 10,000 farms producing cow milk, ewe milk and goat milk.

In the framework of our Oxygen plan, our milk procurement functions have undertaken four commitments with regard to sustainable and responsible sourcing:

- co-development of a more sustainable sourcing;
- promotion of sourcing value enhancement;
- Development and progress, together with our stakeholders; and
- Reduction of the farms' environmental footprint.

Co-development of a more sustainable sourcing

Groupe SAVENCIA supports a policy of responsible milk purchasing. In France, 100% of our milk producers are members of a collective entity such as a Cooperative or an other form of producers' organization.

A transparent milk purchase price policy has been developed, in the wake of France's so-called EGalim food economy law, using market indicators related to the product mix associated with SAVENCIA Fromage & Dairy's operations. Technical, financial and other supportive measures have also been implemented with the aim of facilitating the installation of young producers (about 160 each year).

In 2019, SAVENCIA Fromage & Dairy has contributed to the value provided enhancement of France's dairy industry, within the framework of the EGalim law.

In terms of quality and production/farming conditions, compliance with our Charter for Best Farming Practices is contractually required of all our French farmers. This requirement will progressively be extended to all our milk collection worldwide.

In 2019, 80% of our worldwide milk volumes already complied with the charter.

To better meet our customers' questions on how our milk is produced, and as a means of progressing beyond the requirements of the Charter, the Group also offers producers its "Sustainable Milk Production" diagnosis incorporating 10 indicators.

The diagnosis helps assess the level of current practices in economic, social and environmental terms: farm profitability – sustainable management of water resources – carbon footprint – animal wellbeing – herd dietary self-sufficiency – biodiversity – soil fertility – producers' quality of life – outdoor access – herd health.

Animal wellbeing, for example, is backed up by the animal's five fundamental freedoms, namely: freedom from thirst or hunger, freedom from discomfort, freedom from pain, injury or illness, freedom to engage in behavior that is natural for the animal's species and not experience fear or distress.

By the end of 2019, 19% of our global milk volumes were sourced from farms having performed the "Sustainable Milk Production" diagnosis.

Promotion of value enhancing sourcing

To encourage the creation of value, 26% of our global milk volumes collected in 2019 were sourced from so-called "differentiated" segments:

- Goat milk and ewe milk farms;
- Organic farming;
- Herds benefiting from a GMO-free diet;
- Herds benefiting from Protected Designation of Origin

Technical support from our Milk Collection Technicians, as well as financial measures, assist producers who so wish in converting their farms to these differentiated segments.

Development and progress together with our stakeholders

After completion of the "Sustainable Milk Production" diagnosis, farmers may select a focus for progress for which the Group can provide support with suitable training covering topics such as cows' health and nutrition, soil fertilization or protein autonomy. In 2019, more than 670 days of training were thus provided to our French milk suppliers.

SAVENCIA Fromage & Dairy has also committed to risk prevention. In France, since 2012, the Group has deployed, at all its dairy farms, a transport safety protocol designed to analyze the risks associated with the maneuvering of milk collection tankers. By improving traffic flows and access to milk tanks, an entirely safe milk collection is thus encouraged.

Our Milk Collection Technicians are in daily contact with producers to support them in changes to their practices. Numerous initiatives have been taken: meetings, working groups, a website dedicated to producers, a quarterly bulletin, videos, corporate support for events etc.

Key performance indicators

	2017	2018	2019	2025 Objective
Extend our Charter for Best Farming Practices worldwide *(% milk volume collected)*	75,2 %	73,0 %	80,0 %	100 %
Deploy our Sustainable Milk Production diagnosis *(% milk volume collected*)*	14,8 %	16,4 %	19,0 %	50 %

* *The volume of milk collected subject to deployment of the diagnosis is estimated on the basis of the average volume of milk collected per farm for the applicable scope.*

2 Promote responsible purchasing

Issues, risks and policy

France's so-called "Sapin II" law and legislation on the Duty of Vigilance have led the Group to reinforce its existing requirements, in order to ensure the compliance of its purchasing with the requirements for undeclared labor, transparency and the prevention of corruption and of any violation of human and environmental rights.

Groupe SAVENCIA thus engages in long-term partnerships with its main suppliers, with a focus on shared progress towards promoting responsible purchasing practices and meeting the various societal challenges.

The Group's suppliers are selected on criteria of quality, security, service, competitiveness and of their capacity to support the Group lastingly.

Since 2010, a "Charter for Sustainable and Solidary Purchasing" has been submitted for signature by the Group's main suppliers. The charter is consistent with the Group's Ethical Charter and with the charter for best purchasing practices prepared under the aegis of France's Ministry for the Economy, Finance, Industry, Competition and National Mediation and signed by the Group on January 10th, 2012. Since January 1st, 2018 the Charter for Sustainable and Solidary Purchasing, completed with the Group's recently published Charter for Combating Corruption and Influence Peddling, has been renamed the Charter for Responsible Purchasing.

The CSR risks associated with our suppliers are assessed, since 2010, within The framework of the EcoVadis evaluation process.

The four areas of assessment are: the Environment – Employment – Ethics and Corruption – Supplier Relationship and Procurement.

The Group undertakes to develop responsible purchasing practices with all its suppliers, with the exception of suppliers of agricultural raw materials, via its Charter for Responsible Purchasing and the EcoVadis evaluations, and with successive waves of deployment subject to overall coverage monitoring.

Ultimately, 80% of the Group's external purchases will be covered (with the exception of agricultural raw materials) within established commercial relationships.

Actions implemented and results

- In 2019, the Group's Purchasing Department undertook three EcoVadis evaluation campaigns, reflecting the preliminary EcoVadis risk-mapping focus, and with a global scope. Specific training in support of the evaluations was performed in China and in the USA.
- A reminder as to our deployment goals and a general update are prepared and communicated twice-yearly to our Group Purchasers

Key performance indicators

By December 31, 2019 our Charter for Responsible Purchasing had been signed by 403 suppliers representing 36% of the Group's expenditure* (outside of agricultural raw materials).

The EcoVadis assessment of CSR risks was performed for 498 suppliers and covered 39% of the Group's expenditure* (with the exception of agricultural raw materials).

The average score was 48.8/100 compared with an average of 42.4/100 for the EcoVadis Food & Beverage Panel.

* *Excluding Brazil, China, Japan, India, Ukraine, Serbia, Rumania, Poland and Russia whose purchasing expenditure cannot yet be automatically consolidated.*

Environmental footprint

1 Reduce our greenhouse gas emissions

Issues, risks and policy

Conscious of the global challenges posed by greenhouse gas emissions, and of the necessity of combating climate change and its consequences for society at large, the Group strives to reduce the environmental impact of its activities.

Its ongoing programs relate notably to energy, water, waste and emissions.

Internal Best Practice Guides complement the Group's programs by helping production sites optimize their processes and continuously improve their facilities. Successful experiences are shared and thereby extended as much as possible to all Group sites.

Environmental correspondents are responsible for coordination and for managing initiatives at the local level.

Groupe SAVENCIA has undertaken to reduce the environmental impact of its operations by means of a 25% reduction per ton of production, by 2025 (compared to 2015), of:

- Energy consumption;
- Greenhouse gas emissions from production and transport;
- Fuel consumption for supply chain activities;
- Water sourced from the natural environment

As well as by increasing its use of renewable energies.

And achieving a reduction of 300,000 tons of CO2 equivalent of the carbon footprint of its volume of milk collected, by 2025 (compared to 2010).

Actions implemented and results

Reduction of energy consumption

- At Group level, dedicated teams monitor and support our sites in accordance with the guiding policy defined by our Oxygen plan. "CSR – Energies and Materials" meetings are the opportunity to review the actions implemented and their results. "G'ENVI" meetings are also organized to enable our sites' environmental correspondents to exchange with external specialists.
- In 2019, the deployment of our Academy SAVENCIA training cursus was pursued.
- One of our French sites engaged in a major investment by replacing its old heavy oil boiler with a new gas boiler, thereby significantly improving the thermic yield of its facility.
- Numerous other initiatives in the area of energies were engaged at our sites with a view to reducing consumption: insulation of equipment andcircuits, replacement of lighting by new LED systems, optimization of compressed air facilities etc.

Development of renewable energies

- In Spain, 100% of the electricity consumed by our five plants is of renewable origin.
- Wood boilers are in operation in France and in South America.

Reduction in greenhouse gas emissions for transport

To reduce the greenhouse gas emissions associated with our own fleet of trucks, several actions have been implemented:

- Eco-driving training continued in 2019 with help from the data collected via the trucks' onboard navigation systems;
- The deployment of LED lighting at sites reduced the related electricity consumption by 10%;
- The use of airlocks was tested at two loading bays with the aim of limiting the loss of energy to the outside environment and improving comfort during truck unloading;
- In France, our supply chain platform is committed to a voluntary approach to reducing the CO2 emissions associated with its road transport activities and as such, subscribes to the industry charter named "CO2, Carriers Commit". The platform, located near Honfleur, possesses France's High Environmental Quality (HQE) certification.

Results for the supply chain platform operated by Messageries Laitières	2017	2018	2019
Average consumption of the company's owned fleet *(l/100 km)*	36.3	35.5	33.5
CO2 emissions of the company's owned fleet *(tons of CO_2 equivalent)*	2,561	2,294	2,267

* *The emission factor retained is based on combustion (cf. Ademe 2018).*

- During the European Mobility Week, 28 subsidiaries and 6,500 employees took part in a mobility challenge, with the purpose of rethinking travel between home and work throughout the week. More than 100,000 km of individual car use were saved. One of our sites was rewarded for its results (more than 6,000 km of alternative forms of mobility) in the sustainable mobility challenge organized by Grand Poitiers and Ademe (a French environmental agency). Other initiatives have been implemented by certain subsidiaries, such as mobility credit, bicycle leasing by Corman in Belgium, or mobility challenges organized on a monthly basis.

Reduction in the carbon footprint associated with our milk collection

France accounts for 75% of our milk sourcing worldwide and all the milk we process in France is of French origin.

Our processing is performed locally: 97% of our milk is collected within a radius of 70 km of our cheese plants and 72% within a radius of 30 km.

Our milk tanker fleets are committed to the "CO2, Carriers Commit" approach certified by Ademe and our drivers receive regular training in eco-driving.

Working towards the use of alternative forms of energy, trials were performed in 2019 using trucks powered with biogas.

The reduction of carbon footprint for French milk production is calculated on the basis of two factors:

- The "natural" decrease for French dairy farms as a whole;
- The additional decrease derived from action plans implemented in the framework of the Group's program for Sustainable and Responsible Milk Procurement.

In 2019, 217,000 of CO2 equivalent were saved compared to 2010.

	2017	2018	2019	2025 Objective
Reduce the carbon footprint of our milk collection *(volume of milk collected in France, in cumulative tons of CO_2 equivalent, compared with 2010)*	- 164,000	- 191,000	- 217,000	- 300,000

Key performance indicators

% of change compared to 2015

	2016	2017	2018	2019	2025 Objective
Reduction of energy consumption *(GWh/ton produced)*	- 1.1 %	- 3.1 %	- 4.4 %	- 5.9 %	- 25 %
Reduction of scope 1 & 2* greenhouse gas emissions *(tons of CO2 equivalent/ ton produced)*	1.8 %	- 0.6 %	- 1.2 %	- 4.7 %	- 25 %

(The greenhouse gas emission indicator has been recalculated since 2015 to reflect steam-related emissions at one of our sites).
Source for the emission factors: Ademe 2018 and Ecoinvent.

* *Direct (scope 1) emissions include the emissions associated with the combustion of fossil fuels, those from processes not using energy (due to the treatment of wastewater) and those resulting from leakage of refrigerating fluids.*

* *Indirect (scope 2) emissions include those associated with the production of electricity, steam, heat or cold purchased and consumed by sites, as well as losses in transit.*

In the framework of our approach and for the purpose of fine-tuning the Group's environmental footprint, a calculation of scope 3 emissions is under review

2 Control our water resources

Issues, risks and policy

Demographic growth and excessive use of water contribute to the increasing hydric stress experienced worldwide. In that context, and in order to contribute positively to the preservation of ever scarcer water resources, the Group implements responsible practices designed to minimize its own impact.

Water plays an important role in our processes, notably to ensure a high level of hygiene and safety for our products in particular by means of cleaning routines. It may also serve as a technical adjunct during manufacturing by serving as a heating or cooling medium. Water is also an input to our fire prevention and firefighting equipment.

Faced with climate change, certain situations of hydric stress are expected to become more acute, in certain countries in particular. Great attention is paid to such phenomena, in order to identify and prevent risks and reinforce, if necessary, the means available to limit so far as possible drawing water from the natural environment.

The goal is to reduce drawing water from the natural environment, per ton of production, by 25% by 2025 (in comparison with 2015).

Actions implemented and results

- In Argentina, a major site has succeeded in reducing its use of water drawn from the natural environment by more than 20%, thanks to the implementation of numerous initiatives including: the installation of meters, employee awareness-raising, water recovery and recycling and the optimization of ultra-filtration and clean-in-place equipment.
- In 2019, the Group engaged in major renovation projects for its purifying stations in order to improve the quality of effluents or prepare for increased levels of production. In France, two new stations are currently under construction.
- France was particularly concerned in 2019 with episodes of drought and hydric stress in certain regions; levels of attention were reinforced, notably via monthly monitoring of levels of alert nationwide, followed by appropriate measures at the sites concerned.
- Personnel training and awareness-raising programs were also implemented with a view to deploying or reinforcing best practices for the use of water. Water pistols are often introduced to limit water consumption during manual cleaning.
- The water contained in milk or whey may be recovered by means of evaporation or inverse osmosis, then treated and used for external cleaning as a means of reducing the consumption of fresh water.

Key performance indicators

% of change compared with 2015

	2016	2017	2018	2019	2025 Objective
Reduction of water consumption *(in m^3/ton produced)*	0.2 %	1.4 %	2.8 %	0.8 %	-25 %

(The indicator has been recalculated since 2015 to take into account cooling water for one of our sites).

Despite the reduction measures implemented at our sites, our overall water consumption still tends to increase given the reinforcement of hygiene and food safety procedures at our industrial sites and the development of new product ranges using differentiated milks, thus requiring more frequent washing.

3 Optimize Our Waste Management

Issues, risks and policy

Processing generates waste inherent to manufacturing and packing, mainly in the form of non-hazardous industrial waste, most of which, such as cardboard, paper, glass, steel or aluminum, are treated by recovery/recycling organizations. Presence of hazardous industrial waste is infrequent. It is mostly waste oils and electrical and electronic waste generated by maintenance operations, which are sorted for recycling by specialist contractors.

To combat waste of natural resources and reduce the costs of waste treatment, the Group's policy is to reinforce the sorting and recovery of industrial waste, by contributing to circular solutions.

Actions implemented and results

- Implementation by one of our French subsidiaries of a recovery process for the containers used to store liquids or powders. After use, the containers are collected and recycled by a contractor to produce new containers, facilitating the circular economy.
- Optimization of onsite sorting and storage, in collaboration with national operators, in order to identify the best outlets for recovery and recycling.
- Reduction, at the source, of package weight, and use of more readily recyclable materials

Key performance indicators

In 2019, 68% of our non-hazardous waste was collected for recycling, which may take several forms: materials reuse, biological recycling or recycling into energy

4 Develop eco-design for our packaging

Issues, risks and policy

In order to reduce environmental pollution and help the transition towards a circular packaging economy, in particular for plastic packaging, the Group, as an addition to the Oxygen objectives published in 2018, has sought in 2019 to clarify its ambition for packaging and to commit to the development of eco-design.

The Charter for Responsible Design prepared in 2019 thus provides guidelines and focuses for the eco-design of packaging.

The Group's objective is to aim for 100% of recyclable or biodegradable packaging for its branded products, by 2025.

Actions implemented and results

- Initiatives for the eco-design of packaging, involving in particular the use of recyclable materials and reduction of the package weight, have been engaged by several subsidiaries :
  - Tartare and Bresso portions: change in the plastic used, with the adoption of PET incorporating 50% of recycled material. With these recyclable packs, which contribute to a more circular economy, 62 tons of "virgin" plastic have been saved;
  - Elvir: finalization in 2019 of deployment of the solution of assembling cream cartons into packs using an adhesive band in place of the previous shrink film. 100% of the company's references have adopted this solution, which has generated 42.5 tons of plastic savings in 2019;
  - Corman: for private label butters, a new injection mold incorporating technical improvements has led to a 15%, or 70 tons a year, saving in the use of plastic
- An indicator for the proportion of recyclable packaging is in the process of development.

Employee wellbeing

1 Ensure our employees'safety

Issues, risks and policy

Groupe SAVENCIA brings together entities of human scale u nited by a strong business culture which guides

its behavior and action. The wellbeing and the preservation of the physical integrity and health of the men

and women working in and for the Group are the concern of all, and at every level of the organization.

A range of actions are implemented by SAVENCIA for the purpose of ensuring the physical integrity and health of all persons working in the Group.

Ten years ago, the Group initiated its focus on safety supported by the **"SAFETY is OUR business"** program. It builds on our Charter for Health and Safety at Work, co-signed by the Group's CEO and Deputy CEO, underlining our objective of zero accidents in the workplace.

As each individual's behavior is key to improving day-to-day safety at our sites, the Group targets exemplary behavior in all situations and in all environments involving industrial, logistic or administrative work.

The Group is committed to preventing risks for the safety of both its permanent and temporary employees. The health and safety of our temporary employees are monitored and subject to measures of prevention, as with permanent employees. Workplace accidents for temporary employees resulting in time off are thus included in the Group's accident frequency rate, with those of permanent employees.

At Group level, health and safety are jointly supervised by our HR and Operations departments. At subsidiary level, oversight is assumed by a local body headed by the General Manager and generally supported by an OH&S correspondent designated for each site.

The Group is committed to attaining zero workplace accidents, whether affecting our permanent or temporary employees.

Actions implemented and results

- A survey of safety awareness, performed by the Dupont consulting firm, reached out to 5,243 Group employees at 37 industrial and administrative sites in France, and was taken up by 75% of employees. The survey helped measure the sites' degree of maturity in terms of safety culture, for the purpose of defining an action plan for implementation by each Group entity in 2020.
- Occupational health and safety training is performed at subsidiaries. In 2019, it amounted to 32.7% of the Group's total training.
- The Group also aims for each corporate meeting to begin with a review of safety.
- In May 2019, during the seventh Global Week for Health and Safety at Work, a Safety challenge brought together 268 teams representing a total of 1,340 Group employees, thus sharing safety requirements and best practices amongst all our sites and subsidiaries worldwide. The two winning teams visited one of our new industrial sites in France.
- A Group film was made, focusing on the achievements of the teams having taken part in the Safety Challenge.
- U Behavioral Safety Visits are also performed at sites on a regular basis.
- In 2019, 16,479 such visits took place.
- An in-house group of safety experts meets several times per year and shares best practices via our Workplace corporate social network.
- The frequency* of workplace accidents (TFI) for both permanent and temporary employees amounted in 2019 to 10.4 per million hours worked. 373 accidents resulting in time off were recorded during the year.

Key performance indicators

	2017	2018	2019
% of subsidiaries with no workplace accident *(for permanent and temporary employees)* resulting in time off during the year	36.1 %	40.7 %	34.9 %

It may be noted that the number of workplace accidents resulting in time off fell from 419 in 2018 to 373 in 2019. The split of the accidents between subsidiaries was more even in 2019, thereby explaining the deterioration in the key performance indicator above.

** Number of workplace accidents for permanent and temporary employees resulting in time off x 1,000,000/number of hours worked by permanent and temporary employees*

2 Improve quality of life at work

Issues, risks and policy

Quality of life at work is a key factor of attractiveness and employee retention. It is a particularly important part of HR policy in contexts of full employment.

The Group gives great importance to the quality of life at work and to employee relations, as a source of personal fulfilment and lasting performance.

To that end, it seeks to promote and maintain social dialogue, internal communication and listening to its employees. SAVENCIA Fromage & Dairy thus develops solutions to improve working conditions and quality of life in the workplace and regularly measures their effectiveness with a view to continuous improvement.

Social dialogue is decentralized to adapt to each business and to the particularities of each entity in accordance with the Group's principle of subsidiarity.

The Group thus undertakes to perform opinion surveys and develop plans for progress at all its subsidiaries in order to improve the quality of life in the workplace.

Actions implemented and results

- Great Place To Work (GPTW) surveys have been periodically performed at Group subsidiaries since 2009 for the purpose of assessing the social climate and providing each employee the opportunity for individual expression, on an anonymous basis, and for making his/her opinions known. **In 2019, a GPTW survey was performed at a majority of the Group's subsidiaries,** thereby fueling a common approach to all our entities. Each subsidiary is now engaged in a plan for progress in line with the results obtained.
- In 2019, three amendments were signed to collective agreements in France, the first relating to the Group's corporate retirement savings plan and the second to healthcare costs. The third relates to providence benefits and allowed for the institution of a new guarantee in respect of critical illness, reinforcing the existing basic cover by providing specific financial support for persons affected by serious illnesses cutting in as off the initial diagnosis.
- A new agreement was also signed on the functioning of the European Works Council.
- In 2019, average Group-wide seniority amounted to 13.5 years.

Key performance indicators

Internal opinion surveys are performed about every three years. In 2019, 98% of the Group's subsidiaries participated in the GPTW survey and their average response rate amounted to 78%.

	2015-2017	2016-2018	2017-2019
% of subsidiaries having performed an internal opinion survey during the last three years*	52 %	51 %	98 %

** The percentages calculated for SAVENCIA as a whole cover the last three years and are calculated for subsidiaries present within the Group between 01/01/2015 and 12/31/2018 and possessing at least 20 permanent employees.*

3 Develop competencies

Issues, risks and policy

The Group has always strived to implement a responsible and sustainable strategy, based in particular on the development and promotion of its employees and on a humanistic and entrepreneurial culture favoring the development of competencies, loyalty building and the maintenance of the Group's competitiveness.

It favors the professional and social fulfilment of the men and women who work in the Group. Driven by its culture, it accompanies their development within a professional environment propitious to their fulfilment.

Employee training and career management play a leading role in enabling each employee to enrich his or her skills in order to achieve personal development, contribute to collective success and maintain employability.

The training policy for the Group's employees focuses on performance management, accompanying change and preserving know-how with the objective of providing each employee the opportunity of progressing in professional and behavioral terms, consistent with the Group's values.

To encourage its employees' development, the Group's career management policy favors internal mobility and pushes it systematically at every level. In the case of executives, line managers and supervisors, the aim is to provide visibility for their career, to identify attractive opportunities in line with their expectations and to be able to develop their skills.

For many years, a policy of dual vocational training has been favored for the integration of apprentices or other trainees. The Group believes that such an approach is particularly adapted to accompanying future young graduates in their first steps within the company and to offering them subsequent lasting employment within SAVENCIA.

The Group intends to continue to develop competencies and to double the number of apprentices by 2025.

Actions implemented and results

- Development of our employer brand via Top Employer certification: in 2019, 3 new countries, namely China, the Czech Republic and Slovakia, developed their employer brand by obtaining the certification, as a result of which 8 of the Group's countries now possess this certification.
- Deployment of annual employee appraisals to subsidiaries, individual career monitoring and forward planning for jobs and competencies via the annual career review engaged in by all subsidiaries.
- The Group's offer of in-house training, Delta Compétences, has been enriched with the launch of three new certified training courses in English, Lean Management and Change Management. The structure of our training catalogue has equally evolved and presently covers six main areas: Management & Excellence, Digital & Collaborative Working, Change, Operating Excellence, Oxygen (CSR) and Functional Competencies.
- The launch of two new modules on our e-learning platform, *Learning@Savencia* :
  - GDPR training for European subsidiaries, provided to about 2,639 persons (with a 94% level of participation);
  - Nutrition training at Group level.
- The development of "blended learning" training, i.e. training combining physical attendance and digital elements.
- Preparation of a Guide for the subsidiaries' HR functions, to help them implement and support training sessions within their scopes of responsibility.

Key performance indicators

The calculation of the percentage of employees trained has evolved and is now based on average employees for the year.

	2017	2018	2019
% of employees trained during the year	71.6 % (1)	69.5 % (1)	73.8 %

(1) Certain key performance indicators were recalculated for 2017 and 2018 following the identification of prior year anomalies

In 2019, a new indicator tracking the number of apprenticeship training contracts has been introduced.

	2017	2018	2019
Number of ongoing apprenticeship contracts at 31 December	308 (1)	295 (1)	321

(1) Certain key performance indicators were recalculated for 2017 and 2018 following the identification of prior year anomalies

In 2015, the Group had only 229 apprenticeship training contracts.

4 Commit to diversity and inclusion

Issues, risks and policy

Faithful to its values and in compliance with regulatory requirements, SAVENCIA promotes equal opportunity for all with particular attention to non-discrimination. The Group's Ethical Charter recalls that "respect for people" and "equal opportunity" are cornerstones of our corporate culture. In that state of mind, agreements are signed and initiatives taken to facilitate the insertion of young people, the employment and continued employment of handicapped persons and gender equality.

The Group strives to promote gender equality in terms of qualification, training, remuneration and career development. In the framework of its Oxygen plan, SAVENCIA has committed to achieving gender parity in managerial positions by 2025.

In order to change how employees view handicaps, maintain jobs for handicapped persons and promote their recruitment, the Group has committed to its Action Handicap policy with four focuses on the employment and continued employment of handicapped persons:

- **awareness-raising** to combat stereotypes;
- **continued** employment;
- **recruitment** of handicapped persons;
- **development** of partnerships with the sheltered/adapted sector.

Actions implemented and results

- The organization of working conditions and departments designed to reconcile personal and professional life, e.g. by the alignment of working hours for couples working at the same plant.
- Arias, in Spain, has taken appropriate measures to ensure professional equality by setting up an ad hoc committee and has obtained the national certification for Corporate Equality.

- On average, 70% of the women employed within the Group (all socio-professional combined) had the benefit of at least one training session in 2019.
- Communication of the Group's 2019 gender equality index in France: 85/100* and identification of points for progress.
- In 2019, our handicap week was for the first time deployed throughout France with the aim of raising awareness and informing all employees on the subject.
- All subsidiaries with more than 250 employees have appointed handicap correspondents.
- A community of handicap correspondents has been implemented on the Group's Workplace corporate social network as a means of sharing initiatives taken, information and best practices.
- Development of partnerships with sheltered workshops.
- Insertion of handicapped persons by means of appropriate recruitment processes, support and training, individual welcome and integration, and adaptation of sites, jobs and working hours. Certain subsidiaries have signed agreements committing to support employees in obtaining recognition of their handicapped/disabled worker status.
- In France, appropriate measures and initiatives to counter age discrimination have been taken, involving tutoring, lifelong training, the improvement of working conditions and the prevention of arduous working conditions in particular for persons nearing retirement.

Key performance indicators

	2016	2017	2018	2019
% of women managers	39.6 %	39.8 %	40.8 %	42.0 %

	2016	2017	2018	2019
% of employees recognized as disabled	2.8 %	2.7 %	2.9 %	3.0 %

5 Encourage solidary commitment

Issues, risks and policy

Conscious of its economic and social impact within the territories in which it is implanted, and as a responsible and solidary company, SAVENCIA encourages subsidiaries and their employees to support local initiatives. The Group's subsidiaries, often set in rural areas, play an active role for the employment and economic and social development of their territory.

Numerous actions are undertaken, in collaboration with local and regional authorities, in particular in the areas of :

- Employment: partnership with national employment agencies, integration of apprentices and other trainees, communication of job offers to schools;
- Training: cooperation with schools and universities, payment of training taxes, sponsoring, visits of employees to schools.

The Group undertakes that each of its subsidiaries will perform at least one act of solidarity in line with our mission of "Leading the way to better food".

Actions implemented and results

- In 2019, the Group renewed its corporate sponsorship agreement with Planète Urgence, which allows volunteer employees to perform a twoweek humanitarian assignment in the framework of a solidary leave for the purpose of placing their competencies at the disposal of a local NGO in Africa, Asia or South America. This year, 5 employees engaged in missions in Africa and South A Two newsletters were published, in which the employees shared their experiences with all
- Since 2011, the Arrondi sur salaire program enables volunteer employees to gift the cents of their monthly net compensation. Groupe SAVENCIA matches the amount of their gift. The sums collected are distributed to four partner associations.
- Locally, subsidiaries work together with cultural or solidary associations such as Restos du Coeur or Food Banks. They give money or make gifts in kind of their products or those collected by employees. One-off operations are mounted to help the victims of natural catastrophes.

* *Weighted average for Group companies in excess of 50 persons in a position to calculate the index.*

- At Group level, our "Bien nourrir l'Homme" endowment fund supports employees playing active roles in associations, and it finances projects designed to enable all, and in particular children, obtain year-round access to healthy, balanced and sustainable food (e.g. via school canteens, solidary grocery stores, market gardening, animal husbandry, dietary education etc.).
- In 2019, 21% of the Group's subsidiaries made employees available for acts of solidarity

Key performance indicators

	2017	2018	2019
% of subsidiaries partnering/ organizing solidary actions or events [1]	21.7 %	20.9 %	30.2 %

(1) Individual or collective solidary initiative undertaken by employees seconded for that purpose. For example, an employee assists an association for 5 months in the development and deployment of a website.

In 2019, an additional indicator reflecting the number of subsidiaries performing at least one act of solidarity in line with our mission of "Leading the way to better food" was deployed: 15.1% of our subsidiaries thus performed at least one such act of solidarity

In 2019, 65.1% of our subsidiaries made gifts to associations.

Society at large

The issues, risks, policy and results associated with the societal issues of respect for human rights and combating corruption and tax evasion are presented below but have not been covered by specific quantitative or qualitative objectives given their regulatory nature and their treatment within the chapter devoted to risk management and more particularly to the Group's vigilance/alertness plan and to the so-called "Sapin II" law.

1 Respect for human rights

Issues, risks and policy

The Group is attentive to compliance with human rights and fundamental liberties and to respecting the conventions of the International Labor Organization (ILO) in particular for the following two themes:

- individual employee development and collective cohesion:
  - progressive worldwide extension of the annual individual review;
  - promotion of social dialogue via employee representation;
- compliance with local legislations and culture with regard to age:
  - no child labor;
  - no age discrimination.

Via its commitment since 2003 to the UN's Global Compact, SAVENCIA Fromage & Dairy undertakes to respect social requirements and fundamental human rights in all the countries in which the Group is present.

The Group's Ethical Charter – The Group and its Culture – recalls the Compact's 10 fundamental principles with regard to human rights, to working conditions and to the environment.

Actions implemented and results

- **In 2019, a Group Committee for Ethics and Business Culture was created** to define policies and implement systems for processing compliance alerts. The committee meets twice yearly to discuss all matters relating to the Group's business culture and compliance. Its members are the Group's Chairman and its General Secretary, Compliance Director, Human Resources Director, Legal Director and CFO.
- In 2019, a Duty of Vigilance Officer was appointed within the Group's Compliance Department, thereby confirming the Group's active support for human rights and fundamental liberties all along its value chain.
- Additional information in this respect is provided in the chapter on the duty of vigilance/alertness

2 Combating corruption

Issues, risks and policy

Fighting all forms of fraud and corruption is not only a regulatory requirement but a priority of the Group's enterprise culture.

Our action principles and rules of conduct are included in the ethical charter, The Group and its Culture, given to each new employee joining the Group. The Group's ethical charter and internal control help prevent and detect all forms of corruption. The most vulnerable countries are particularly under scrutiny.

Honesty and loyalty are part of the Group's four fundamental values, and trust and mutual interest are at the foundation of the relationships the Group wishes to develop with its partners. Suppliers are therefore selected on the basis, in particular, of those principles via open and competitive bidding.

The Group's entities undertake to:

- comply with international anti-terrorism and anti-money laundering requirements;
- fight fraud and corruption;
- comply with the principles of loyal competition, within the applicable legal framework;
- promote their products and services in an honest and loyal manner.

In the framework of France's so-called "Sapin II" law, the Group has established a detailed mapping of its exposure to external solicitation for the purposes of corruption.

The mapping is designed to identify, assess and rank its exposures to corruption with a view to ensuring effective and appropriate compliance, but also to inform management and provide it with the necessary visibility for implementing measures of prevention and detection proportionate to the issues encountered.

The Group's Risk Management & Compliance Department monitors those measures, assesses their effectiveness and ensures that 100% of new employees at risk (as defined by the "Sapin II" law) are trained in the concepts of ethics and fraud.

Actions implemented and results

- In 2019, a compliance correspondent was appointed for each subsidiary and has received specific training.
- A compliance Charter for Subsidiaries' General Managers has been issued and classroom training on all the issues associated with corruption has been dispensed.
- In 2019, case studies on corruption were circulated to all subsidiaries in order to raise awareness and inform them of the means of response placed at their disposal.
- All the Group's compliance documents are available on an internal digital platform.
- A whistleblowing procedure and an anti-corruption code of conduct translated into nineteen languages have been deployed at all our subsidiaries.
- A Purchasing Code of Conduct sets out the rules for buyers in their dealings with suppliers in the four major areas of ethics and integrity, communication and collaboration, performance and progress, and sustainable and responsible purchasing.
- In 2019, 92.5% of the Group's employees at risk (as defined by the "Sapin II" law) have received training in the concepts of ethics and fraude.

3 Combating tax evasion

Issues, risks and policy

Although the diversity of the Group's geographical locations makes it theoretically concerned by the risks associated with tax evasion, the nature of its activity limits its exposure.

In accordance with its values of courage, honesty and loyalty Groupe SAVENCIA, a family group, develops fiscal and financial policies which are responsible, measured and controlled. Its strategy postulates compliance with local legislations and the maintenance of long-term relationships, based on transparency, with all its partners.

In accordance with its societal commitments, the Group is also attentive to making an equitable contribution to the countries in which it operates by paying all the local taxes to which it is subject.

Actions implemented and results

- All the Group's tax, legal and treasury departments have been made aware of this issue and ensure that no legal, tax or financial arrangements are made within the Group with the objective of tax evasion.
- The Group's internal audit teams verify the effective application of the procedures defined by the Group when they perform reviews at subsidiaries.
- The Group's effective tax rate is higher than the weighted average of the local tax rates for the jurisdictions in which the Group is present. In 2019, it amounted to 37.82%.

Perspectives

2019 has been the year of deployment of our Oxygen plan to the Group as a whole, providing a shared ambition for the local initiatives launched by subsidiaries.

In 2020, SAVENCIA's Charter for Responsible Design will guide the Group's plans for product design or renovation in terms of nutrition, clean label or reduction of plastic packaging.

The performance, at the end of 2019, of the Great Place To Work survey in almost all the Group's subsidiaries will enable the implementation of plans to improve employees' quality of life at work.

Environmental impact remains a major issue and we are actively working on the new Oxygen ambition of approaching 100% of recyclable or biodegradable packaging by 2025.

All SAVENCIA subsidiaries worldwide are mobilized to pursue our quest for progress towards a sustainable, ethical and solidary world.

Appendix: the bases of reporting

Organization of reporting

Collection of Corporate Social Responsibility (CSR) indicators is monitored by the Group's functional departments for their respective areas.

They are supported by their networks of local experts who contribute the raw data. The Group's CSR Department is the preferred contact for the Group's external auditors.

Scope

Concerning Employee Wellbeing, the performance data covers 100% of permanent employees at the year-end. The previously published data have been reviewed to reflect changes in the scope of consolidation and the identification of anomalies with regard to certain key performance indicators

For other indicators:

- the results for 2019 include 100% of the Group's production sites;
- the changes for 2015/2019 are presented like-for-like i.e. for subsidiaries present in both 2015 and 2019 (94.3% of the Group's total production sites).

Reporting procedures and guides

Two guides to environmental and social reporting define the Group's environmental and social performance indicators. A methodological memorandum presents the selection process for the issues selected by the Group.

The documents serve as references for external verification of the data as provided for by the implementing decree for article L. 225-102-1 of the French code of commercial law.

Reporting tools

Data from all subsidiaries are received and consolidated via the Group's consolidation system.

An annual questionnaire, providing for collection of all the data required, is distributed to, and completed by all Group subsidiaries (including all manufacturing, supply chain and sales locations) within the CSR scope of consolidation.

Consolidation and internal control

At Group level, the persons in charge of CSR reporting consolidate the data collected in order to prepare the Group indicators presented in this chapter.

They also ensure internal control over the data by verifying its coherence and consistency.

For that purpose, coherence tests are performed and significant variances are identified and explained, in conjunction with the data's contributors.

External verification

The nature of the work performed by the independent third-party entity, and its conclusions, are presented in an appendix.

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

For the year ended 31 December 2019

To the Annual General Meeting of the company Savencia SA,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (Comité Français d'Accréditation or COFRAC) under number 3-1049 , we hereby report to you on the consolidated non-financial statement for the year ended December 31st 2019 (hereinafter the "Statement"), voluntarily included in the Group Management Report of Savencia Fromage & Dairy pursuant to the requirements of articles L.225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Responsibility of the entity

IThe Management Board's is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditor appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law, the fight against corruption and tax evasion, nor on the compliance of products and services with the applicable regulations.

Nature Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes or CNCC) applicable to such engagements and with ISAE 3000 [(2)]:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code; the
- fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

(1) Accreditation scope available at www.cofrac.fr
(2) SAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information.

- We verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III as well as respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks and includes, where applicable, an explanation for the absence of the information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risks , our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities [(4)] ;
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement ;
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement ;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented: :
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities4 and covers between 12% and 100% of the consolidated data selected for these tests;
- We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of eight people between November 2019 and March 2020 and took a total of twelve weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about fifteen interviews with the people responsible for preparing the Declaration, representing in particular the CSR, human resources, safety and environment, dairy procurement, purchasing, nutrition, risks and compliance departments

(3) Promote responsible purchasing; Promote responsible consumption; Respect of human rights; Fight against corruption; Fight against tax evasion.

(4) Polenghi, Angatuba's plant (Brazil); Paslek (Poland); Zvenigorodka (Ukraine); Fromarsac, Marsac's plant (France); Grand'Ouche, Reparsac's plant (France); Bressor, Grièges's plant (France); CFVA, Beauzac's plant (France); Fromapac, Chateaubourg's plant (France).

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, on March, 30th 2020

KPMG S.A.

Fanny Houlliot

Partner
Sustainability Services

Jean-Charles Simon

Statutory Auditor

Appendix

Qualitative information (actions and results) considered most important

- Committed policies in terms of responsible and sustainable purchasing
- Internal measures to preserve agricultural sectors
- Measures taken with regard to eco-packaging
- Training in occupational health and safety for employees
- Measurement of employee satisfaction through the Great Place to Work survey
- Employee training plan and "Savencia Digital Learning" system
- Development and dissemination of the Responsible Design Charter
- Actions in place to promote responsible consumption
- Launch of nutrition e-learning training module for employees
- Implementation of a dedicated governance structure within the framework of the vigilance plan and the Sapin II law

Key performance indicators and other quantitative results considered most important

- Share of the volume of milk collected that has adopted the Charter for Best Farming Practices
- Share of the volume of milk collected having deployed the diagnosis of sustainable milk production
- Deployment rate of the Group's Charter for Responsible Purchasing
- Average score of suppliers regarding the EcoVadis approach
- Average own fleet consumption for the supply chain platform of Messageries Laitières
- Own fleet CO2 emissions for the supply chain platform of Messageries Laitières
- Evolution of of energy consumption (GWh/ton produced)
- Evolution of greenhouse gases scopes 1 & 2 (CO2 equivalent tons/ton produced)
- Evolution of water consumption (m3 /ton produced)
- Percentage of subsidiaries with no workplace accident resulting in time off
- Percentage of subsidiaries having performed an internal opinion survey during the last three years
- Percentage of trained employees
- Number of ongoing apprenticeship contracts at 31 December
- Percentage of women managers
- Percentage of employees recognized as disabled
- Percentage of subsidiaries acting as partners/organizers for solidary actions/events
- Percentage of Savencia brand retail products with per portion nutritional labeling
- Percentage of concerned employees receiving training in the concepts of ethics and fraud
- Group's effective tax rate

GRI & GRENELLE II EQUIVALENCE TABLE - NON-FINANCIAL PERFORMANCE STATEMENT

GRI G4	GRENELLE II - Data available on *savencia-fromagedairy.com*		Non Financial Performance Statement	Pages
I. INFORMATIONS SOCIALES				
	I.A)	**EMPLOI**		
G4-9	I.a) 1.1	Total employees		
G4-10 LA1 LA12	I.a) 1.2	Split of employees by sex		
LA1 LA12	I.a) 1.3	Split of employees by age		
G4-10 LA1 LA12	I.a) 1.4	Split of employees by geographical zone		
EC6 LA1*	I.a) 2.1	Hires		
LA1*	I.a) 2.2	Terminations		
G4-51* G4-52* G4-53* G4-54* EC1 EC5	I.a) 3.1	Compensation		
G4-55*	I.a) 3.2	Evolution of compensation		
	I.B)	**ORGANIZATION OF WORK**		
-	I.b) 1	Organization of working hours		
G4-LA6	I.b) 2	Absence		
	I.C)	**LABOR RELATIONS**		
LA4	I.c) 1	Organization of labor relations and procedures for the information of, negociation with and consultation of personnel	SOCIAL/ collectives agreements and diversity	27
-	I.c) 2	Collective bargaining agreements		
	I.D)	**HEALTH AND SAFETY**		
LA5	I.d) 1	Conditions of health and safety at work	SOCIAL/ collectives agreements and diversity	26 - 27
LA8	I.d) 2	Agreements relating to health and safety at work signed with trade unions or employee representatives		
LA6 LA7	I.d) 3	Frequency and severity of industrial injuries		
LA6	I.d) 4	Work-related illness		
	I.E)	**TRAINING**		
LA10 LA11	I.e) 1	Training policies	SOCIAL	27 - 28
LA9 HR2	I.e) 2	Hours of training		
	I.F)	**EQUALITY OF TREATMENT**		
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LA 12 *	I.f) 2	Employment and insertion of handicapped persons		
LA12 HR3	I.f) 3	Anti-discrimination policy		
	I.G)	**PROMOTION AND COMPLIANCE WITH INTERNATIONAL LABOR ORGANIZATION REQUIREMENTS**		
HR3 HR4 HR5 HR6	I.g) 1	Respect for freedom of association and the right to collective bargaining	SOCIAL/ collectives agreements and diversity actions	27 - 31
	I.g) 2	Elimination of employment discrimination		
	I.g) 3	Elimination of forced or obligatory work		
	I.g) 4	Effective abolition of work by children		

** Indicators providing a partial response to the issue.*

GRI G4	GRENELLE II - Data available on *savencia-fromagedairy.com*		Non Financial Performance Statement	Pages
II. THE ENVIRONMENT				
	II.A)	**GENERAL POLICY**		
G4-1	II.a) 1.1	Corporate organization in response to environmental issues	ENVIRON-NEMENT	22
G4-EN32	II.a) 1.2	Environmental evaluation and certification		
G4-43* G4-37 G4-51 G4-55	II.a) 2	Environmental protection information and training of employees		
EN30 EN31	II.a) 3	Resources devoted to the prevention of environmental risks and pollution		
EC2	II.a) 4	Environmental provisions and guarantees		
	II.B)	**POLLUTION**		
EN 10 EN20 EN21 EN 22 EN24 EN 26	II.b) 1	Prevention, limitation or remediation of discharges to air, water and the land with environmental impact		
EN24	II.b) 3	Noise and other activity-specific forms of pollution		
	II.C)	**CIRCULAR ECONOMY**		
		Prevention and management of waste		
EN23 EN24 EN25 EN28	II.c) 1.1	Prevention, recycling and elimination of waste	ENVIRON-NEMENT / Circular economy and food waste	17 - 18 - 25
	II.c) 1.2	Combating food waste		
		Sustainable use of resources		
EN8 EN9	II.c) 2.1	Water consumption and water supply versus local constraints	ENVIRON-NEMENT / animal wellbeing	19 - 20 - 21 - 22 - 23 - 24
EN1 EN2	II.c) 2.2	Raw material consumption and improvement of use		
EN3 EN4 EN6 EN7 *	II.c) 2.3	Energy consumption and improvement of efficiency/use of renewable energies		
EN11	II.c) 2.4	Land use		
	II.D)	**CLIMATE CHANGE**		
EN15 EN16 EN17 EN18 EN19	II.d) 1	Significant greenhouse gas emissions engendered by the Company's activity and by use of the goods and services it produces	ENVIRON-NEMENT / Consequences on climate change	22 - 23
-	II.d) 2	Adapting to the consequences of climate change		
	II.E)	**PROTECTING BIODIVERSITY**		
EN11 EN12 EN13 EN14 EN26	II.e) 1	Preserving or developing biodiversity		

** Indicators providing a partial response to the issue.*

GRI G4	GRENELLE II - Data available on *savencia-fromagedairy.com*		Non Financial Performance Statement	Pages
III. SUSTAINABLE DEVELOPMENT				
	III.A)	**TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S ACTIVITY**		
EC6 EC7 EC8 EC9 SO1	III.a) 1	Employment and regional development	SOCIETAL	19 - 20 - 29 - 30
EC6 EC7 EC8 EC9 HR8 SO1 SO2	III.a) 2	Local residents		
	III.B)	**RELATIONSHIPS WITH STAKEHOLDERS**		
G4 26 G4-37	III.b) 1	Dialogue	SOCIETAL	29 - 30
EC 7	III.b) 2	Partnerships and corporate patronage		
	III.C)	**SUBCONTRACTING AND SUPPLIERS**		
LA14 LA15 EN33 HR5 HR9 HR11 HR6	III.c) 1	Purchasing policy	SOCIETAL / Anti-corruption	19 - 20 21
LA14 LA15 G4-12 EN32 EN33 HR5 HR 6 HR9 HR10 HR11 S09 S010	III.c) 2	Importance of subcontracting and integration of social and environmental responsibility to supplier relationships		
	III.D)	**LOYAL PRACTICES**		
G4-56 - G4-58 SO3 SO4 SO5	III.d) 1	Anti-corruption	SOCIETAL / Anti-corruption	31 - 32
EN27 PR1 PR2 PR3 PR4 PR6 PR7 PR8 PR9	III.d) 2	Consumer health and safety	SOCIETAL / Healthy and sustainable Food / Food waste	16 - 17 - 18
			SOCIETAL / Fight against tax evasion	32
HR1 HR2 HR7 HR8 HR9 HR10 HR11 HR 12	**III.E)**	**OTHER ACTIONS IN FAVOR OF HUMAN RIGHTS 58**		

** Indicators providing a partial response to the issue.*

CONSOLIDATED FINANCIAL TATEMENTS
AS OF DECEMBER 31, 2019

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1 Consolidated financial statements as of December 31, 2019

1.1 Consolidated income statement

In thousands of euro	Notes	12 months 2019	12 months 2018
NET SALES	2	5 007 294	4 862 625
Purchases adjusted for changes in inventory	3	- 3 238 024	- 3 190 326
Personnel costs	4	- 918 127	- 868 167
Depreciation and amortization (*)	5	- 166 438	- 132 743
Other current operating expense	6	- 492 579	- 493 748
CURRENT OPERATING PROFIT	2	192 126	177 641
Other operating income and expense	7	- 54 675	- 61 772
OPERATING PROFIT		137 451	115 869
Financial expense (*)	8	- 31 778	- 30 375
Financial income	8	10 466	11 953
Gain or loss on net monetary position	9	2 458	- 14 599
Group share of results of associates	10	2 032	2 882
PROFIT BEFORE TAX		120 629	85 730
Taxes on income	11	- 45 617	- 28 428
Net income from continuing operations		**75 012**	**57 302**
NET INCOME		75 012	57 302
Net income attributable to equity holders of the parent company		73 602	54 826
Non-controlling interests	25	1 410	2 476
EARNINGS PER SHARE *(in euro)*			
Group share			
• basic	12	5,33	3,94
• diluted	12	5,27	3,86
From continuing operations			
• basic		5,33	3,94
• dilued		5,27	3,86

(*) including the impact of the first-time application of IFRS 16 (see note 15).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euro	Notes	12 months 2019	2018
NET INCOME		75 012	57 302
Other comprehensive income:			
Foreign exchange differences (1)		11 837	- 30 869
Change in fair value of cash flow hedges, net of taxes (2)		- 1 456	- 3 352
Currency basis spread (3)	23	432	512
Hyperinflation (4)		11 983	24 497
Other changes		87	- 1 991
Share of associates and joint ventures in recyclable components		306	- 358
Total recyclable components of other comprehensive income		**23 189**	**- 11 561**
Actuarial gains and losses relating to employment benefit plans		- 10 766	3 792
Share of associates and joint ventures in non-recyclable components		- 296	118
Total non-recyclable components of other comprehensive income		**- 11 062**	**3 910**
Total other comprehensive income net of tax	**23**	**12 127**	**- 7 651**
TOTAL COMPREHENSIVE INCOME NET OF TAX		**87 139**	**49 651**
Group share		86 321	47 103
Non-controlling interests	25	818	2 548

(1) Mainly relating to the following foreign currencies: RUB, USD, ARS.
(2) Mainly relating to hedging of interest rates and raw materials.
(3) IFRS 9 excludes the currency basis spread from the hedging relationship (see note 23).
(4) Restatement of Argentina's hyperinflation.

The accompanying notes are an integral part of these consolidated financial statements.

12 Consolidated statement of financial position

ASSETS

In thousands of euro	Notes	At december 31, 2019	At december 31, 2018
Intangible assets	13	560 100	532 536
Property, plant and equipment	14	1 084 050	1 022 586
Right-of-use assets	15	63 598	-
Other financial assets	16	30 136	29 954
Investments in associates	10	134 761	132 729
Non-current derivative financial instruments	20	22 479	11 462
Deferred tax assets	17	49 916	43 080
TOTAL NON-CURRENT ASSETS		1 945 040	1 772 347
Inventories and work in progress	18	565 746	517 480
Trade and other receivables	19	886 052	828 892
Tax credits		44 521	50 167
Current derivative financial instruments	20	4 819	5 819
Other current financial assets	21	11 449	12 157
Cash and cash equivalents	22	465 896	471 936
Assets for operations discontinued or in process of sale		1 550	-
TOTAL CURRENT ASSETS		1 980 033	1 886 451
TOTAL ASSETS		**3 925 073**	**3 658 798**

EQUITY AND LIABILITIES

In thousands of euro	Notes	At december 31, 2019	At december 31, 2018
Paid-in capital	**24**	**80 563**	**89 288**
Reserves	24	- 93 449	- 94 115
Retained earnings		1 376 305	1 296 678
GROUP SHARE OF EQUITY		1 363 419	1 291 851
Non-controlling interests	25	100 918	104 468
TOTAL EQUITY		1 464 337	1 396 319
Provisions	26	138 587	130 913
Non-current financial borrowings	27	323 292	342 902
Non-current lease liabilities	15	42 985	-
Other non-current liabilities	28	15 865	40 189
Non-current derivative financial instruments	30	20 230	11 492
Deferred tax liabilities	17	55 846	49 884
TOTAL NON-CURRENT LIABILITIES		596 805	575 380
Trade and other payables	29	1 053 649	954 156
Tax payable		11 096	18 983
Current derivative financial instruments	30	3 997	2 869
Bank borrowings	27	773 960	711 091
Current lease liabilities	15	21 229	-
TOTAL CURRENT LIABILITIES		1 863 931	1 687 099
TOTAL LIABILITIES		2 460 736	2 262 479
TOTAL EQUITY AND LIABILITIES		**3 925 073**	**3 658 798**

The accompanying notes are an integral part of these consolidated financial statements.

13 Consolidated statement of cash flows

In thousands of euro	Notes	12 months 2019	2018
Net income from continuing operations		**75 012**	**57 302**
Income tax expense	11	45 617	28 428
Depreciation, amortization, impairment and provisions	5	166 438	132 743
Gains and losses on disposal of assets		1 014	3 702
Group share of results of associates	10	- 2 032	- 2 882
Net financial expense		13 715	11 411
Other non-cash income and expense (1)		21 187	64 239
Gross operating margin		**320 951**	**294 943**
Interest paid (2)		- 22 095	- 20 350
Interest received		8 526	8 973
Income tax paid		- 50 545	- 42 705
Change in working capital	31	- 6 908	- 16 403
NET CASH FLOW FROM OPERATING ACTIVITIES		249 929	224 458
Acquisition of subsidiaries, operating units and non-controlling interests	1	- 34 123	- 34 778
Purchase of tangible and intangible non-current assets	2	- 218 942	- 195 935
Proceeds from disposal of assets		5 225	2 741
Acquisition/disposal of financial assets and changes in other current financial assets		- 3 050	1 106
Dividends received (including dividends received from associates)		11	1 261
NET CASH USED IN INVESTING ACTIVITIES		- 250 879	- 225 605
Net cash flow from financing activities		- 8 727	1 114
Purchase and sale of treasury shares	27	108 332	230 146
Proceeds of borrowings (3)	27	- 72 614	- 215 259
Repayment of borrowings		- 16 225	- 22 016
NET CASH FLOW FOR FINANCING ACTIVITIES		10 766	- 6 015
Impact of foreign exchange differences		1 420	3 070
Net change in cash and cash equivalents		**11 236**	**- 4 092**
Reclassification of cash and cash equivalents for operations discontinued or in process of sale		**-**	**- 7**
OPENING CASH AND CASH EQUIVALENTS	**22**	**318 762**	**322 860**
CLOSING CASH AND CASH EQUIVALENTS	**22**	**329 997**	**318 761**

(1) Including the impact of provisions and impairment (+€12.2 million in 2019 compared with +€48 million in 2018) and of the adjustment for Argentina's hyperinflation (+€4.5 million in 2019 compared with +€14.6 million in 2018)
(2) Including €3.1 million in 2019 of interest paid in respect of lease obligations
(3) Including €25.8 million in 2019 for the payment of lease obligations.

The accompanying notes are an integral part of these consolidated financial statements.

14 Consolidated statement of changes in equity

	Equity attributable to shareholders of the parent company				
In thousands of euro	Paid-in capital (note 24)	Other reserves (note 24)	Re-tained earnings	Non-controlling interests (note 25)	Total consolidated equity
EQUITY AT 01/01/2018	88 166	- 63 805	1 250 408	103 655	1 378 424
Dividendes distribued			- 19 494	- 2 522	- 22 016
Total comprehensive income at 12/31/2018		**- 30 310**	**77 413**	**2 548**	**49 651**
Stock purchase option plans:					
• Sale of treasury shares	1 122				1 122
Treasury shares repurchased	-			- 8	- 8
Change in share capital			-	-	-
Change in consolidation scope:					
• Purchase of non-controlling interests			-	-	-
• Put options granted to non-controlling interests			- 11 517	- 2 218	- 13 735
• Impact of business combinations			-	2 881	2 881
• Change in participation in existing Group companies			- 132	132	-
EQUITY AT 12/31/2018	89 288	- 94 115	1 296 678	104 468	1 396 319
Dividendes distribued			- 13 783	- 2 442	- 16 225
Total comprehensive income at 12/31/2019		**666**	**85 655**	**818**	**87 139**
Stock purchase option plans:					
• Sale of treasury shares	-				-
Treasury shares repurchased	- 8 725			- 2	- 8 727
Change in share capital				-	-
Change in consolidation scope:					
• Purchase of non-controlling interests			-	-	-
• Put options granted to non-controlling interests			8 025	- 1 148	6 877
• Impact of business combinations			-	-	-
• Change in participation in existing Group companies			- 270	- 776	- 1 046
Other items	-	-	-	-	-
EQUITY AT 12/31/2019	**80 563**	**- 93 449**	**1 376 305**	**100 918**	**1 464 337**

The accompanying notes are an integral part of these consolidated financial statements.

15 Notes to the consolidated financial statements

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Savencia SA is a French joint stock company in the form of a Société Anonyme à Conseil d'Administration. Its registered office is located in Viroflay (78220), France. Its shares are listed on the Euronext Paris stock exchange.

The trade name of Savencia SA and its subsidiaries is Savencia Fromage & Dairy (hereafter the "Group"). The Group operates within two segments: Cheese Products and Other Dairy Products (see note 2).

The consolidated financial statements were authorized for issue by the Board of Directors on March 5, 2020. Unless otherwise stated they are expressed in thousands of euro. They will become definitive after their approval by stockholders at the Annual General Meeting scheduled for April 23, 2020.

1.5.1 Basis of preparation of the consolidated financial statements

In accordance with European regulation CE N° 1606/2002 dated July 19, 2002 the Group's consolidated financial statements at December 31, 2019 have been prepared in accordance with the IFRS Framework as published by the IASB (International Accounting Standards Board) and adopted by the European Union at that date, as well as on the basis of the International Financial Reporting Standards (IFRSs) published by the IASB. They reflect the individual financial statements of each Group entity which have been restated as necessary in accordance with the Group's accounting policies. They have been prepared using the historical cost accounting convention with the exception of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments), biological assets and assets and liabilities subject to fair value hedges. Unless otherwise stated, accounting policies have been consistently applied to all the periods presented.

The preparation of financial statements in accordance with IFRSs requires the exercise of judgment by management both for certain material accounting estimates and more generally in the application of certain accounting policies.

In accordance with IFRS 2, "Share-Based Payment", share purchase option plans have been recognized and accounted for as part of personnel costs.

The Group applies new standards and amendments to standards and interpretations obligatorily applicable from January 1 of each new fiscal year, in particular in the case of 2019, IFRS 16, the new standard on leases, IFRIC 23, the new interpretation on uncertainty over income tax treatments, the IFRS 9 amendment on prepayment features with negative compensation, the IAS 28 amendment on long-term interests in associates and joint ventures, the IAS 19 amendment on plan amendment, curtailment or settlement and the annual improvements to IFRSs for 2015-2017.

The amendments to IFRS 9, "Financial Instruments", IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 7, "Financial Instruments: Disclosures", published in September 2019 by the IASB to resolve the issues associated with the reform of the IBOR and its potential impacts for hedge accounting, during the period preceding the replacement of a rate of reference by an effective interest rate :

- Modify the specific conditions of application of hedge accounting to enable entities applying them to continue to use reference rates for the measurement of financial instruments and specify that the cash flows associated with hedging instruments will not be modified by reason of the reform of reference rates of interest;
- Apply obligatorily to all hedging relationships directly impacted by the reform;
- Do not seek to dispense with any other consequences of the reform of reference rates of interest (so if a hedging relationship no longer meets the criteria for hedge accounting for reasons other than those specified by the amendments, hedge accounting may no longer be applied); and
- Require disclosure of the impact of the amendments on hedging relationships.

The modifications take effect for accounting periods commencing on or after January 1, 2020 and must be retrospectively applied. The Group has chosen to make early application, as is permitted by the amendments.

The Group has not made early application of standards and interpretations that will not become applicable before the end of 2019. The Group reviews all the new standards, amendments and interpretations which will become applicable in 2020.

New standards applicable with effect from January 1, 2019

IFRS 16 – Leases

Principles :

IFRS 16, "Leases", introduces a unique balance sheet accounting model for lessees who must recognize a "right-of-use" asset, representing their right to use the underlying asset, and a lease liability in respect of their obligation to pay lease charges.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognizes a right-of-use asset and a lease liability at the start of each lease.

The right-of-use asset is initially measured at cost and subsequently, at amortized cost less any cumulative impairment loss, eventually adjusted to reflect certain revaluations of the lease liability.

The lease liability is initially measured at the present value of outstanding lease payments at the date of commencement of the lease, and subsequently increased by the applicable interest charges and reduced by the lease payments made. The liability is adjusted in the event of modification of future lease payments following any change in an applicable index or rate, of any new estimate of the amount payable in respect of any residual value guarantee, of any revaluation of the exercise of a purchase option or of the extension or waiver of a cancellation option assuming they have become reasonably certain.

When a lease liability is adjusted as just described, the carrying amount of the right-of-use asset is correlatively adjusted. The adjustment is only made via profit or loss if the value of the right-of-use asset has been reduced to zero.

The lease payments taken into account in measuring the lease liability comprise:

- Fixed or substantially fixed lease payments;
- Variable lease payments indexed on the basis of an index or rate, which are initially measured on the basis of the index or rate applicable at the start of the lease;
- The amounts payable in respect of any guaranteed residual value; and
- The exercise price of any purchase option that the Group is reasonably certain to exercise, the lease payments for any period of renewal that the Group is reasonably certain to opt for and any penalties for early cancellation of the lease unless the Group is reasonably certain not to make early cancellation.

The discount rate used is the interest rate implicit in the lease or, if that rate cannot readily be determined, the marginal cost of borrowing which is the rate generally employed by the Group and is calculated by currency and by maturity on the base of the Group's cost of borrowing plus a spread at the level of each subsidiary designed to take account of the risks and economic environments specific to each country. The applicable duration is calculated on the basis of a weighted average maturity.

The lease period retained is the non-cancellable period for which the Group possesses the right of use of the underlying asset plus, if their exercise is judged to be reasonably certain, the period of any options for renewal or cancellation provided for by the leases. Reasonable certainty is based on all the economic features of each lease and of past experience for similar leases. The asset is in principle amortized over the shorter of the lease term and the useful life of the asset except in the event of transfer of title of the underlying asset to the lessee, or of the existence of any purchase option the exercise of which is deemed reasonably certain, in which case the asset is systematically amortized over its useful life.

Following publication on December 16, 2019 of the IFRS Interpretations Committee's advice on the duration of leases including options for cancellation or renewal, the Group is currently identifying the leases potentially applicable and gathering the requisite information to estimate the potential impacts for lease duration and for the value of the Group's right-of-use assets and lease liabilities.

The Group presents its right-of-use assets and current and non-current lease liabilities as separate line items in the consolidated statement of financial position. A deferred tax asset is calculated on the basis of the lease liability and a deferred tax liability is calculated on the basis of the right-of-use asset. In the consolidated income statement, depreciation is charged at the level of current operating profit and interest expense as part of financial income and expense. Short-term leases (of at most a year), and leases of assets of low value (not exceeding $5,000) are excluded from this accounting treatment with the applicable lease payments charged to profit or loss as incurred. In the consolidated statement of cash flows, the repayment of principal is classified within financing cash flows whereas the applicable interest payments are classified within operating cash flows.

Transitional measures

Property, plant and equipment may be made available to the Group by means of leases. Under IAS 17, leases were classified as finance or operating leases and subject as such to differentiated accounting treatments. Under IFRS 16, with effect from January 1, 2019 all leases are recognized in the consolidated statement of financial position on the basis of a right-of-use asset and of a lease liability equating with the present value of the future lease payments. The lease period is defined for each lease and equates with the firmly committed lease term taking account of any optional periods reasonably certain to be exercised.

The Group has opted for simplified retrospective application with effect from the date of first-time application, so the comparative data for 2018 have not been restated. The cumulative impact for the Group's lease liability as of January 1, 2019 amounts to €70.7 million (see note 15). The Group mainly leases real estate property, plant and equipment and vehicles.

The Group has chosen to apply the measures of simplification and exemption provided for by IFRS 16 in the framework of the transition:

- Short-term leases with a lease term of 12 months or less, and leases of assets with a value of less than $5,000, remain charged to profit or loss as incurred;
- Initial direct costs are excluded;
- For leases entered into before the date of first-time application, the classification under IAS 17 is conserved and the new definition in accordance with IFRS 16 only applies to leases signed on or after the date of first-time application;
- The calculation of the lease term reflects the Group's previous experience;

- The discount rates applied at the date of transition are based on the Group's marginal cost of borrowing plus a spread at the level of each subsidiary designed to take account of the risks and economic environments specific to each country, taking into account the residual lease periods with effect from the date of first-time application;
- No impairment testing of non-financial assets, as provided for by IAS 36, has been performed for reasons of simplification.

In application of the aforementioned principles at the date of transition, for leases previously classified as finance leases under IAS 17, the right-of-use asset and lease liability equate with the corresponding carrying amounts measured in accordance with IAS 17 immediately prior to the date of first-time application.

Contracts previously classified as operating leases are accounted for by recognizing a lease liability equal to the present value of the outstanding lease payments discounted on the basis of the incremental borrowing cost at the date of first-time application applied to the residual lease term. The right-of-use asset is equal to the value of the lease liability adjusted for any prepaid or accrued lease payments immediately prior to the date of first-time application.

IFRIC 23, "Uncertainty over Income Tax Treatments"

The interpretation contains provisions relating to the recognition of taxes on income in the event of uncertainty over tax treatments in accordance with IAS 12, "Income Taxes". It does not apply to taxes or other elements outside the scope of IAS 12 and it does not discuss the treatment of interest and penalties associated with uncertain tax treatments. It specifically covers the following points:

- The assumptions to be retained with regard to the taxation authority's examination of tax treatments;
- The entity's determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates;
- The entity's revision of judgments and estimates in the event of changes in facts and circumstances;
- Whether each tax treatment should be considered independently or whether some tax treatments should be considered together.

An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some or whether some tax.

The Group applies judgment to identify any uncertainties associated with its tax treatments, identifying potential risks and assessing any impact of the interpretation for its consolidated financial statements. The Group has concluded that its tax treatments would probably be retained by the competent tax authorities, so the interpretation has had no effect on its financial statements.

1.5.2 Base of consolidation

The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are fully consolidated and joint ventures and investments in associates are accounted for using the equity method.

1.5.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control may exist de facto. In assessing control, potential voting rights that are exercisable or convertible are taken into account. Subsidiaries are fully consolidated and minority interests are disclosed in the statement of financial position as a separate equity line item. Non-controlling interests in profit or loss are also presented distinctly in the income statement.

The acquisition of subsidiaries is accounted for using the purchase method as described in IFRS 3 (revised). The consideration transferred is measured on the basis of the fair value, at the date of acquisition, of the elements of remuneration conferred on the seller, excluding any element remunerating transactions distinct from the acquisition of control over the subsidiary, and which may include:

- Assets remitted to the seller;
- Liabilities or contingent liabilities assumed;
- Equity instruments issued by Savencia Fromage & Dairy; and
- Any price adjustments applicable to the business combination.

Costs directly attributable to business combinations are accounted for as incurred (in other operating expense) with the exception of:

- Issue costs for any equity instruments issued as consideration for the acquisition, which are deducted from equity; and
- Costs pertaining to any financial liabilities contracted for the purposes of the business combination, which are deducted from the applicable financial liabilities.

The acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date.

Non-controlling interests are valued on the basis of:

- Either their share of the fair value at the acquisition date of the identifiable net assets of the acquiree (i.e. not taking goodwill into account);
- Or their share of the full fair value of the acquiree.

The amount of goodwill recognized at the date of control thus represents the difference between:

- The consideration transferred for the acquisition of control, measured at its fair value at the acquisition, plus the value of any non-controlling interests and plus the fair value at the acquisition date of any previous non-controlling interests held; and
- The fair value at the date of acquisition of the identifiable net assets acquired.

Any "negative" goodwill arising as a result of the above calculation is immediately credited to profit or loss.

In the event of control arising as the result of successive purchases, the interests acquired prior to the date of control are readjusted to their fair value at the date of control by charging or crediting profit or loss.

As required by IAS 27, the impact of increases or decreases in percentage interests not affecting control is directly recognized in equity.

In the event of loss of exclusive control, the full impact of the disposal is recognized even if a residual interest is retained.

1.5.22 Joint operations

A joint operation is a joint arrangement in which the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. Each joint operator must recognize the assets, liabilities, revenue and expenses equating with its interest in the joint operation.

1.5.23 Joint ventures

A joint venture is a joint arrangement in which the Group has rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method, so the Group's consolidated financial statements include its share of joint venture profits and losses from the date of commencement of significant influence to the date at which such significant influence ceases. If the Group's share of losses exceeds the amount of the investment, the carrying amount of the investment is reduced to zero. Additional losses are not taken into account unless the Group is so obliged.

1.5.24 Elimination of intragroup transactions and balances

Intragroup transactions and balances are eliminated, as are unrealized gains resulting from intragroup transactions. Unrealized gains resulting from transactions with associates or jointly controlled entities are eliminated to the extent of the Group's interest therein.

1.5.25 Assets held for sale, operations discontinued or in process of sale

A group of assets and liabilities is defined as held for sale when its carrying amount is intended to be recovered by means of a sale and not by its continuing use. Such classification requires that the assets be available for immediate sale and that their effective sale be highly probable. The assets, measured at the lower of their carrying amount or estimated net sales proceeds, are presented separately from other assets in the consolidated statement of financial position as are the associated liabilities.

An operation in process of sale is defined as a business component either covered by a sale agreement, or classified as discontinued or held for sale, and which either:Une activité cédée ou en cours de cession est définie comme une composante de l'entreprise faisant l'objet soit d'une cession, soit d'un classement en Assets abandonnés ou en cours de cession, qui soit :

- Represents a significant activity or geographical zone for the Group; or

- Forms part of an overall proposal for disposal of a significant activity or geographical zone for the Group; or
- Is a material subsidiary acquired solely with a view to its subsequent resale.

There is no change in the statement of financial position presentation of discontinued operations. Separate presentation of the income statement and cash flow statement data (for all periods presented) relating to discontinued operations is made if their impact is material.

1.5.2.6 Foreign currencies

Transactions of Group companies denominated in foreign currencies are initially translated at the exchange rates applying at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are subsequently translated at the exchange rates applying at the year-end and any differences arising are recognized in profit or loss.

For consolidation purposes, Group entities' assets and liabilities expressed in foreign currencies are translated into euro using the exchange rates applying at the year-end. Income and expense items are translated using the average exchange rates for the period or the specific rates applying at the transaction dates. Exchange differences arising from this process are recognized directly in other comprehensive income.

The goodwill and fair value adjustments associated with the acquisition of foreign operations are accounted for as assets and liabilities of the foreign operation and as such, are translated into euro using the exchange rates applying at the year-end. The financial statements of Group companies operating in hyperinflationary economies are restated, using official indices, to reflect the changes in the general purchasing power of the local currencies. The consideration for the impact of indexing over the period is presented as gain and loss on net monetary position. Accounts are then translated into euro using the exchange rates applying at the year-end.

1.5.2.7 Segment reporting

The Group's segment information is presented in accordance with IFRS 8, "Operating Segments".

The standard requires the presentation of segment information in accordance with the internal reporting format regularly used by the Chief Executive Officer, the main operational decision-taker, for the purposes of assessing the performance of each operating segment and allocating resources. Segment results represent the operating results for each segment after after appropriate allocation of head office overhead and research and development costs

Segment assets comprise all the applicable current and non-current assets, including allocation of those head office assets used by operating segments and of the Group's interests in entities accounted for using the equity method.

1.5.2.8 Income statement

Income and expenses are classified in the income statement according to their nature. Expenses include purchases (raw materials, additives, utilities etc.) adjusted for changes in inventories, personnel costs, depreciation and amortization and other current operating expense (professional fees, rent etc.).

1.5.2.9 Measurement bases and definitions

1.5.2.9.1 Net Sales

Consolidated revenue comprises sales of goods and services to third parties after deduction of all applicable items such as customer rebates, expenses in respect of sales development agreements or contributions to sales promotional initiatives billed by distributors. Such commercial deductions generally take the form of volume rebates and/or services rendered by retailers the price for which is governed by the nature of the services provided. They are charged to profit or loss at the time of transfer of control over the applicable goods or services to the buyer. Given the nature of the corresponding retail sales, such transactions are performed on a short-term basis; they are measured at the fair value of the consideration received or receivable. Disposals of surplus milk, exchanges at the level of the industry and the value of byproducts are accounted for as components of the cost of materials consumed. In the framework of the commercial relationship, the Group acts on its own behalf and not as an agent. Customers buy our products for their own use or for the purpose of resale and in the latter case, define their resale prices and bear the associated inventory risk. The service element of consolidated revenue is not material. With regard to options offered to final customers to acquire significant volumes of additional goods and services after an initial purchase, the portion of revenue applicable to the benefits granted for future use is deferred. The deferred revenue, equating with the fair value of the benefits granted, is credited to profit or loss during the period in which the benefits granted are converted into services..

1.5.2.9.2 Leases

Following the implementation of IFRS 16 with effect from January 1, 2019, leases of assets with unit

values in excess of $5,000, or with lease terms in excess of a year, are recognized in the consolidated statement of financial position. Lease charges are thus only recognized henceforth for short-term leases, for leases of low value items and for lease payments not indexed on an index or rate (see the section above on new accounting standards applicable on or after January 1, 2019).

Previously under IAS 17, leases under which the lessor retained a substantial portion of the risks and rewards incidental to ownership of the leased assets were classified as operating leases. Operating lease payments were recognized as an expense on a straight-line basis over the lease term. Leases under which substantially all the risks and rewards incidental to ownership of the leased assets were transferred to the Group were classified as finance leases. In this case, the leased property was initially recognized in the statement of financial position at an amount equal to its fair value or, if lower, the present value of the minimum lease payments at the inception of the lease, and was subsequently measured at this amount less depreciation, and less any impairment losses, calculated on the same basis as for other similar assets. The associated finance was classified as a financial liability.

1.5.2.9.3 Current operating profit

Current operating profit is as defined by CNC recommendation 2009-R.03 and does not take into account other operating income and expense resulting from unusual or abnormal events that only occur infrequently.

1.5.2.9.4 Other operating income and expense

Other operating income and other operating expenses comprise items which, in terms of their frequency of occurrence or nature, are the consequence of events or transactions which are clearly distinct from the Group's ordinary business activities and which are material as to their amount. They may notably include: certain costs of restructuring; certain gains or losses on disposal of tangible or intangible non-current assets; certain impairment losses for tangible or intangible non-current assets; and certain charges, or charges for provisions, relating to major litigation or to instances of force majeure.

1.5.2.9.5 Financial income and expense

Financial expense includes both the interest payable on third party borrowings, bank commissions payable and foreign exchange differences.

Financial income includes both the interest receivable from deposits with third parties, the foreign exchange differences associated with financial assets and liabilities and the gains and losses arising from interest rate hedging instruments accounted for in profit or loss.

1.5.2.9.6 Taxes on income

Taxes on income comprise both current and deferred tax. The tax effect of items accounted for outside profit or loss is also recognized directly outside profit or loss. For reasons of substance over form, French research tax credit is treated as an operating grant as provided for by IAS 20. As provided for by IAS 12, "Income taxes", deferred tax, calculated using the statement of financial position liability method, is provided in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized in respect of all taxable temporary differences with the exception of non-deductible goodwill. Deferred tax assets are recognized, in respect of both tax losses carried forward and other deductible temporary differences, to the extent that it is probable that adequate future taxable profits will be available to absorb them. At the end of each reporting period, the carrying amount of net deferred tax assets is reviewed in the light of the Group's three-year plans, and impairment is recognized whenever the expectations of profit, and therefore of tax charges, are not adequate to ensure their recovery.

Deferred tax assets and liabilities are measured using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The effect of changes in tax rates is recognized in profit or loss with the exception of the portion relating to items recognized outside profit or loss.

1.5.2.9.7 Property, plant and equipment

Items of property, plant and equipment owned by the Group are recognized at historical cost less accumulated depreciation and impairment losses. Each component is depreciated on a straight-line basis over its estimated useful life and taking any residual value into account.

The principal estimated useful lives are as follows:

Building, fixtures and fittings	10 to 30 years
Plant and equipment	5 to 30 years
Tooling, furniture, computer equipment and miscellaneous items	3 to 15 years
Véhicles	4 to 7 years

Land is not depreciated.

Interest financing the construction of items of property, plant and equipment is recognized in

accordance with IAS 23 (revised). Subsequent expenditure is recognized in profit or loss as incurred unless it increases the capacity of the assets concerned to generate future economic benefits.

Investment grants are deducted from the gross amount of the assets financed. Sales of energy efficiency certificates are equally accounted for as government grants under IAS 20, on the basis that in substance the government has made a grant in kind for the purpose of encouraging investment producing energy savings.

1.5.2.9.8 Intangible assets

Intangible assets comprise goodwill and other acquired intangible assets such as management information systems, intellectual property rights, other rights of use (e.g. exclusive distribution rights, leasehold rights etc.) and brands.

Goodwill, including goodwill in respect of milk collection zones, represents the excess of the acquisition cost of a business over the fair value of the identifiable net assets acquired measured as of the date of acquisition. Goodwill relating to investments in associates is included within the carrying amount of the investments. Goodwill is tested for impairment on an annual basis (or whenever indications of impairment are noted) and is measured at cost less accumulated impairment losses (which are not reversible). The gain or loss recognized on disposal of an entity takes account of the carrying amount of related goodwill. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit, or groups of cash-generating units, associated with the business combinations giving rise to the goodwill. A cash-generating unit generally equates with a geographical zone.

Purchased intangible assets are recognized at historical cost and amortized on a straight-line basis over their estimated useful lives when determinable, which is the case for management information systems (3 to 7 years), intellectual property rights (based on the length of legal protection afforded) and other rights of use (based on the contractual arrangements). The useful lives of purchased brands are of indefinite length so they are not amortized; instead, their estimated useful lives are reviewed annually, or more often if any indication of impairment arises, and any impairment loss is recognized on the same basis as for goodwill.

Costs of acquisition of software licenses and other costs directly attributable to installation of the software are recognized as assets, whilst software running costs, and costs of maintenance, are recognized in profit or loss as incurred. Development costs (comprising personnel costs and an appropriate overhead allocation) which confer unique qualities on software or related products acquired by the Group are recognized as assets inasmuch as they are expected to generate future economic benefits for the Group and are amortized over the estimated useful lives of the associated software.

Research expenditure is recognized in profit or loss as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following can be demonstrated:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) The intention to complete the intangible asset and use or sell it;

(c) The ability to use or sell the intangible asset;

(d) How the intangible asset will generate probable future economic benefits, e.g. by demonstrating the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

(f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group's development costs are related to new products and are not capitalized as the probability of obtaining future economic benefits can only be confirmed once the products have been launched.

1.5.2.9.9 Impairment of non-financial assets

Intangible assets with indefinite useful lives are not depreciated but are subject to annual impairment testing. Depreciable assets are subject to impairment testing whenever indications exist that their carrying amount may exceed their recoverable amount. Impairment losses are recognized as other operating expense on the basis of any excess of carrying amounts over recoverable amounts and are first allocated as a reduction of any related amount of goodwill. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is calculated by discounting, using the Group's weighted average cost of capital adjusted for the geographical risks inherent in the asset (and for inflation in the case of countries outside the euro zone), the future cash flows expected to be derived from the asset (generally based on three-year forecasts approved by management plus a terminal value based on a long-term growth rate). Assets are grouped into cash-generating units defined as the smallest identifiable groups of assets that generate largely independent cash flows.

Brands are tested for impairment by estimating the future cash flows expected to be derived from the branded product with the flows that could be expected for an unbranded product.

With the exception of goodwill, prior impairment losses for non-financial assets are reviewed for potential reversal at end of each annual or interim reporting period.

1.5.2.9.10 Financial assets

Financial assets with maturities in excess of a year (with the exception of equity instruments) include non-current receivables and other financial instruments such as investments over which the Group neither exercises control nor significant influence. Depending on the motivation for their acquisition, investments not considered as strategic are henceforth classified as "Non-current investments at fair value through profit or loss". They are recognized at the time of performance of the acquisition transactions. When they are sold, their result on sale is accounted for through profit or loss. Their fair value reflects market price in the case of listed instruments and a discounted cash flow approach, based on market data, in the case of other instruments.

Loans for which the expected future cash flows uniquely comprise the payment of interest, and the repayment of capital on maturity, are all accounted for at amortized cost since their main vocation is to collect the associated contractual cash flows. Financial assets whose future contractual cash flows comprise interest and capital repayment, but which the Group may wish to sell in advance of their maturities, are accounted for at fair value through other comprehensive income. On derecognition of such financial instruments, notably in the event of their sale, the cumulative losses or gains included in other comprehensive income are recycled to profit or loss. The Group does not currently hold any such instruments.

1.5.2.9.11 Inventories

Inventories are measured at the lower of cost and net realizable value.

Purchased milk is measured at actual purchase cost at the year-end. Goods purchased for resale are measured at actual purchase cost. Work in progress and manufactured products are measured at cost, including direct conversion costs and an allocation for production overhead (including depreciation of production facilities), but excluding any borrowing costs.

Inventory movements for non-dairy raw materials and goods purchased for resale are accounted for on a first-in, first-out (FIFO) basis, whilst other inventories are measured on a weighted average cost basis.

If net realizable value, i.e. the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, is lower than cost as described above, the difference is recognized as an impairment loss.

1.5.2.9.12 Trade and other receivables

Trade and other receivables are initially recognized at amortized cost equating with their nominal amounts. The line item also includes prepaid expenses. Credit risk may be hedged by specific insurance policies. Only risks not so covered may be subject to impairment for the amount of the expected losses taking into account the probability of default by the applicable counterparts and the expected level of loss based on historical experience. Receivables are judged irrecoverable, and accounted for as such, when the applicable debtors' irremediable default has been proven by an irrecoverability certificate or similar element or on expiry of all means of legal recourse.

When the maturity of a debt is more than a year, its amount is subject to a discount calculation using the effective interest rate method, the result of which is classified as financial income or expens.

1.5.2.9.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash equivalents, marketable securities, short-term investments and other monetary funds held for the purpose of meeting the Group's short-term cash commitments, as provided for by IAS 7 and by the joint recommendation of France's accounting standard-setter (ANC) and financial markets authority (AMF) dated November 27, 2018 and giving effect to the new European regulation 2017/1131 on money market funds.

Cash and cash equivalents comprise cash, bank deposits and other fixed rate investments subject to an insignificant risk of changes in value and with a maturity of no more than three months at the acquisition date. Bank deposits with maturities in excess of three months may also be classified as cash equivalents so long as they provide from the outset the option for cancellation at will, or at least every three months, without penalty. Other investments with maturities in excess of three months (or of less than three months, but subject to changes in their value) are classified as "Other current financial assets".

Cash and cash equivalents are measured at their fair value with changes in fair value recognized in profit or loss.

Negotiable securities held with a view to short-term gain are measured at their fair value with changes in fair value recognized in profit or loss. Fair value is determined on the basis of market prices or, if no market price is available, by using appropriate discounted cash flow modeling techniques incorporating market data.

1.5.2.9.14 Derivative financial instruments

The Group uses derivative financial instruments to manage its business exposure to foreign currency risk, interest rate risk and certain commodity price risks. The principal derivatives utilized by the Group are firm or optional forward exchange contracts, raw material forward purchases or options and contracts providing for the exchange of foreign currencies or interest rates.

All derivatives are measured at their fair value, which is based on:

- The prices quoted in an active market; or
- The use of appropriate option valuation or discounted cash flow modeling techniques incorporating market data; or
- The use of other valuation techniques integrating parameters estimated by the Group, in the absence of observable data.

In certain circumstances, hedge accounting may be applied to financial instruments which are designed to compensate, wholly or partly, for changes in the fair value of recognized assets or liabilities or unrecognized firm commitments, or for variability in the cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or for changes in the value of a net investment in a foreign operation. The effectiveness of hedges is assessed at regular intervals and at least once per quarter.

Fair value hedges comprise derivatives designed to hedge exposure to foreign currency and/or interest rate risk. The gain or loss from revaluing such hedging instruments at fair value at the end of the reporting period is recognized in profit or loss, whilst the gain or loss on the hedged items attributable to the hedged risks adjusts the carrying amount of the hedged items and is also recognized in profit or loss.

Derivatives may also be used to hedge the exposure to variability in cash flows of future transactions such as export sales, purchases of plant and equipment denominated in foreign currencies, commodity purchases (whether in terms of price variability or foreign currency risk) and transactions subject to interest rate risk. Gains or losses relating to the effective portion of such hedges are recognized in other comprehensive income, whilst the ineffective portion of such gains or losses is recognized in profit or loss. When the hedged forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified as part of the cost of acquisition of the asset or liability.

Derivatives are equally used to reduce the exposure to foreign currency risk of net investments in foreign operations. Changes in the fair value of such instruments are recognized directly in other comprehensive income until such time as the foreign operation is disposed of.

Trading derivatives include derivatives used in accordance with the Group's hedging policies, but to which hedge accounting is not applied, as well as derivatives acquired in order to attain targeted returns on investment portfolios. Changes in the fair value of such derivatives are recognized in profit or loss.

1.5.2.9.15 Paid-in capital

Paid-in capital is included as part of equity. Costs directly attributable to the issue of new equity shares or options are recognized in equity, net of tax, as a deduction from the issue proceeds.

When a Group company purchases shares of the Company (treasury shares), the amount of consideration paid, including any directly attributable costs net of tax, is treated as a deduction from consolidated equity pending any cancellation, re-issue or sale. In the event of re-issue or sale, the amount of consideration received, less any directly attributable costs net of tax, is added to the amount of equity attributable to equity holders of the Company.

1.5.2.9.16 Short, medium and long-term borrowings

Interest-bearing debts are initially recognized at their fair value net of transaction costs and are subsequently measured at amortized cost using the effective interest method. They are classified as current liabilities unless the Group has an unconditional right to defer repayment for at least twelve months after the year-end

1.5.2.9.17 Put options granted to non-controlling stockholders

Under IAS 32, when non-controlling stockholders dispose of put options in respect of their investments, those interests are reclassified as financial liabilities measured at the present value of the exercise prices for the options. Any difference between the exercise price of options granted and the historical value of the applicable non-controlling interests classified as financial liabilities is eliminated by adjusting the Group share of equity. The Group share of equity is adjusted for any subsequent changes in the estimated exercise value of options. The impact of unwinding the discounted value of the financial liability continues to be recognized in profit or loss.

Put options are classified as part of other non-current liabilities given their materiality at the level of the Group (see IAS 1.58).

1.5.2.9.18 Employee benefits and share-based payment

In accordance with the laws and practices of each country, Group companies incur obligations for pensions and other retirement or early retirement benefits and for other provident or miscellaneous benefits such as long-service medals etc. These obligations generally apply to all employees and/or ex-employees of the companies concerned.

In the case of defined contribution plans and of short-term benefit obligations, annual expense is recognized on the basis of the contributions payable or benefits earned.

In the case of defined benefit plans, benefit obligations are estimated using the projected unit credit method based on the particular rules applicable to each plan as well as on actuarial assumptions for such matters as mortality rates, staff turnover and salary increases. Future obligations (and returns on plan assets) are discounted using rates determined by reference to market yields on high quality corporate bonds (or on government bonds if there is no deep market in corporate bonds) in the currencies of, and for similar terms to, the obligations.

The actuarial gains and losses arising from changes in actuarial assumptions or improved experience are recognized directly in other comprehensive income as they arise and are never recycled to profit or loss.

Past service cost following the introduction of, or changes to, a defined benefit plan is recognized immediately as an expense. For each plan, if the defined benefit obligation less any related plan assets and less any unrecognized gains and losses is a net liability, the amount is disclosed within “Provisions”, if the net amount is an asset, it is disclosed within “Other financial assets”.

Post-employment benefit costs are classified as personnel costs with the exception of financial costs and the expected return on plan assets, which are classified as financial income or expense.

Certain subsidiaries propose other post-employment benefits mainly in the form of long-service benefits the cost of which is estimated on an actuarial basis and charged to profit or loss over the applicable service periods. Actuarial gains and losses are recognized immediately.

The Group has instituted a remuneration plan involving the attribution of stock options. The fair value of the services rendered by employees in exchange for the stock options is recognized as an expense such that the total expense recognized over the period of acquisition of rights equates with the fair value (as of the date of allocation) of the options granted. At each year-end, the Group reassesses the number of options liable to be exercised and, if necessary, recognizes an adjustment in profit or loss and a corresponding adjustment in equity. The consideration received when options are exercised, net of any directly attributable transaction costs, is credited to share capital (for the nominal share amount) and to other paid-in capital for the surplus.

1.5.2.9.19 Other provisions

Provisions for site restoration, restructuring, legal action and other risks are recognized when the Group is under a legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Restructuring provisions, which include amounts relating to penalties for termination of leases and employee termination benefits, are not recognized until detailed plans have been prepared and implementation has commenced or valid expectations as to the discharge of the obligation have otherwise been created (notably by an announcement). Provisions are never recognized for future operating losses.

When there exist a certain number of similar obligations, the probability that an outflow of resources may be required to discharge the obligations is considered for the category of obligations taken as a whole and, albeit the probability of an outflow of resources for each individual element may be low, if it is probable that a certain outflow of resources will be required to discharge the category of obligations as a whole, a provision is recognized.

The amount recognized as a provision is the best estimate of the present value of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each liability. Unwinding of discount is recognized as part of net financial expense.

1.5.2.10 *Management of financial risk*

1.5.2.10.1 Financial risk

The Group's activities expose it to different types of financial risk: market risk, credit risk and liquidity risk. The Group engages in risk management, sometimes involving the use of derivative financial instruments, in order to minimize the potentially unfavorable effects of these risks on the Group's financial performance.

Risk management is carried out in accordance with policies approved by the Supervisory Board. Financial risks are identified, measured and hedged in close cooperation with the Group's operating units. Specific procedures for each transaction category specify the instruments which may be employed, the maximum authorized amounts, the authorized counterparties and the controls to be applied.

1.5.2.10.2 Market risk

Market risk may be defined as the exposure to changes in factors such as foreign exchange rates, interest rates and the price of equity instruments, liable to affect the Group's financial performance or the value of its financial instruments. Management of market risk is designed to contain such exposure within acceptable limits whilst optimizing the tradeoff between risk and profitability. As regards raw material prices (mainly for milk, butter and powder), the Group can only manage the associated risks where organized markets exist which is generally the case only in the USA.

1.5.2.10.3 Foreign currency risk

The Group has an international presence but suffers little exposure to foreign currency risk given that its products are for the most part locally manufactured. Foreign currency risk otherwise applies to forecast commercial transactions, recognized assets and liabilities denominated in foreign currency and net investments in foreign operations.

The Group uses firm or optional forward exchange contracts to hedge its exposure to foreign currency risk in respect of forecast commercial transactions and recognized assets and liabilities. In this respect, the Group's policy is to hedge approximately 80% of the amount of its forecast transactions in each significant foreign currency for the coming 12 months.

The Group determines the existence of an economic relationship between a hedging instrument and the associated hedged item in terms of the currency, amount and timing of their respective cash flows. A hypothetical derivative is used to determine the effectiveness of each designated hedging derivative in offsetting changes in the cash flows associated with each hedged item.

The Group has invested in certain foreign operations whose net assets are exposed to foreign currency risk.

1.5.2.10.4 Interest rate risk

The Group is exposed to interest rate risk on its borrowings. Borrowings initially contracted at variable rates expose the Group to the risk of variation in future cash flows, whilst borrowings initially contracted at fixed rates expose the Group to the risk of changes in fair value. The Group adapts its policy in respect of hedging of interest rate risk according to the evolution of interest rates and of its borrowings.

1.5.2.10.5 Credit risk

Credit risk may be defined as the exposure to loss as a result of the failure of a customer, or of the counterparty to a financial instrument, to honor its contractual obligations.

The risk is essentially associated with trade receivables (see note 198), investments (see note 165) and derivative financial instruments with asset balances (see note 20).

The Group does not have material exposure to credit risk since it has implemented policies which enable it to ensure that customers purchasing its products present appropriate credit credentials. The Group also selects its banking partners in such a way as to spread its deposits and requirements for derivative financial instruments judiciously and to ensure that it deals with first class banks and financial institutions, thus avoiding any material concentration of financial risks.

The allowance for expected trade receivables impairment is measured using the ageing balance of trade receivables, the valuation of credit risk and credit insurances.

1.5.2.10.6 Liquidity risk

Liquidity risk arises when certain counterparties are liable not to discharge their obligations for financing or investment. In terms of financing, the Group ensures its liquidity via a policy of confirmed medium and long-term facilities which are only partially used. In terms of investment, liquidity is ensured by limiting recourse to non-monetary investments (see notes 27 and 30).

1.5.2.10.7 Estimation of fair values

Certain of the Group's accounting policies and required disclosures involve estimation of the fair value of both financial and non-financial assets and liabilities. The requisite estimation is performed under supervision by the Group's finance department.

Fair value is based on:

- The prices quoted in an active market; or
- The use of appropriate option valuation or discounted cash flow modeling techniques incorporating market data; or
- The use of other valuation techniques integrating parameters estimated by the Group, in the absence of observable data;

The fair value of trade and other receivables and payables is assumed to equate with their nominal amount less any applicable impairment losses.

1.5.2.10.8 Critical accounting judgments and estimates

The preparation of consolidated financial statements in accordance with IFRSs requires the use of estimates and assumptions liable to affect the value of the Group's assets, liabilities, equity and earnings. Such estimates and assumptions mainly relate to the valuation of goodwill and other intangible assets, tangible assets, provisions, post-employment benefit obligations and deferred tax. Estimates are prepared on the basis of the information available at the time the consolidated financial statements are prepared and are detailed in the applicable notes (see notes 7, 13, 14, 17 and 26).

1.5.2.10.9 Capital management

The Group's policy consists in maintaining a level of equity adequate to preserving the confidence of investors, creditors and the market and to sustaining the future development of its businesses.

Group employees hold 3.22% of the Company's shares via a corporate savings plan.

The Group occasionally purchases its own shares in the market. The rhythm of purchases is conditioned by its capital management requirements and by the Company's share price. The shares purchased are mainly used in the framework of the Group's stock option plans. Decisions as to purchase and sale are taken on an ad hoc basis.

No changes were made in the Group's capital management policy during 2019.

Neither the parent company nor its subsidiaries are subject to any specific external requirements in respect of capital.

NOTE 1. CHANGES IN CONSOLIDATION SCOPE

During the 2019 fiscal year, the main change was the following:

On July 26, 2019 the Group acquired 100% of Fromageries Papillon SAS, SCI du Bousquet, SNC Fromageries du Levezou, SNC Saveurs de France and SNC Force Plus for total consideration of €31.9 million. Fromageries Papillon is one of the historical manufacturers of the Roquefort Protected Denomination of Origin cheese distributed under the Papillon brand since 1906. The transaction reflected the Group's policy of developing its portfolio of original cheese brands recognized for their high quality. The entities have been fully consolidated by the Group since their date of acquisition.

In accordance with IFRS 3 (revised), a preliminary valuation of the fair value of the assets acquired, and liabilities and contingent liabilities assumed, at the date of acquisition has been performed and may be adjusted during the 12 months following the date of acquisition. Tangible fixed assets will be professionally valued. The preliminary valuation has led to the recognition in particular of:

- €13.4 million for the Papillon brand;
- €0.3 million of inventory revaluation;
- €1.3 million of provisions for post-employment benefits;
- €4.3 million of deferred tax liabilities;
- €11.8 million of goodwill.

The transaction has had -€33.1 million of impact on the Group's cash flows taking into account the net cash acquired.

Fromageries Papillon has made a €10.2 million contribution to the Group's consolidated net sales for the post-acquisition period, with current operating income of €0.6 million.

The transaction affects the "Cheese Products" operating segment.

During the 2018 fiscal year, the main changes were the following:

- An additional 22% subscription to the share capital of Ferrari on February 22, 2018 thereby raising the Group's total interest to 49% and generating €2.8 million of goodwill;
- An additional 7.5% subscription to the share capital of La Compagnie Fromagère de Tunisie on April 18, 2018 thereby raising the Group's total interest to 50% and generating €1.5 million of goodwill.

The additional interests acquired have conferred joint control of the entities by the Group. As such, the entities continue to be accounted for by use of the equity method.

- The acquisition of 70% of US company Palace Industries Inc. by our subsidiary ACMA on May 16, 2018. The company is a cheese products specialist. Its goodwill amounts to USD 3.8 million.

A purchase and sale option for the 30% of shares still held by non-controlling shareholders, valued at €2.9 million and recognized in the consolidated statement of financial position, will be available for exercise with effect from the beginning of the third year following the initial acquisition.

- These transactions affected the Cheese Products operating segment;
- -The acquisition of 80% of Bake Plus Co, Ltd in South Korea on March 21, 2018. The company essentially acts as a distributor. Its goodwill amounts to €10.1 million.

A purchase and sale option for the 20% of shares still held by the non-controlling shareholder, valued at €10.2 million and recognized in the consolidated statement of financial position, will be available for exercise with effect from the beginning of the fifth year following the initial acquisition;

This transaction affected the "Other Dairy Products" operating segment.

These transactions had -€34.8 million of impact on the Group's cash flows taking into account the net cash acquired.

NOTE 2. SEGMENT REPORTING

The Group's segment reporting is based on the internal reporting used by the Chief Executive Officer, the Group's main operational decision-taker. The reported data are prepared in accordance with the Group's accounting framework.

Two operating segments are distinguished between:

The **Cheese Products** segment: manufacture and distribution of branded cheeses and cheese specialties in most markets.

The **Other Dairy Products** segment: manufacture and distribution of fresh butter and cream for mass consumption, food service products such as fresh and

long-life cream, dessert preparations, pastry-making butter and milk-based preparations for international luxury hotels, as well as technical butters and highly specialized dairy proteins for the food, nutrition and health industries.

Only the following key performance indicators: net sales, current operating profit and profit margin are reviewed and used by sector by the Chief Executive Officer. Other indicators, notably those relating to cash flows and net debt, are prepared and analyzed at the level of the Group.

Items in the summarized consolidated income statement by operating segment may be reconciled to the Group's figures as follows :

	12 months							
	Cheese Products		Other Dairy Products		Other Items		Total	
In thousands of euro	2019	2018	2019	2018	2019	2018	2019	2018
Net sales by segment	2 911 499	2 795 521	2 243 574	2 193 163	82 114	75 521	5 237 187	5 064 205
Inter-segment revenue	- 127 633	- 103 486	- 41 329	- 41 022	- 60 931	- 57 072	- 229 893	- 201 580
Third party net sales	**2 783 866**	**2 692 035**	**2 202 245**	**2 152 141**	**21 183**	**18 449**	**5 007 294**	**4 862 625**
Depreciation, amortization and provisions	- 100 278	- 81 296	- 54 817	- 42 454	- 11 343	- 8 993	- 166 438	- 132 743
Current operating profit/(loss)	**139 280**	**158 955**	**76 045**	**40 967**	**- 23 199**	**- 22 281**	**192 126**	**177 641**
Current operating profit margin (1)	**4,8 %**	**5,7 %**	**3,4 %**	**1,9 %**			**3,8 %**	**3,7 %**
Coûts de réorganisation	- 8 400	- 23 313	- 3 536	- 8 157	- 11 737	- 5 183	- 23 673	- 36 653
Impairment of assets (2)	- 14 099	- 6 602	- 11 767	- 7 938	-	-	- 25 866	- 14 540
Segment profit/(loss)	**116 781**	**129 040**	**60 742**	**24 872**	**- 34 936**	**- 27 464**	**142 587**	**126 448**

(1) The calculation of operating profit margin is not relevant for the "Other items" segment.
(2) See note 7

Items in the summarized consolidated statement of financial position by operating segment may be reconciled to the Group's figures as follows:

	Cheese products		Other Dairy Products		Other items		Total	
In thousands of euro	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Total assets of which:	2 552 404	2 342 491	1 388 107	1 268 619	- 15 438	47 688	3 925 073	3 658 798
Investments in associates	134 008	131 908	753	821	-	-	134 761	132 729

Investing cash flows by operating segment may be reconciled to the Group's figures as follows:

	12 months							
	Cheese Products		Other Dairy Products		Other Items		Total	
In thousands of euro	2019	2018	2019	2018	2019	2018	2019	2018
Investment in tangible and intangible non-current assets	143 708	136 393	63 700	52 238	11 534	7 304	218 942	195 935

Reconciliation of segment profit to net income for the year:

In thousands of euro	12 months 2019	2018
Segment profit	**142 587**	**126 448**
Other operating expense	- 8 677	- 10 581
Other operating income	3 541	2
Operating profit	**137 451**	**115 869**
Financial expense	- 31 778	- 30 375
Financial income	10 466	11 953
Result on monetary position	2 458	- 14 599
Group share of results of associates	2 032	2 882
Profit before tax	**120 629**	**85 730**
Taxes on income	- 45 617	- 28 428
Net income for the year	**75 012**	**57 302**

Net sales and investment in tangible and intangible non-current assets by geographical zone:

In thousands of euro	France	Rest of Europe	Rest of the world	Total
Net sales				
At December 31, 2019	1 429 273	1 997 961	1 580 060	**5 007 294**
At December 31, 2018	1 457 778	1 955 682	1 449 165	**4 862 625**
Investment in tangible and intangible non-current assets				
At December 31, 2019	111 247	53 109	54 586	**218 942**
At December 31, 2018	86 216	52 246	57 473	**195 935**
Total assets				
At December 31, 2019	3 212 956	449 068	263 049	**3 925 073**
At December 31, 2018	3 040 960	419 645	198 193	**3 658 798**

NOTE 3. PURCHASES ADJUSTED FOR CHANGES IN INVENTORIES

In thousands of euro	12 months 2019	2018
Raw materials and goods consumed	- 3 521 469	- 3 432 485
Changes in inventory	39 122	36 597
Expenditure capitalized	4 487	4 551
Other consumption	- 222 783	- 213 890
Sales of surpluses and by-products and exchanges of milk	462 619	414 901
	- 3 238 024	**- 3 190 326**

The changes in raw materials and goods consumed, and sales of surplus and by-products and exchanges of milk, are directly related to the fluctuations of the dairy economy.

NOTE 4. PERSONNEL COSTS

In thousands of euro	12 months 2019	2018
Gross remuneration	- 591 433	- 564 519
Social contributions	- 236 682	- 222 595
Profit-sharing (*)	- 20 547	- 14 786
Temporary personnel	- 69 676	- 66 651
Grants received	211	384
	- 918 127	**- 868 167**

(*) in 2019, including an exceptional bonus.

The Group had an average of 20,031 employees (including temporary employees) in 2019 (compared with 19,888 in 2018), of whom 8,212 were employed in France, 6,551 in the rest of Europe and 5,268 in the rest of the world. Of employees working in France 19% were employed as managers, 32% as technicians or supervisors and 49% as operatives.

NOTE 5. DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euro	12 months 2019	2018
Depreciation and amortization (*)	- 164 793	- 133 277
Movements on operating provisions	- 1 645	534
	- 166 438	**- 132 743**

(*) In 2019, including €26.9 million of amortization of right-of-use assets following the first-time application of IFRS 16 (see note 15).

NOTE 6. OTHER CURRENT OPERATING INCOME AND EXPENSE

In thousands of euro	12 months 2019	2018
Purchased services (1)	- 464 087	- 460 270
Taxes other than taxes on income	- 44 366	- 38 999
Movements on operating provisions (2)	15 874	5 521
	- 492 579	**- 493 748**

(1) This line item is impacted by the first-time application of IFRS 16 on January 1, 2019 resulting in the cancellation, in 2019, of €28.8 million of lease charges, notably offset by increased maintenance, subcontracting and advertising costs. The line item also includes €0.1 million of acquisition expenses (€0.4 million in 2018).

(2) Including €3.1 million of research tax credits (€3.4 million in 2018) and €5 million of insurance proceeds.

Purchased services include €2.2 million of auditors' fees of which €1.1 for KPMG SA and €0.9 million for PwC Audit, amounts similar to 2018. Other services rendered amounted to €0.2 million, of which €0.1 million for each of PWC Audit and KPMG SA, again in line with 2018.

They related essentially to services for new standards implementation, verification of the non-financial performance statement and issuance of attestations.

NOTE 7. OTHER OPERATING INCOME AND EXPENSE

In thousands of euro	12 months 2019	2018
Reorganizations [1]	- 23 673	- 36 653
Impairment of assets (note 13)	- 25 866	- 14 540
Litigation and compensation	- 963	- 515
Gains or losses on disposal of tangible fixed assets	- 973	70
Other items [2]	- 3 201	- 10 134
	- 54 675	**- 61 772**

(1) Mainly including the pursuit of reorganization in France in 2019 and in 2018, costs for France and Central Europe.
(2) An €8.8 million provision was recognized in 2018 for the Modilac product recall. In 2019, an additional €2.7 million were provided.

In 2019, this caption includes €19.7 million for the cost of closure of the Saint Saviol plant (including €7.3 million of reorganization cost and €12.4 million of impairment of assets).

NOTE 8. NET FINANCIAL EXPENSE

In thousands of euro	12 months 2019	2018
Interest expense [1]	- 13 141	- 12 586
Bank commissions	- 4 591	- 4 652
Interest on lease liabilities (*) [2]	- 3 063	-
Other net financial expense	- 6 725	- 9 437
Net foreign exchange losses	- 4 258	- 3 700
FINANCIAL EXPENSES	- 31 778	- 30 375
Interest income [3]	9 384	10 449
Net outcome of interest rate hedging [4]	1 082	1 504
FINANCIAL INCOME	10 466	11 953
NET FINANCIAL EXPENSE	- 21 312	- 18 422
Of which: net interest expense [1] + [2] + [3] + [4]	- 5 738	- 633

(*) Net financial expense for 2019 is impacted by the €3.1 million impact of the first-time application of IFRS 16.

NOTE 9. RESULT ON NET MONETARY POSITION

Hyperinflation

Argentina is generally considered to have become a hyperinflationary economy with effect from since July 1, 2018.

The requirement is for the financial statements of the applicable subsidiaries, prepared in their functional currency, to be restated in accordance with the historical cost convention (subject to application of a general price index) so as to reflect the measuring unit current at the year-end. All non-monetary assets and liabilities are thus adjusted for inflation to reflect their "real" value at the year-end.

Comprehensive income (i.e. reflecting the income statement plus the statement of other comprehensive income) is also restated to reflect the inflation experienced during the period. Monetary items that are already stated at the measuring unit at the balance sheet date do not require restatement. The impacts for non-monetary assets and liabilities are recognized in profit or loss as "gain or loss on net monetary position". Within the Group's consolidated financial statements, the financial statements for each applicable entity are then converted into euro at the applicable closing rates with the result that all their assets, liabilities, equity, income and expenses are measured on the basis of the year-end closing rate.

EVOLUTION OF THE PRICE INDEX IN ARGENTINA

	2011 (*)	2017.12	2018.12	2019.12
Index	457,7	1 656,62	2 459,85	3 782,82
Evolution vs 2011		262 %	437 %	726 %
Evolution vs Y-1			48 %	54 %

(*) Date of Milkaut Group's takeover.

The impact of the hyperinflation adjustments on the main consolidated financial statements may be summarized as follows :

CONSOLIDATED INCOME STATEMENT

	12 months	
In millions of euro	2019	2018
Net sales	27,7	18,5
Purchases adjusted for changes in inventory	- 25,4	- 11,3
Personnel costs	- 5,3	- 3,9
Depreciation and amortization	- 2,6	- 1,5
Other current operating expense	- 3,4	- 2,5
CURRENT OPERATING PROFIT	- 9,0	- 0,7
Other operating costs	- 0,1	-
Other operating income	0,1	-
OPERATING PROFIT	- 9,0	- 0,7
Net financial income (expense)	0,1	- 0,1
Result on net monetary position	2,5	- 14,6
RESULT BEFORE TAX	- 6,4	- 15,4
Income tax expense	- 0,8	- 2,1
NET INCOME FROM CONTINUING OPERATIONS	- 7,2	- 17,5
NET INCOME	**- 7,2**	**- 17,5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of euro	At December 31, 2019	At December 31, 2018
ASSETS		
Intangible assets	-	-
Property, plant and equipment	12,7	9,0
Deferred tax assets	-	-
TOTAL NON-CURRENT ASSETS	12,7	9,0
Inventories and work in progress	0,6	0,9
TOTAL CURRENT ASSETS	0,6	0,9
TOTAL ASSETS	13,3	9,9

	At December 31, 2019	At December 31, 2018
EQUITY AND LIABILITIES		
Reserves	16,5	24,5
Retained earnings	- 7,2	- 17,5
GROUP SHARE OF EQUITY	9,3	7,0
TOTAL EQUITY	9,3	7,0
Deferred tax liabilities	4,0	2,9
Total non-current liabilities	4,0	2,9
Total liabilities	4,0	2,9
TOTAL EQUITY AND LIABILITIES	13,3	9,9

NOTE 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's main joint ventures are Compagnie des Fromages et RichesMonts (CF&R) in France and its subsidiary Sodiaal Gmbh in Germany, both 50% owned.

The partnership with Sodiaal was created at the beginning of 2008 in order to benefit from the synergies associated with the two groups' brands, manufacturing resources, commercial positions and know-how.

The Group also has interests in certain other joint ventures and associates which are not individually material.

	12 months	
In thousands of euro	2019	2018
Group share in pre-tax results	3 686	3 568
Group share of income tax	- 1 654	- 686
Net Group share	**2 032**	**2 882**

At December 31, 2019 the change in investments in joint ventures and associates may be explained as follows:

In thousands of euro	At December 31, 2019	At December 31, 2018
At January 1, 2019	**132 729**	**121 277**
Change in consolidation scope (*)	-	10 071
Result for the period	2 032	2 882
Dividends distributed	- 10	- 1 260
Other items	- 296	117
Impact of foreign exchange differences	306	- 358
CLOSING BALANCE	**134 761**	**132 729**

(*) (During 2018, the Group subscribed to an additional 22% of the share capital of Ferrari, thereby raising the Group's total interest to 49%. The Group also subscribed to an additional 7.5% share capital of La Compagnie Fromagère de Tunisie to reach 50%. Under shareholders' agreements, these companies are joint ventures and are accounted for using the equity method.

In thousands of euro	Compagnie des Fromages et RichesMonts At December 31, 2019	At December 31, 2018
Current assets	187 172	193 412
Non-current assets	192 474	170 861
ASSETS	**379 646**	**364 273**
Equity	211 948	206 724
Current liabilities	122 906	120 920
Non-current liabilities	44 792	36 629
EQUITY AND LIABILITIES	**379 646**	**364 273**
Current assets	2 366	981
Non-current assets	3 507	2 249
Assets	10 523	2 798

In thousands of euro	Compagnie des Fromages et RichesMonts 12 months 2019	2018
Net sales	569 921	558 474
Net income	5 816	4 123
Other adjustments	- 83	48
Other comprehensive income	- 592	236
Overall result for the year	5 141	4 407

In thousands of euro	Compagnie des Fromages et RichesMonts At December 31, 2019	At December 31, 2018
Dividends received from the joint venture or associate	-	- 1 261

Reconciliation of these amounts with use of the equity method:

In thousands of euro	Compagnie des Fromages et RichesMonts At December 31, 2019	At December 31, 2018
Equity	211 948	206 724
Percentage of interest	50 %	50 %
Share of Equity	105 974	103 362
Other adjustments (*)	4 565	4 606
Value of the Group's interest	**110 539**	**107 968**
Net income of associates	5 734	4 171
Percentage of interest	50 %	50 %
Group share of net income and adjustments	**2 867**	**2 086**
Group share of other comprehensive income	**- 296**	**118**

(*) Essentially goodwill.

NOTE 11. TAXES ON INCOME

Taxes on income may be broken down as follows:

	12 months	
In thousands of euro	**2019**	**2018**
Current tax	- 48 564	- 39 254
Deferred tax	2 947	10 826
	- 45 617	**- 28 428**

The amount of income tax expense differs from the theoretical weighted average charge applying to the profits of consolidated subsidiaries for the following reasons:

	12 months	
In thousands of euro	**2019**	**2018**
Profit before tax	120 628	85 730
Theoretical tax based on the current tax rate in France	**41 536**	**29 516**
Difference between foreign and French tax rates (1)	- 12 133	- 12 284
Tax impact of:		
• Restatement of tax for associates	- 810	- 930
• Non-taxable profits and non-deductible expenses	3 522	- 2 199
• Current and deferred tax resulting from the analysis of France's CVAE as a tax on income	6 790	6 376
• Tax credits	- 1 397	- 853
• Use of tax losses not previously recognized and impairment of net deferred tax assets (2)	5 512	- 934
• Tax rate changes affecting deferred tax (3)	- 548	2 602
• Other items (4)	3 145	7 134
Income tax charge	**45 617**	**28 428**
Weighted average tax rate	**37,82 %**	**33,16 %**

(1) *Since foreign tax rates are often lower than in France.*
(2) *Deferred tax assets recognized in respect of tax losses carried forward to the extent that their recovery appears probable. In 2019, the Group's forecast taxable profits for the three coming years have required the recognition of net impairment of €5.5 million, against a net impairment reversal of €0.9 million in 2018.*
(3) *Taking into account the effect of tax rate changes planned in France on deferred taxes.*
(4) *Including the impact of adjustment of hyperinflation in Argentina for €2.7 million in 2019 and €6.7 million in 2018. Excluding this effect, the weighted average rate would be 35.5% compared with 25.4% in 2018.*

NOTE 12. EARNINGS AND DIVIDEND PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to equity holders of Savencia SA by the weighted average number of shares outstanding during each period with the exception of treasury shares held by the parent company (see note 24).

	2019	2018
Net income attributable to equity holders of Savencia SA *(In thousands of euro)*	**73 602**	**54 826**
Weighted average number of shares in circulation	13 821 300	13 931 051
Basic earnings per share	**5.33**	**3.94**

Diluted earnings per share are calculated by increasing the weighted average number of shares outstanding by the number of additional shares which would be created assuming the exercise of all outstanding share purchase options.

	2019	2018
Net income attributable to equity holders of Savencia SA *(In thousands of euro)*	**73 602**	**54 826**
Net income attributable to equity holders of Savencia SA	13 821 300	13 931 051
Dilutive effect of share purchase options	133 852	266 819
Adjusted weighted average number of shares	13 955 152	14 197 870
Diluted earnings per share	**5.27**	**3.86**

Dividends paid in 2019 and 2018 amounted respectively to €1 and €1.40 per share. The Board of Directors will propose at the Annual General Meeting on April 23, 2020 that a dividend of €1.30 per share be distributed in respect of the fiscal year ended December 31, 2019.

NOTE 13. INTANGIBLE ASSETS

In thousands of euro		Goodwill [1]	Intellectual property rights and brands [2]	Other rights of use	Total
At 12/31/2017					
Cost		382 737	244 051	43 852	670 640
Cumulative amortization and impairment		- 9 606	- 97 672	- 21 312	- 128 590
CARRYING AMOUNT		**373 131**	**146 379**	**22 540**	**542 050**
2018					
OPENING CARRYING AMOUNT		**373 131**	**146 379**	**22 540**	**542 050**
Foreign exchange differences		- 12 752	- 94	- 27	- 12 873
Acquisitions		-	4 750	2 119	6 869
Disposals		-	- 139	- 95	- 234
Impairment		-	124	-	124
Change in consolidation scope [3]	(note 1)	4 578	10	-	4 588
Reclassification [4]		-	8 833	- 8 833	-
Impact of hyperinflation [5]		-	7	-	7
Amortization		-	- 7 164	- 831	- 7 995
Impact of operations in process of sale		-	-	-	-
CARRYING AMOUNT		**364 957**	**152 706**	**14 873**	**532 536**
At 12/31/2018					
Cost		372 106	259 864	36 972	668 942
Cumulative amortization and impairment		- 7 149	- 107 158	- 22 099	- 136 406
OPENING CARRYING AMOUNT		**364 957**	**152 706**	**14 873**	**532 536**
2019					
VALEUR NETTE COMPTABLE À L'OUVERTURE		**364 957**	**152 706**	**14 873**	**532 536**
Foreign exchange differences		12 500	- 184	8	12 324
Acquisitions		-	3 285	5 165	8 450
Disposals		-	- 40	- 1	- 41
Impairment		- 10 062	8	-	- 10 054
Change in consolidation scope [3]	(note 1)	11 802	13 396	84	25 282
Reclassification [4]		-	1 099	- 1 099	-
Impact of hyperinflation [5]		-	- 2	-	- 2
Amortization		-	- 7 709	- 686	- 8 395
Impact of operations in process of sale		-	-	-	-
CARRYING AMOUNT		**379 197**	**162 559**	**18 344**	**560 100**
At 12/31/2019					
Cost		395 410	273 930	40 286	709 626
Cumulative amortization and impairment		- 16 213	- 111 371	- 21 942	- 149 526
CARRYING AMOUNT		**379 197**	**162 559**	**18 344**	**560 100**

(1) Net goodwill for the Cheese Products reporting segment amounted to €206.5 million (2018: €182.7 million) and for the Other Dairy Products segment to €172.7 million (2018: €182.3 million.
(2) Net brands for the Cheese Products reporting segment amounted to €103.6 million (2018: €90.4 million) and net brands for the Other Dairy Products segment amounted to €33.7 million (2018: €33.7 million).
(3) During 2019, acquisition of Fromageries Papillon and in 2018, acquisition of Bake Plus and Palace Industries and goodwill adjustment for B.M.K. acquired in December 2017.
(4) Completion of intangible assets in progress.
(5) Impact of hyperinflation in Argentina.

Intangible assets with indefinite lives had a carrying amount of €516.5 million at December 31, 2019 compared to €489 million at December 31, 2018. They comprise goodwill and brands.

IMPAIRMENT TESTS:

The impairment losses recognized in 2019 and 2018 result from impairment tests performed either on all cash-generating units that have intangible assets with indefinite useful lives, or on cash-generating units for which indications of value loss have been identified.

The main assumptions for the determination of value in use are related to:

- Trends in major markets;
- The evolution of the prices of raw materials: the price of milk as well as world prices for butter and powder;
- Financial assumptions for exchange rates, the cost of foreign currency hedges, inflation rates and interest rates;
- The evolution of discount rates and long-term growth rates.

The assumptions retained are the market assumptions when information is available (currencies, interest rates etc.). Assumptions about raw materials are developed collegially internally and based on historical trends adjusted according to the market changes anticipated by our specialists.

The discount rates used depend on the weighted average cost of the capital used by the Group, increased by risk coefficients depending on the geographical areas where the activities are pursued.

The methodology has evolved inasmuch as from 2019, the discount rate also reflects a size factor and medium-term inflation rates. The calculation of recoverable amount also takes into account a long-term growth rate for the terminal flow.

NET CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS WITH INDEFINITE LIVES AND SENSITIVITY ANALYSIS OF THE RECOVERABLE AMOUNT OF CGUs

	Carrying amount of goodwill and brands		Carrying amount of other assets		Discount rate		Long-term growth rate	Impact on recoverable value: discount rate +0.5%	Impact on recoverable value: long-term growth rate decreased by 0.5% (*)	Impact on recoverable value: long-term growth rate decreased by 0.5% (*)
In millions of euros	At December 31, 2019	At December 31, 2018	At December 31, 2019	At December 31, 2018	2019	2018	At December 31, 2019	At December 31, 2019	At December 31, 2019	At December 31, 2019
CHEESE PRODUCTS										
WEST EUROPE	149.47	119.10	431.11	429.10	6 % à 6.5 %	4.5 % à 5 %	1.0 %	-9.2 %	-7.9 %	-6.4 %
SOUTH EUROPE	5.87	5.90	17.70	16.50	7.5 % à 8 %	5.5 % à 6 %	1.0 %	-7.4 %	-6.2 %	-8.3 %
CENT. EUR. (EU)	13.40	30.10	71.81	65.10	7 % à 9.5 %	5.5 % à 8.5 %	1.0 %	-9.1 %	-7.9 %	-4.7 %
CENT. NOT EU (1)	115.23	86.80	54.11	32.90	11 % à 17 %	9 % à 20 %	1 % à 2 %	-3.3 %	-8.7 %	-8.3 %
CHEESE INTERNATIONALLY										
USA	21.16	20.80	61.21	49.50	6.5 %	5.5 %	1.0 %	-9.4 %	-10.3 %	-6.4 %
BRAZIL/URUGUAY	-	-	33.36	32.90	13.0 %	13.50 %	2.0 %	-5.7 %	-8.2 %	-3.8 %
CHILI	0.48	0.50	2.91	3.20	8.0 %	6.0 %	2.0 %	-8.3 %	-85.0 %	-4.7 %
CHINE	-	-	66.31	62.10	8.0 %	5.5 %	2.0 %	-7.9 %	-5.2 %	-4.6 %
INDE	-	-	2.30	2.20	10.0 %	9.0 %	2.0 %	-5.9 %	-6.8 %	-5.3 %
JAPAN	-	-	4.57	3.80	6.0 %	5.0 %	1.0 %	-9.3 %	-11.0 %	-5.3 %
EGYPT	-	-	0.78	0.40	18.0 %	23.5 %	1.0 %	-4.6 %	-16.5 %	
PHILIPPINES	-	-	0.25	-	-	-	-	-	-	-
OTHER DAIRY PRODUCTS										
FRANCE MILK ZONES	123.78	129.20	220.37	213.30	6.5 %	5.0 %	1.0 %	-9.4 %	-8.1 %	-5.0 %
SODILAC	25.93	35.70	0.48	0.30	6.5 %	5.0 %	1.0 %	-24.6 %	-23.1 %	-5.0 %
POLOGNE	-	-	25.00	25.20	8.0 %	6.5 %	1.0 %	-9.1 %	-6.0 %	-5.0 %
AFP -USA	2.11	2.10	65.17	57.40	6.5 %	5.5 %	1.0 %	-8.5 %	-9.4 %	-7.8 %
CORMAN	23.14	23.10	44.56	42.50	6.0 %	4.5 %	1.0 %	-10.1 %	-8.8 %	-5.0 %
SINODIS – CHINA	25.81	25.60	1.62	2.00	8.0 %	5.5 %	2.0 %	-7.9 %	-5.2 %	-5.0 %
MILKAUT-ARGENTINA	-	-	20.39	18.70	28.0 %	17.5 %	2.0 %	-119.8 %	-124.9 %	-123.9 %
BAKE PLUS – KOREA	10.11	10.10	3.60	3.70	6.5 %	5 %	2.0 %	-10.1 %	-8.5 %	-4.9 %
TOTAL	**516.49**	**489.00**	**1 127.61**	**1 060.80**						

(*) The operating margin rate is calculated by dividing current operating profit or loss by net sales.

(1) Given the recoverable amount for the residual assets in Russia, a 0.5% increase in the discount rate would produce €9.7 million of additional impairment, a 5% decrease in the operating margin rate would produce €12 million of additional impairment and a 0.5% decrease in the long-term growth rate would produce €7.4 million of additional impairment.

In 2019, the forecasts of the Group's long-term plan take into account changes in the markets and competition as well as the difficult economic situation of certain countries not expected to exit the economic crisis in the near future. These have led to the recognition of net impairment losses on tangible fixed assets of €25.9 million including €12.4 million for Saint Saviol, €9.8 million for Sodilac and €5.6 million for the Brazil/Uruguay CGU offset by a reversal of impairment of €0.8 million for Central Europe and €1.1 million for other CGUs.

At the end of December 2019, the cumulative impairment losses amounted to €76.3 million of which €14.8 million for Southern Europe, €19.3 million for Eastern Europe, €23.5 million for Brazil /Uruguay, €5.6 million for Argentina, €10.5 million for France and €2.6 million for other CGUs.

In 2018, the forecasts of the Group's long-term plan led to the recognition of net impairment losses on tangible fixed assets of €3 million for the Brazil/Uruguay CGU, €2.1 million for Paslek in Poland, €0.3 million for Central Europe and a €0.6 million for other CGUs.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

In thousands of euro		Land	Buildings, fixtures and fittings	Plant, equipment and tooling	Other items	Total
At 12/31/2017						
Cost		44 231	654 135	1 678 355	345 313	2 722 034
Cumulative depreciation, amortization and impairment		- 856	- 401 603	- 1 216 982	- 151 783	- 1 771 224
CARRYING AMOUNT		**43 375**	**252 532**	**461 373**	**193 530**	**950 810**
2018						
OPENING CARRYING AMOUNT		**43 375**	**252 532**	**461 373**	**193 530**	**950 810**
Foreign exchange differences		417	- 1 588	- 2 984	- 5 511	- 9 666
Acquisitions		7 326	12 706	27 744	147 476	195 252
Disposals		- 386	- 1 811	2 554	- 6 811	- 6 454
Impairment		- 368	- 8 748	- 9 311	- 477	- 18 904
Reversal of impairment		142	1 344	1 628	1 126	4 240
Change in consolidation scope [1]	(note 1)	2 237	12 732	7 836	- 429	22 376
Reclassification [2]		634	20 875	91 557	- 113 066	-
Impact of hyperinflation [3]		117	2 753	5 198	1 653	9 721
Depreciation and amortization		-	- 24 839	- 82 611	- 17 832	- 125 282
Impact of operations in process of sale		223	270	-	-	493
CARRYING AMOUNT		**53 717**	**266 226**	**502 984**	**199 659**	**1 022 586**
At 12/31/2018						
Cost		55 769	710 107	1 786 099	365 178	2 917 153
Cumulative depreciation, amortization and impairment		- 2 052	- 443 881	- 1 283 115	- 165 519	- 1 894 567
CARRYING AMOUNT		**53 717**	**266 226**	**502 984**	**199 659**	**1 022 586**
2019						
OPENING CARRYING AMOUNT		**53 717**	**266 226**	**502 984**	**199 659**	**1 022 586**
Transfer of IAS 17 contracts to right-of-use assets per IFRS 16		- 5 048	- 207	- 587	- 3 151	- 8 993
Foreign exchange differences		45	1 224	182	- 836	615
Acquisitions		3 184	13 144	24 772	167 541	208 641
Disposals		- 571	- 3 174	- 1 741	- 667	- 6 153
Impairment		- 451	- 2 676	- 15 725	- 3 679	- 22 531
Reversal of impairment		3	2 908	3 583	35	6 529
Change in consolidation scope [1]	(note 1)	93	2 391	2 654	584	5 722
Reclassification [2]		900	19 487	64 424	- 84 749	62
Impact of hyperinflation [3]		382	3 316	3 490	- 769	6 419
Depreciation and amortization		-	- 25 323	- 82 386	- 19 604	- 127 313
Impact of operations in process of sale		- 172	- 1 365	3	-	- 1 534
CARRYING AMOUNT		**52 082**	**275 951**	**501 653**	**254 364**	**1 084 050**
At 12/31/2019						
Cost		54 221	742 624	1 873 546	438 047	3 108 438
Cumulative depreciation, amortization and impairment		- 2 139	- 466 673	- 1 371 893	- 183 683	- 2 024 388
CARRYING AMOUNT		**52 082**	**275 951**	**501 653**	**254 364**	**1 084 050**

1) *In 2019, acquisition of Fromageries Papillon. In 2018, acquisition of Bake Plus and Palace Industries and fair value adjustment of B.M.K.'s acquisition balance sheet.*
2) *Entry into service of tangible assets under construction.*
3) *Impact of hyperinflation in Argentina.*

In 2019, investment grants of €6.4 million were deducted from the cost of the assets financed (2018: €6 million).

Items of property, plant and equipment under construction amounted to €176 million (2018: €122 million) in line with the projected development of production capacities for certain activities..

NOTE 15. LEASES ACCOUNTED FOR IN ACCORDANCE WITH IFRS 16

Impacts of first-time application in 2019

On transition to IFRS 16, the Group has recognized right-of-use assets and additional lease liabilities and reflected the difference in its undistributed reserves. The assets mainly comprise real estate property (more than half the total) plus plant, equipment and vehicles.

The impacts of the transition, excluding deferred tax, are summarized hereafter:

ASSETS

In thousands of euro	Initial application of IFRS 16
Right-of-use assets	71 874
Deferred tax assets	20 391
ASSETS	**92 265**

EQUITY AND LIABILITIES

In thousands of euro	Initial application of IFRS 16
Lease liabilities	70 687
Trade payables	1 146
Deferred tax liabilities	20 432
EQUITY AND LIABILITIES	**92 265**

Lease liabilities have been calculated by discounting the future lease charges for leases previously classified as operating leases on the basis of its marginal borrowing cost as of January 1, 2019 assessed as a weighted average rate of 2.25%.

RECONCILIATION OF CONTINGENT LIABILITIES FOR OPERATING LEASES TO OPENING LEASE LIABILITIES

In thousands of euro	
Contingent liabilities for operating leases as of December 31, 2018	**75 523**
Impact of IFRS 16 exemptions	- 1 545
Contractual commitment assessment variance	- 5 830
Undiscounted lease liabilities	**68 148**
Impact of discounting	- 6 337
Discounted lease liabilities (*)	**61 811**
Existing finance lease liabilities	8 876
Lease liabilities at January 1, 2019 after first-time application of IFRS 16	**70 687**

(*) per IAS 17 in 2018.

Impacts on the consolidated financial statements for 2019

The main impacts as of December 31, 2019 of the first-time application of IFRS 16 are as follows:

Impacts on the consolidated income statement:

For the applicable leases, the Group has recognized amortization, depreciation and interest charges in place of the previous lease charges for operating leases. For 2019, €26.9 million of amortization and depreciation and €3.1 million of interest charges have been recognized in lieu of €28.8 million of lease charges. In 2018, the corresponding lease charges amounted to €40.7 million.

In thousands of euro	At December 31, 2019
Charges and credits to operating provisions	- 26 940
Other operating income and expense	28 845
CURRENT OPERATING INCOME	1 905
OPERATING INCOM	1 905
Interest on lease liabilities	- 3 063
Net foreign exchange impact	- 607
RESULT BEFORE TAX	- 1 765
Deferred taxes	451
RESULT FOR THE YEAR	- 1 314

Impacts on the consolidated statement of financial position:

ASSETS

In thousands of euro	At December 31, 2019
Right-of-use assets	63 598
Deferred tax assets	18 465
ASSETS	**82 063**

EQUITY AND LIABILITIES

In thousands of euro	At December 31, 2019
Undistributed reserves	- 1 314
EQUITY	- 1 314
Non-current lease liabilities	42 985
Deferred tax liabilities	18 306
TOTAL NON-CURRENT LIABILITIES	61 291
Trade payables	857
Current lease liabilities	21 229
TOTAL CURRENT LIABILITIES	22 086
EQUITY AND LIABILITIES	**82 063**

Detailed impact on right-of use assets and lease liabilities:

RIGHT-OF-USE ASSETS

In thousands of euro	Land	Buildings, fixtures and fittings	Plant, equipment and tooling	Other items	Total
OPENING CARRYING AMOUNTS	-	-	-	-	-
First-time application of IFRS 16 at 01/01/2019	**5 996**	**33 424**	**14 440**	**18 014**	**71 874**
Changes in scope of consolidation	-	-	-	-	-
Translation differences	101	- 128	- 1	15	- 13
Assets recognized	38	15 957	4 626	11 500	32 121
Assets derecognized	- 192	- 9 262	- 482	- 4 433	- 14 369
Impairment	-	-	-	-	-
Reversal of impairment	-	-	-	-	-
Charge for amortization and depreciation	- 287	- 11 661	- 6 158	- 8 411	- 26 517
Hyperinflation	-	92	116	294	502
Cost	5 931	39 870	18 286	24 357	88 444
Accumulated amortization and depreciation	- 275	- 11 448	- 5 745	- 7 378	- 24 846
Accumulated impairment	-	-	-	-	-
CARRYING AMOUNTS AT 12/31/2019	5 656	28 422	12 541	16 979	63 598

OBLIGATIONS LOCATIVES

In thousands of euro	At December 31, 2019	Current	Non Current
OPENING BALANCE	-	-	-
First-time application of IFRS 16	**70 687**		
Increase	33 258		
Repayment	- 39 833		
Translation differences	102		
Changes in scope of consolidation	-		
CLOSING BALANCE	64 214	21 229	42 985

	At December 31, 2019
Maturing within a year	21 229
Maturing within >1 to 5 years	31 278
Maturing beyond 5 years	11 707

Other informations:

LEASE CHARGES OUTSIDE THE SCOPE OF IFRS 16

The table below summarizes the lease charges for leases not capitalized:

In thousands of euro	At December 31, 2019
Low value leased assets (< or = €5,000)	- 2 520
Short-term leases (< or = 12 months)	- 2 734
Variable lease payments	- 3 631
Non-deductible VAT	- 383
Leases not capitalized for other reasons	- 1 683
	- 10 951

Eventual service components of leases are excluded from the applicable lease charges.

NOTE 16. OTHER FINANCIAL ASSETS

In thousands of euro	At December 31, 2019	At December 31, 2018
Loans and receivables (1)	17 547	18 159
Long-term securities measured at fair value through profit or loss (>1yr)	12 589	11 795
Impairment	-	-
	30 136	**29 954**

(1) No requirement for impairment.

The other financial assets include €1.1 million for a 16% interest in Les Fromageries Occitanes (the Group does not exercise notable influence), €2.5 million for shares in Cathay Capital and €3 million for Horizon Agroalimentaire convertible bonds. Other investments are not material.

NOTE 17. DEFERRED TAX

Deferred tax recognized in the consolidated statement of financial position reflects all the temporary differences existing between the carrying amounts of consolidated assets and liabilities and their amounts for tax purposes.

Deferred tax assets relate principally to post-employment and other employee benefits, in respect of which tax deductibility is subordinated to the effective payment of amounts, and tax loss carryforwards with maturities for the most part in excess of 5 years.

Unrecognized deferred tax assets amounted to €56.4 million at December 31, 2019 and €49.2 million at December 31, 2018, mainly for tax losses including €18 million for South America, €11.5 million for France, €9.6 million for Spain, €4 million for Poland, €3.6 million for Egypt and €9.7 million for other countries.

Deferred tax liabilities relate principally to differences in the rhythm of depreciation of property, plant and equipment and amortization of intangible assets for accounting purposes and for tax purposes in the various countries where the Group is present

The €2.9 million deferred tax credit recognized for the year is essentially the result of deferred tax assets on tax losses.

The amount of deferred tax recognized in other comprehensive income for 2019 is €1.3 million. It mainly includes deferred tax on the evolution of financial instruments' fair value, actuarial gains and losses and hyperinflation adjustments.

Following tax reform in France in particular, since 2017 deferred tax assets and liabilities have been measured on the basis of the newly adopted rates with regard to the expected periods of recovery, with a net impact in 2019 of a deferred tax charge of €0.7 million compared with €2.8 million in 2018.

In thousands of euro	January 1, 2019	Expense / income	Change in Fair value	actuarial gain / losses	Hyper-inflation	Change in consolidation scope (*)	Other items	Conversion differences	At December 31, 2019
Intangible assets and property, plant and equipment	- 95 788	- 648	-	-	- 2 075	- 4 804	-	- 1 321	- 104 636
Adoption of IFRS16	-	451	-	-		-	- 290	- 2	159
Provisions	21 443	7 632	-	-		-	- 47	23	29 051
Provisions for employee benefits	22 172	1 763	-	4 088		403	- 1 207	43	27 262
Financial instruments	- 3 627	3 849	- 842	-		-	- 19	-	- 639
Tax losses	87 861	1 166	-	-		-	-	4	89 031
Other deferred tax	10 307	- 4 779	-	-	5	-	2 837	1 861	10 231
Total deferred tax	**42 368**	**9 434**	**- 842**	**4 088**	**- 2 070**	**- 4 401**	**1 274**	**608**	**50 459**
Impairment of deferred tax assets	- 49 172	- 6 487	-	-	-	-	- 802	72	- 56 389
TOTAL DEFERRED TAX	**- 6 804**	**2 947**	**- 842**	**4 088**	**- 2 070**	**- 4 401**	**472**	**680**	**- 5 930**
Of which :									
Deferred tax assets	43 080								49 916
Deferred tax liabilities	49 884								55 846

(*) Consolidation of Fromageries Papillon.

NOTE 18. INVENTORIES AND WORK IN PROGRESS

In thousands of euro	At December 31, 2019	At December 31, 2018
Raw materials, work in progress and miscellaneous items(*)	222 147	215 448
Goods purchased for resale	34 863	34 241
Finished products	343 285	301 124
Impairment losses	- 34 549	- 33 333
	565 746	**517 480**

(*) In 2019, the valuation of inventories was impacted by the increase of commodity prices and by the trend in world prices for industrial products.

The impairment losses relate essentially to inventories of intermediate and finished products.

In 2019, an impairment charge of €2.5 million was recorded compared with a charge of €1.6 million in 2018.

NOTE 19. TRADE AND OTHER RECEIVABLES

In thousands of euro	At December 31, 2019	At December 31, 2018
Trade receivables	740 595	711 334
Payroll and tax receivables (excluding taxes on income)	98 405	76 809
Miscellaneous receivables	48 615	43 693
Prepayments and other miscellaneous items	18 012	14 151
Impairment losses	- 19 575	- 17 095
	886 052	**828 892**

The Group has little exposure to credit risk in respect of its trade receivables, given that our products are essentially sold to major distributors and that the associated receivables are often covered by specific insurance, thus leaving only residual amounts subject to risk. A total non-guaranteed amount of €2.6 million was more than six months overdue as of December 31, 2019 compared with €2.5 million as of December 31, 2018.

In 2019 a write-down of trade receivables of €1.5 million was recognized compared with a reversal of impairment of €0.2 million in 2018.

Prepayments mainly comprise insurance.

SCHEDULE OF IMPAIRED RECEIVABLES BY MATURITY

	Unsecured receivables		Impairment		Average rate of impairment	
In million euro	At December 31, 2019	At December 31, 2018	At December 31, 2019	At December 31, 2018	At December 31, 2019	At December 31, 2018
Not yet due	226.6	176.8	- 0.5	- 0.3	0.2 %	0.2 %
Past due by 1-3 months	37.6	46.0	- 0.5	- 0.3	1.3 %	0.7 %
Past due by 3-6 months	2.2	1.6	- 0.9	- 0.2	40.9 %	12.5 %
Past due by > 6 months	12.7	12.2	- 10.1	- 9.8	79.5 %	80.3 %
	279.1	**236.6**	**- 12.0**	**- 10.6**		

NOTE 20. FINANCIAL ASSETS – DERIVATIVES

	At December 31, 2019		Maturity in 2020		Maturity beyond 2020	
In thousands of euro	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Commodity derivatives	-	-	-	-	-	-
Interest rate swaps (1)	13 023	109 044	2 006	8 902	11 017	100 142
Currency derivatives	-	-	-	-	-	-
Instruments held for trading						
Currency derivatives	2 028	110 195	2 028	110 195	-	-
Interest rate derivatives (2)	11 970	130 000	508	30 000	11 462	100 000
Commodity derivatives	277	-	277	-	-	-
	27 298	**-**	**4 819**	**-**	**22 479**	**-**
Of which : classified as current	4 819	-	4 819	-	-	-
Of which : classified as non-current	22 479	-	-	-	22 479	-

(1) Maturity in 2020 (8,902), 2025 (28,930) and annual maturity (10% per year) until 2026 (71,212)
(2) Maturity in 2019 (20,000), 2020 (30,000) and 2027 (100,000)

	At December 31,2018		Maturity in 2019		Maturity beyond > 2019	
In thousands of euro	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Commodity derivatives	47	-	47	-	-	-
Interest rate swaps (1)	7 071	115 721	1 744	8 734	5 327	106 987
Currency derivatives	-	-	-	-	-	-
Instruments held for trading						
Currency derivatives	3 630	85 130	3 630	85 130	-	-
Interest rate derivatives (2)	6 135	150 000	-	20 000	6 135	130 000
Commodity derivatives	398	-	398	-	-	-
	17 281	**-**	**5 819**	**-**	**11 462**	**-**
Of which : classified as current	5 819	-	5 819	-	-	-
Of which : classified as non-current	11 462	-	-	-	11 462	-

(1) Maturity in 2019 (8,734), 2025 (28,384) and annual maturity (10% per year) until 2026 (78,603)
(2) Maturity in 2019 (20,000), 2020 (30,000) and 2027 (100,000).

The main sources of non-effectiveness of the Group's hedging relationships are:

- For interest rate hedging, the risk element for counterparts and for the Group with regard to the fair value of swaps which is not reflected in the change in fair value of the cash flows for the hedged items attributable to changes in interest rates and to differences in the re-fixing interest rate dates applicable to the swaps and the underlying loans;
- For foreign exchange hedging, the risk element for counterparts and for the Group with regard to the fair value of forward currency contracts which is not reflected in the change in fair value of the cash flows for the hedged items attributable to changes in foreign exchange rates and in the timing of the hedged transactions.

NOTE 21. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets include investments in mutual fund and other securities which have maturities of less than one year but do not meet all criteria enabling them to qualify as cash equivalents (based on analysis of issue prospectuses and review of the historical changes in their realizable values).

NOTE 22. CASH AND CASH EQUIVALENTS

In thousands of euro	At December 31, 2019	At December 31, 2018
Cash	184 952	240 072
Cash equivalents	280 944	231 864
CASH AND CASH EQUIVALENTS	**465 896**	**471 936**

Cash equivalents essentially comprise shares in mutual funds and term deposits.

Cash and cash equivalents as presented in the consolidated statement of cash flows may be reconciled as follows with the consolidated statement of financial position.

In thousands of euro	At December 31, 2019	At December 31, 2018
Cash and cash equivalents	465 896	471 936
Bank overdrafts and financial current accounts	- 135 899	- 153 175
TRÉSORERIE NETTE	**329 997**	**318 761**

NOTE 23. DÉTAIL PAR NATURE DES OTHER ÉLÉMENTS DU RÉSULTAT GLOBAL

	12 months					
	2019			2018		
In thousands of euro	Pre-tax amount	Tax effect	Amount net of tax	Pre-tax amount	Tax effect	Amount net of tax
Foreign exchange differences	11 837	-	11 837	- 30 869	-	- 30 869
Change in fair value of financial assets	-	-	-	-	-	-
Change in fair value of cash flow hedges	- 840	- 616	- 1 456	- 4 346	994	- 3 352
Currency basis spread	658	- 226	432	781	- 269	512
Hyperinflation	14 053	- 2 070	11 983	25 541	- 1 044	24 497
Other movements	87	-	87	- 2 625	634	- 1 991
Share of associates and joint ventures in recyclable components	306	-	306	- 358	-	- 358
Total recyclable components of other comprehensive income	**26 101**	**- 2 912**	**23 189**	**- 11 876**	**315**	**- 11 561**
Actuarial gains and losses on post-employment benefit plans	- 14 854	4 088	- 10 766	5 437	- 1 645	3 792
Share of associates and joint ventures in non-recyclable components	-	-	-	-	-	-
Total non-recyclable components of other comprehensive income	- 410	114	- 296	176	- 58	118
Other comprehensive income	**- 15 264**	**4 202**	**- 11 062**	**5 613**	**- 1 703**	**3 910**
ACTUARIAL GAINS AND LOSSES ON POST-EMPLOYMENT BENEFIT PLANS	**10 837**	**1 290**	**12 127**	**- 6 263**	**- 1 388**	**- 7 651**

NOTE 24. EQUITY

	Evolution of paid-in capital				
In thousands of euro	Number of shares outstanding	Ordinary shares	Additional paid-in capital	Treasury shares	Total
BALANCE AT AU 01/01/2018	13 910 873	14 033	81 478	-7 345	88 166
Share purchase option plan					-
• Value of services rendered			-		-
• Sale/cancellation of treasury shares	32 100	-	-	1 122	1 122
• Purchase of treasury shares	- 7 981			-	-
BALANCE AT 12/31/2018	13 934 992	14 033	81 478	- 6 223	89 288
Share purchase option plan					
• Value of services rendered	-	-	-	-	-
• Sale/cancellation of treasury shares	4 300	-	-	-	-
• Purchase of treasury shares	- 151 560	-	-	- 8 725	- 8 725
BALANCE AT 12/31/2019	**13 787 732**	**14 033**	**81 478**	**- 14 948**	**80 563**

In thousands of euro	Hedging reserves	Available-for-sale financial asset fair value reserves	Actuarial gains and losses	Translation differences	Total
BALANCE AT 01/01/2018	- 7 963	2 742	- 20 474	- 38 110	- 63 805
Revaluation – gross		-			-
Revaluation – tax effect		-			-
Revaluation – associates					-
Cash flow hedges					-
• Fair value adjustments for the period	- 3 565				- 3 565
• Tax effect	725				725
Actuarial gains and losses – gross			5 241		5 241
Actuarial gains and losses – tax effect			- 1 607		- 1 607
Translation differences					-
• Group				- 30 847	- 30 847
• Associates			101	- 358	- 257
Other items	-	-	-	-	-
BALANCE AT 12/31/20188	- 10 803	2 742	- 16 739	- 69 315	- 94 115
Revaluation – gross		-			-
Revaluation – tax effect		-			-
Revaluation – associates					-
Cash flow hedges					-
• Fair value adjustments for the period	- 182				- 182
• Tax effect	- 842				- 842
Actuarial gains and losses – gross			- 13 978		- 13 978
Actuarial gains and losses – tax effect			3 866		3 866
Translation differences					-
• Group				11 751	11 751
• Associates			- 254	306	52
Other items	-	-	-	- 1	- 1
BALANCE AT 12/31/2019	**- 11 827**	**2 742**	**- 27 105**	**- 57 259**	**- 93 449**

The company's share capital, fully paid-up at December 31, 2019, comprises 14,032,930 shares with a par value of €1 per share.

Shares held The company's share capital, fully paid-up at December 31, 2019, comprises 14,032,930 shares with a par value of €1 per share in a registered account and in the same name for at least six years have dual voting rights.

As of December 31, 2019 Savencia SA held 245,198 (2018: 97,938) treasury shares of which 6,661 (2018: 10,531) held in the context of the Group's liquidity agreement. The Group's various share purchase option plans represented 106,100 shares at December 31, 2019 (134,900 at December 31, 2018). Additional paid-in capital, representing a total amount of €81,478 thousand at December 31, 2019, comprises the French legal reserve for €1,613 thousand, share premium arising from mergers and other share issues for €73,609 thousand and share premium arising on the exercise of options for €6,256 thousand.

Share purchase options have been granted to certain directors and managers of the Company and its subsidiaries. Their exercise prices are equal to the average market prices for the twenty days preceding their dates of issue. They may be exercised between one and ten years from their dates of issue (between four and ten years commencing with the 2006 plan with any resale only allowed after the sixth year). The last share option plan dates from 2011.

The number of share purchase options outstanding and their weighted average exercise prices are as follows:

	2019		2018	
	Weighted average exercise price *(euro per share)*	Options	Weighted average exercise price *(euro per share)*	Options
At January 1r	42,20	134 900	43,48	200 020
Granted	50,35	- 4 300	49,17	- 31 600
Expired	5,62	- 24 500	43,27	- 33 520
AT DECEMBER 31	**50,31**	**106 100**	**42,20**	**134 900**

The dates of expiry and exercise prices of share purchase options outstanding at the end of the reporting period are as follows:

	Exercise price *(euro per share)*	Options outstanding	
		2019	2018
December 16, 2019	51,14	-	25 500
December 16, 2020	57,11	54 250	56 250
December 15, 2021	46,87	51 850	53 150
		106 100	**134 900**

NOTE 25. NON-CONTROLLING INTERESTS IN THE GROUP'S OPERATIONS AND CASH FLOWS

The Group's non-controlling interests may be broken down as follows:

	Compagnie Laitière Européenne		Other interests		Total	
	12 months		12 months		12 months	
In thousands of euro	2019	2018	2019	2018	2019	2018
% voting rights	14.14 %	14.14 %	-	-	-	-
% economic interest	14.14 %	14.14 %	-	-	-	-
Share of net income	465	- 1 285	945	3 761	1 410	2 476
Share of other comprehensive income	- 361	158	- 231	- 86	- 592	72
Share of total comprehensive income	104	- 1 127	714	3 675	818	2 548
Cumulative non-controlling interests	71 767	72 657	29 151	31 811	100 918	104 468
Dividends paid to non-controlling interests	994	1 134	1 448	1 388	2 442	2 522

IFRS whole entity financial data (100% interest) before intragroup eliminations:

BALANCE SHEET

	Compagnie Laitière Européenne	
In thousands of euro	At December 31, 2019	At December 31, 2018
Assets currents	675 423	627 842
Assets non currents	572 444	566 636
ASSETS	1 247 867	1 194 478
Equity	424 858	431 697
Current liabilities	582 096	530 624
Non-current liabilities	240 913	232 157
EQUITY AND LIABILITIES	**1 247 867**	**1 194 478**

INCOME STATEMENT

	12 months	
In thousands of euro	2019	2018
Net sales	1 762 921	1 771 208
Net income	- 3 733	- 17 720
Overall result for the year	- 5 845	- 17 660

NOTE 26. PROVISIONS

In thousands of euro	Pensions, other retirement benefits and long-service benefits	Reorganization	Other risks and charges	Total
At january 1, 2018	**93 270**	**5 463**	**8 262**	**106 995**
Foreign exchange differences	- 1	- 28	- 639	- 668
Provisions	2 224	26 562	12 056	40 842
Uses	- 4 563	- 2 085	- 3 850	- 10 498
Change in scope of consolidation	63	-	-	63
Change in actuarial gains and losses	- 5 437	-	-	- 5 437
Other variations	- 384	-	-	- 384
At December 31, 2018	**85 172**	**29 912**	**15 829**	**130 913**
Foreign exchange differences	- 1	29	- 339	- 311
Constitution de provisions (1)	9 619	8 051	5 037	22 707
Uses (2)	- 5 051	- 13 507	- 11 890	- 30 448
Change in scope of consolidation	1 430	-	-	1 430
Change in actuarial gains and losses (3)	14 854	-	-	14 854
Other variations	- 558	-	-	- 558
AT DECEMBER 31, 2019	**105 465**	**24 485**	**8 637**	**138 587**

(1) The increase in provisions for reorganization is mainly applicable to the plan for closure of the St Saviol site in France. On July 1, 2019 the Group had received an expression of interest by an industrial partner for acquisition of the site, but the partner finally withdrew its offer on December 30, 2019. The closure will take place during the first half of 2020. The increase in provisions for other risks and charges includes €2.7 million for litigation and €2.3 million of miscellaneous amounts.

(2) The reversals of provisions for reorganization include €10.6 million of use and €2.9 million of provisions no longer required. The reversals of provisions for other risks and charges include €10.6 million of use and €1.3 million of provisions no longer required.

(3) The change essentially reflects the evolution of discount rates.

Provisions for contingencies and disputes are destined to cover known risks and litigation. Provisions for disputes are not recognized until such time as the Group, in agreement with its legal advisors, deems that it will be faced with an unfavorable settlement.

At December 31, 2019 the principal contingencies and disputes accounted for related to reorganization for €24.5 million (December 2018: €29.9 million), for the planned closure of the St Saviol site in 2019 and for rationalization announced and launched in France and Central Europe in 2018, to disputes relating to matters of employment or social security for €4.4 million (December 2018: €3.5 million), to commercial disputes for €0.8 million (December 2018: €0.9 million) and to miscellaneous other contingencies for €3.4 million (December 2018: €11.4 million).

Post-employment benefit plans

The post-employment benefits provided by the Group vary depending on each entity's legal requirements. They may be provided under defined contribution or defined benefit plans.

Defined contribution plans

Defined contribution plans involve the payment of periodic contributions to third parties responsible for the administrative and financial management of the plans. The employer has no subsequent obligation for the payment of benefits over and above the amount of its contributions.

Defined benefit plans

Defined benefit plans involve the employer in an obligation to pay benefits to its employees and to recognize due provision. Benefit obligations are estimated periodically, by independent actuaries, using the projected unit credit method based on actuarial assumptions for the applicable demographic, economic and financial variables. They mainly relate to lump-sum retirement bonuses and supplementary pensions and may or may not be subject to specific partial funding. The partially funded plans are mainly located in France, Germany, the UK, and Belgium. The associated employer's contributions may be transferred to third parties, notably insurance companies. The non-funded plans relate essentially to lump-sum retirement bonuses and other benefits, which only vest if the employee is still employed within the Group at the time of retirement.

The assumptions relating to pensions, other retirement benefits and long-service benefits vary according to each country and its applicable requirements. They may be summarized as follows:

	France		Germany		UK		Belgium	
	2019	2018	2019	2018	2019	2018	2019	2018
Discount rate [1]	0.77 %	1.54 %	0.77 %	1.54 %	1.90 %	2.70 %	0.35 % à 0.60 %	1.20 % à 1.90 %
Inflation rate	1.80 %	1.80 %	1.80 %	1.80 %	2.80 %	3.30 %	1.80 %	1.80 %
Rate of salary increases	2.20 %	2.00 %	3.00 %	3.00 %	n/a	n/a	1.80 %	1.80 %

(1) 0.1% for annuities and long-service benefits in 2019 (1.09% in 2018)

The discount rate employed is based on the IBOXX AA10+ index equating with the issue rate for first-class corporate bonds in France and Germany.

A 0.5% increase in the discount rate would reduce the present value of the obligations by €4 million for France and €7.7 million for Germany. A 0.5% increase in the inflation rate would raise the present value of the obligations by €4.5 million for France and €2.4 million for Germany.

The expected return on plan assets is determined for each plan (under IAS19 (revised)) based on the discount rates applicable for each country.

Mortality rates are based on each country's published death and life expectancy statistics. Retirement age reflects the rules applying in each country.

ÉVOLUTION DES ENGAGEMENTS	2019	2018
ENGAGEMENTS À L'OUVERTURE	159 128	167 652
Interest expense	2 354	2 296
Current service cost	8 322	7 388
Past service cost (*)	- 266	- 6 409
Actuarial differences related to the demographic assumptions	- 265	422
Actuarial differences related to the financial assumptions	21 359	- 5 194
Actuarial differences related to experience adjustments	9	- 1 356
Benefits paid	- 6 377	- 5 776
Internal transfers	147	- 130
Tax and administration costs	- 261	- 184
Foreign exchange differences	298	20
Movements of business combinations	1 430	63
Other movements	54	336
CLOSING BENEFIT OBLIGATIONS	**185 932**	**159 128**

EVOLUTION OF PLAN ASSETS	2019	2018
OPENING PLAN ASSETS	73 956	74 382
Expected return from plan assets	1 222	1 151
Services served by the fund	- 5 066	- 4 356
Contributions paid to the fund by Group companies	3 740	3 143
Internal transfers		
Tax and administration charges	- 189	- 185
Foreign exchange differences	299	21
Actuarial gain/loss	6 248	- 691
Change in scope of consolidation		
Other movements	257	491
CLOSING PLAN ASSETS	**80 467**	**73 956**

CHARGE FOR THE PERIOD	2019	2018
Current service cost	8 322	7 388
Past service cost (*)	- 266	- 6 409
Total service cost	8 056	979
Interest expense	2 354	2 296
Yield on plan assets	- 1 222	- 1 151
Net interest expense	1 132	1 145
Other movements	431	100
CHARGE FOR THE PERIOD	9 619	2 224

ACTUARIAL GAINS AND LOSSES IMPACTING OTHER COMPREHENSIVE INCOME	2019	2018
• Related to demographic assumptions	- 265	422
• Related to financial assumptions	21 324	- 5 194
• Related to experience adjustments	43	- 1 356
• Related to assets (other than financial income)	- 6 248	691
TOTAL	**14 854**	**- 5 437**

EVOLUTION OF THE PROVISIONS	2019	2018
OPENING PROVISIONS	85 172	93 270
Charge for the period	9 619	2 224
Actuarial gains and losses impacting other comprehensive income	14 854	- 5 437
Benefits paid directly by employer	- 1 311	- 1 420
Foreign exchange differences	- 1	- 1
Contributions paid to the fund by Group companies	- 3 740	- 3 143
Transfers and other adjustments	- 558	- 384
Change in scope of consolidation	1 430	63
CLOSING PROVISIONS	**105 465**	**85 172**

RECONCILIATION OF NET BENEFIT OBLIGATIONS AND PROVISIONS	2019	2018
Net obligations	185 932	159 128
Plan assets	- 80 467	- 73 956
CLOSING PROVISIONS	**105 465**	**85 172**

(*) In 2018, impact of the change in FNIL/FNCL collective bargaining agreements

The closing benefit obligations as at December 31, 2019 of €185.9 million may be broken down as follows:

- €30 million for non-funded plans;
- €155.9 million for partially funded plans.

The contributions for 2019 in respect of French companies represent a €0.9 million charge.

Most Group companies have insured all or part of their liability for lump-sum retirement benefits.

The estimated amount of the related third-party funds as of December 31, 2019 may be broken as follows:

	France		Germany		UK		Belgium	
	2019	2018	2019	2018	2019	2018	2019	2018
Equity instruments	32.9 %	33.4 %	14.5 %	12.1 %	26.0 %	26.0 %	-	-
Debt instruments	52.3 %	51.1 %	29.1 %	37.2 %	65.8 %	65.8 %	-	-
Real estate	13.6 %	13.4 %	15.1 %	13.7 %	3.3 %	3.3 %	-	-
Insurance policies	-	-	-	-	-	-	100.0 %	100.0 %
Other funds	1.1 %	2.1 %	41.3 %	37.0 %	5.0 %	4.9 %	-	-

NOTE 27. BORROWINGS AND OTHER FINANCIAL LIABILITIES EXCLUDING LEASE LIABILITIES

In thousands of euro	At December 31, 2019	Non-current	Current	At December 31, 2018(*)	Non-current	Current
Borrowings from financial and similar institutions	663 095	13 910	649 185	594 358	38 431	555 927
Deferred liabilities for profit-sharing payments	11 661	9 240	2 421	12 897	9 608	3 289
Bond issues	310 096	300 142	9 954	296 793	286 987	9 806
Finance lease borrowings				8 876	7 876	1 000
Current bank facilities	112 400	-	112 400	141 069	-	141 069
TOTAL	**1 097 252**	**323 292**	**773 960**	**1 053 993**	**342 902**	**711 091**

(*) Including finance lease borrowings per IAS 17 in 2018.

The amounts presented exclude the amounts of purchase and sale options contracted with the holders of non-controlling interests in Group companies. Following the first-time application of IFRS 16, lease liabilities are presented as a distinct line item with effect from 2019.

The Group's unused confirmed long-term borrowing facilities are adequate to cover its use of short-term facilities.

In 2014, its syndicated facility was renewed for up to seven years.

Borrowings from financial and similar institutions, for non-current facilities, represent the use of confirmed bank lines of credit.

Bond issues include five private borrowings. The first borrowing was issued in 2011 and 2013 (maturing in 2025 and 2026) with a residual nominal amount of $122.5 million and began repayment in 2019. The second was issued in 2016 with a nominal amount of €20 million and is repayable from 2027 in five annual instalments.

The third was issued in 2017 with a nominal amount of €130 million and is repayable progressively from 2028. The fifth was issued in 2018 with a nominal amount of €30 million and is repayable from 2029 in five annual instalments. The fifth was issued in 2019 with a nominal amount of €20 million and is repayable from 2030 in five annual instalments.

The Group's average borrowings from financial and similar institutions amounted in 2019 to €1,198 million with an average interest cost of 1.48% after hedging and inclusive of bank commission.

In order to limit the impact on its results of changes in interest rates, the Group uses interest rate swaps and options to hedge its total net medium and long-term floating rate euro borrowings. The principal variable rates used by the Group are Euribor and Eonia.

Equally, to limit the impact of changes in the value of the dollar, the Group applies a policy of foreign currency hedging covering the total amount, and total duration, of its dollar-denominated borrowings.

In thousands of euro	At December 31, 2019	At December 31, 2018 (*)
Within one year	773 960	711 091
Between one and five years	53 829	84 402
In excess of five years	269 463	258 500
	1 097 252	**1 053 993**

They are denominated in the following currencies:

In thousands of euro	At December 31, 2019	At December 31, 2018 (*)
EUR	932 156	886 007
JPY	1 710	2 542
USD	109 422	121 405
Other currencies	53 964	44 039
	1 097 252	**1 053 993**

They may be broken down as follows by type of interest payable:

In thousands of euro	At December 31, 2019	At December 31, 2018 (*)
Fixed rate borrowings	368 034	345 467
Floating rate borrowings	729 218	708 526
	1 097 252	**1 053 993**

(*) Including finance lease liabilities under IAS 17 in 2018

Floating rate borrowing costs are based on Euribor or Eonia plus margins not exceeding 70 basis points.

The above analysis is before the impact of hedging (see note 30).

The change in gross borrowings may be analyzed as follows:

In thousands of euro	At December 31, 2019	At December 31, 2018 (*)
OPENING BORROWINGS	1 053 993	915 528
Transfer of IAS 17 finance leases to current and non-current lease liabilities under IFRS 16	- 8 876	-
New borrowings	108 332	230 146
Repayment of borrowings (*)	- 46 832	- 215 259
Change in bank facilities and financial current accounts	- 20 857	115 491
Change in finance lease liabilities		5 082
Foreign exchange differences (1)	3 707	2 917
Change in consolidation scope (2)	7 785	88
CLOSING BORROWINGS	**1 097 252**	**1 053 993**

(*) In 2018, including repayment of IAS 17 finance lease liabilities
(1) In 2018, Argentinian hyperinflation represented an increase of €5 million.
(2) In 2019, acquisition of Fromageries Papillon and in 2018, of Palace Industries.

Borrowings and other financial liabilities increase by €43.3 million over December 31, 2018. Including cash and cash investments, net debt increased by €50 million and amounted to €619.9 million at December 31, 2019.

Some of the Group's facilities are subject to clauses requiring compliance with a financial ratio expressed in terms of maximum indebtedness expressed as a multiple of current EBITDA. EBITDA corresponds to current operating profit before charges and reversals in respect of depreciation, amortization, impairment and provisions.

This ratio continues to be met by the Group.

Net borrowings are determined as follows (in the case of the syndicated facility and the majority of the Group's bilateral contracts) for the purpose of calculating the financial ratio:

In thousands of euro	At December 31, 2019	At December 31, 2018
Non-current borrowings and debts towards financial institutions	- 323 292	- 342 902
Current bank borrowings	- 773 960	- 711 091
BANK BORROWINGS	- 1 097 252	- 1 053 993
Other current financial assets	11 449	12 157
Cash and cash equivalents	465 896	471 936
NET BORROWINGS	- 619 907	- 569 900
Treasury shares	14 974	6 247
NET BORROWINGS	**- 604 933**	**- 563 653**

(*) In 2018, including IAS 17 finance lease liabilities

NOTE 28. OTHER LIABILITIESS NON-CURRENTS

Other non-current liabilities represent the value of the put options granted to certain non-controlling interests, measured on the basis of the discounted value of the strike price. More particularly, they relate to a 4% interest in Belebeevskiy Molochny Kombinat, a 20% interest in Bake Plus and a 30% interest in Palace Industries. The Bressor Alliance option may be exercised in less than a year so is classified, in 2019, as part of trade and other payables.

The change during the period represents the change in fair value of the options.

NOTE 29. TRADE AND OTHER PAYABLES

In thousands of euro	At December 31, 2019	At December 31, 2018
Operating payables	648 437	617 358
Fixed asset payables	5 047	8 097
Payroll and tax liabilities (excluding taxes on income)	253 056	226 029
Deferred revenue	2 033	225
Other payables (*)	145 076	102 447
	1 053 649	**954 156**

(*) Including customer benefits and the Bressor Alliance option (for €18.3 million).

NOTE 30. FINANCIAL LIABILITIES – DERIVATIVES

	At December 31, 2019		Maturity in 2020		Maturity > 2020	
In thousands of euro	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Commodity derivatives	312	-	312	-	-	-
Interest rate swaps (1)	9 663	100 000	-	-	9 663	100 000
Interest rate options	-	-	-	-	-	-
Instruments held for trading						
Currency derivatives	1 951	129 078	1 951	129 078	-	-
Interest rate derivatives (2)	12 027	190 000	1 460	90 000	10 567	100 000
Commodity derivatives	274	-	274	-	-	-
	24 227	**-**	**3 997**	**-**	**20 230**	**-**
Of which: classified as current liabilities	3 997	-	3 997	-	-	-
Of which: classified as non-current	20 230	-	-	-	20 230	-

(1) Maturity in 2027.
(2) Maturity in 2020 (90,000) and 2027 (100,000).

	At December 31, 2018		Maturity in 2019		Maturity > 2019	
In thousands of euro	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Commodity derivatives	87	-	87	-	-	-
Interest rate swaps (1)	4 179	100 000	-	-	4 179	100 000
Interest rate options	-	-	-	-	-	-
Instruments held for trading						
Currency derivatives	2 388	109 086	2 388	109 086	-	-
Interest rate derivatives (2)	7 313	190 000	-	-	7 313	190 000
Commodity derivatives	394	-	394	-	-	-
	14 361	**-**	**2 869**	**-**	**11 492**	**-**
Of which: classified as current liabilities	2 869	-	2 869	-	-	-
Of which: classified as non-current	11 492	-	-	-	11 492	-

(1) Maturity in 2027.
(2) Maturity in 2020 (90,000) and 2027 (100,000).

The Group uses derivative financial instruments to manage its exposure to market risks and in particular, to interest rate risk in respect of its borrowings and to foreign currency risk in respect of its future commercial transactions.

Fair value hedging was 100% effective so involved no profit or loss impact.

Currency and interest rate hedging instruments are accounted for under IFRS as trading instruments.

The main sources of non-effectiveness of the Group's hedging relationships are:

- For interest rate hedging, the risk element for counterparts and for the Group with regard to the fair value of swaps which is not reflected in the change in fair value of the cash flows for the hedged items attributable to changes in interest rates and to differences in the refixing interest rate dates applicable to the swaps and underlying loans;
- For foreign exchange hedging, the risk element for counterparts and for the Group with regard to the fair value of forward currency contracts which is not reflected in the change in fair value of the cash flows for the hedged items attributable to changes in foreign exchange rates and in the timing of the hedged transactions.

Interest rate hedging

Cash flow hedges have been treated as instruments held for trading since 2008 with two exceptions: the USD loan and the swaps implemented in March 2018 for an amount of €100 million, which are qualified as a

cash hedge and accounted for in other comprehensive income.

The Group's interest rate hedging policy favors the use of interest rate options and/or swaps classified as trading instruments.

The Group also, in 2013, implemented €60 million of interest rate swaps deferred by two years to August 2015 and then designed to protect the Group against any increase in interest rates through 2020. In 2018, the Group implemented new interest rate swaps for €100 million, deferred by two years to March-May 2020. They protect the Group against any increase in interest rates through 2027.

The policy has the following impact on the classification of the Group's borrowings:

	Euro			Other currencies			Total		
BORROWINGS	Fixed rate	Flotating rate	Total	Fixed rate	Flotating rate	Total	Fixed rate	Flotating rate	Total
Pre-hedging	**233 744**	**698 412**	**932 156**	**134 290**	**30 806**	**165 096**	**368 034**	**729 218**	**1 097 252**
• Swap	60 000	- 60 000					60 000	- 60 000	
• Cap	-	-					-	-	
• Collar									
Post-hedging	**293 744**	**638 412**	**932 156**	**134 290**	**30 806**	**165 096**	**428 034**	**669 218**	**1097 252**
Other current financial assets		11 449	11 449		-	-		11 449	11 449
Cash and cash equivalents		271 712	271 712		194 184	194 184		465 896	465 896
TOTAL NET CASH ACQUIRED		**283 161**	**283 161**	**-**	**194 184**	**194 184**	**-**	**477 345**	**477 345**

Analysis of sensitivity to increase in short-term interest rates at December 31, 2019:

An increase of 1% in the short-term rate would have an impact of €6.7 million on the Group's gross floating-rate debt. This increase in short-term rates would also have an impact on floating-rate short-term investments estimated at €4.8 million. Therefore, the global impact on the Group's financial result would be €1.9 million.

Foreign currency hedging

With regard to forward contracts and options and the cover in place as of December 31, 2019 the Group is principally exposed to the risk of changes in the yuan, the yen, the US dollar, the pound sterling, the Brazilian real and the Swiss franc.

In the following table: + = currency purchase, - = currency sale:

En milliers de devises	Total devise 1		Total devise 2		Couverture en milliers d'EUR	Contrevaleur euro devise 1		Fixing December/12/2019
CHF EUR	- 9 527	CHF	8 661	EUR	- 131	- 8 777	EUR	1.0854
CNY EUR	- 130 899	CNY	16 680	EUR	7	- 16 738	EUR	7.8205
GBP EUR	- 49 817	GBP	56 558	EUR	- 425	- 58 553	EUR	0.8508
JPY EUR	- 1 013 190	JPY	8 346	EUR	42	- 8 309	EUR	121.9400
USD EUR	- 87 144	USD	77 346	EUR	662	- 77 572	EUR	1.1234
BRL USD	- 53 574	BRL	13 160	USD	35	- 11 877	EUR	4.0150
CNY USD	- 7 880	CNY	1 116	USD	- 13	- 1 008	EUR	6.9615
Other currencies					- 100	- 56 439	EUR	
TOTAL					**77**	**- 239 273**	**EUR**	

Analysis of the sensitivity to currency variation: a variation of 1% of the main currencies (CNY, USD, GBP, BRL, JPY and CHF) based on the rates prevailing at December 31, 2019 would have an impact of €1.8 million on the Group's financial result.

The following table discloses the carrying amounts and fair values of the Group's financial instrument assets and liabilities within each applicable category:

ASSETS *In thousands of euro*	Derivative financial instruments through profit or loss [1]	Hedging derivatives [2]	Financial assets at fair value through profit or loss [2]	Loans and receivables valued at amortized cost	Carrying amount	Fair value
At December 31. 2019						
Other financial assets held at fair value through profit and loss	-	-	10 014	-	10 014	10 014
Non-current financial assets held for trading	-	-	2 574	-	2 574	2 574
Non-current financial loans and receivables	-	-	-	17 548	17 548	17 548
Other non-current financial assets	**-**	**-**	**12 588**	**17 548**	**30 136**	**30 136**
Interest rate derivatives	11 462	11 017	-	-	22 479	22 479
Non-current derivative financial instruments	**11 462**	**11 017**	**-**	**-**	**22 479**	**22 479**
Trade receivables	**-**	**-**	**-**	**728 525**	**728 525**	**728 525**
Current loans & receivables	**-**	**-**	**-**	**1 087**	**1 087**	**1 087**
Commodity hedging derivatives	-	-	-	-	-	-
Foreign exchange hedging derivatives	-	-	-	-	-	-
Other commodity hedging derivatives	277	-	-	-	277	277
Foreign currency hedging derivatives	2 028	-	-	-	2 028	2 028
Other interest rate derivatives	508	2 006	-	-	2 514	2 514
Current derivative financial instruments	**2 813**	**2 006**	**-**	**-**	**4 819**	**4 819**
Current financial assets held for trading	**-**	**-**	**11 448**	**1**	**11 449**	**11 449**
Financial current accounts	-	-	-	43 855	43 855	43 855
Cash	-	-	-	141 097	141 097	141 097
Cash equivalents	-	-	280 944	-	280 944	280 944
Available-for-sale financial assets	-	-	-	-	-	-
Cash and cash equivalents	**-**	**-**	**280 944**	**184 952**	**465 896**	**465 896**
TOTAL ASSETS	**14 275**	**13 023**	**304 980**	**932 113**	**1 264 391**	**1 264 391**

(1) Fair value based on the prices quoted in an active market (level 1 instrument).
(2) Fair value based on inputs, other than the prices quoted an active markets, observable either directly or indirectly.

The inputs used in fair value valuation techniques are categorized into three levels as follows:

- Level 1: use of unadjusted list prices in active markets available at the valuation date for identical assets or liabilities;
- Level 2: use of other directly or indirectly observable data;
- Level 3: use of non-observable data.

The Group's determination of the level 2 fair value for over-the-counter financial instruments is based on prices communicated by financial institutions. The Group verifies that those prices are reasonable and reflect the instruments' credit risk as adjusted for any factors specific to the Group or its counterparts.

During the period, the Group did not make any changes in its fair value hierarchy.

LIABILITIES *In thousands of euro*	Derivative financial instruments through profit or loss [1]	Hedging derivatives [2]	Financial assets at fair value through profit or loss [2]	Loans and receivables valued at amortized cost	Carrying amount	Fair value
At December 31. 2019						
Bond issues	-	-	-	300 142	300 142	300 142
Other borrowings	-	-	-	66 135	66 135	66 135
Non-current financial borrowings and debts	**-**	**-**	**-**	**366 277**	**366 277**	**366 277**
Put options granted to minority shareholders	-	-	15 863	-	15 863	15 863
Other items	-	-	2	-	2	2
Other liabilitiess non currents	**-**	**-**	**15 865**	**-**	**15 865**	**15 865**
Interest rate derivatives	10 567	9 663	-	-	20 230	20 230
Non-current derivative financial instruments	**10 567**	**9 663**	**-**	**-**	**20 230**	**20 230**
Trade payables	**-**	**-**	**-**	**648 437**	**648 437**	**648 437**
Guarantees deposits received	**-**	**-**	**-**	**1 107**	**1 107**	**1 107**
Commodity derivatives	-	312	-	-	312	312
Other commodity derivatives	274	-	-	-	274	274
Foreign currency derivatives	1 951	-	-	-	1 951	1 951
Other foreign currency derivatives	1 460	-	-	-	1 460	1 460
Current derivative financial instruments	**3 685**	**312**	**-**	**-**	**3 997**	**3 997**
Current financial liabilities	-	-	-	659 291	659 291	659 291
Financial current accounts	-	-	-	23 498	23 498	23 498
Current bank facilities	-	-	-	112 400	112 400	112 400
Current borrowings	**-**	**-**	**-**	**795 189**	**795 189**	**795 189**
TOTAL LIABILITIES	**14 252**	**9 975**	**15 865**	**1 811 010**	**1 851 102**	**1 851 102**

(1) Fair value based on the prices quoted in an active market (level 1 instrument).
(2) Fair value based on inputs, other than the prices quoted an active markets, observable either directly or indirectly.

The Group uses derivative financial instruments to manage its exposure to market risks and in particular, to interest rate risk in respect of its borrowings and to foreign currency risk in respect of its future commercial transactions. Fair value hedging was 100% effective so involved no profit or loss impact.

ASSETS *In thousands of euro*	Derivative financial instruments through profit or loss [1]	Hedging derivatives [2]	Financial assets at fair value through profit or loss [2]	Loans and receivables valued at amortized cost	Carrying amount	Fair value
At December 31. 2018						
Other financial assets held at fair value through profit and loss	-	-	11 795	-	11 795	11 795
Non-current financial assets held for trading	-	-	-	-	-	-
Non-current financial loans and receivables	-	-	-	18 159	18 159	18 159
Other non-current financial assets	**-**	**-**	**11 795**	**18 159**	**29 954**	**29 954**
Interest rate derivatives	6 135	5 327	-	-	11 462	11 462
Non-current derivative financial instruments	**6 135**	**5 327**	**-**	**-**	**11 462**	**11 462**
Trade receivables	**-**	**-**	**-**	**700 704**	**700 704**	**700 704**
Current loans & receivables	**-**	**-**	**-**	**1 740**	**1 740**	**1 740**
Commodity hedging derivatives	-	47	-	-	47	47
Foreign exchange hedging derivatives	-	-	-	-	-	-
Other commodity hedging derivatives	398	-	-	-	398	398
Foreign currency hedging derivatives	3 630	-	-	-	3 630	3 630
Other interest rate derivatives	-	1 744	-	-	1 744	1 744
Current derivative financial instruments	**4 028**	**1 791**	**-**	**-**	**5 819**	**5 819**
Current financial assets held for trading	**-**	**-**	**12 156**	**1**	**12 157**	**12 157**
Financial current accounts	-	-	-	38 480	38 480	38 480
Cash	-	-	-	201 592	201 592	201 592
Cash equivalents	-	-	231 864	-	231 864	231 864
Available-for-sale financial assets	-	-	-	-	-	-
Cash and cash equivalents	**-**	**-**	**231 864**	**240 072**	**471 936**	**471 936**
TOTAL ASSETS	**10 163**	**7 118**	**255 815**	**960 676**	**1 233 772**	**1 233 772**

(1) Fair value based on the prices quoted in an active market (level 1 instrument).
(2) Fair value based on inputs, other than the prices quoted an active markets, observable either directly or indirectly.

LIABILITIES *In thousands of euro*	Derivative financial instruments through profit or loss [1]	Hedging derivatives [2]	Financial assets at fair value through profit or loss [2]	Loans and receivables valued at amortized cost	Carrying amount	Fair value
At December 31. 2018						
Bond issues	-	-	-	286 987	286 987	286 987
Other borrowings	-	-	-	55 915	55 915	55 915
Non-current financial borrowings and debts	**-**	**-**	**-**	**342 902**	**342 902**	**342 902**
Put options granted to minority shareholders	-	-	40 187	-	40 187	40 187
Other items	-	-	2	-	2	2
Other liabilitiess non currents	**-**	**-**	**40 189**	**-**	**40 189**	**40 189**
Interest rate derivatives	7 313	4 179	-	-	11 492	11 492
Non-current derivative financial instruments	**7 313**	**4 179**	**-**	**-**	**11 492**	**11 492**
Trade payables	**-**	**-**	**-**	**617 358**	**617 358**	**617 358**
Guarantees deposits received	**-**	**-**	**-**	**801**	**801**	**801**
Commodity derivatives	-	87	-	-	87	87
Other commodity derivatives	394	-	-	-	394	394
Foreign currency derivatives	2 388	-	-	-	2 388	2 388
Current derivative financial instruments	**2 782**	**87**	**-**	**-**	**2 869**	**2 869**
Current financial liabilities	-	-	-	557 917	557 917	557 917
Financial current accounts	-	-	-	12 105	12 105	12 105
Current bank facilities	-	-	-	141 069	141 069	141 069
Current borrowings	**-**	**-**	**-**	**711 091**	**711 091**	**711 091**
TOTAL LIABILITIES	**10 095**	**4 266**	**40 189**	**1 672 152**	**1 726 702**	**1 726 702**

(1) Fair value based on the prices quoted in an active market (level 1 instrument).
(2) Fair value based on inputs, other than the prices quoted an active markets, observable either directly or indirectly.

NOTE 31. CHANGE IN WORKING CAPITAL

In thousands of euro	At December 31, 2019	At December 31, 2018
Trade receivables	- 26 621	28 019
Inventories	- 38 074	- 32 513
Trade payables	30 684	- 47 459
Miscellaneous receivables and payables	27 103	35 550
	- 6 908	**- 16 403**

In 2019, the change in working capital was impacted by the increase in world prices for milk powders and the continuing rise in commodity prices except for butter.

In 2018, the change in working capital was impacted by the high level of world prices for industrial products and by commodity prices.

NOTE 32. CONTINGENT ASSETS AND LIABILITIES

The Group's contingent assets and liabilities comprised:

- Undertakings given and received in respect of investments, amounting in total to €12.9 million (2018: €10.2 million) and solely applicable to Ferrari (Italy) in 2019;
- Contingent liabilities related to financing activities, in the form of financial guarantees provided to Group companies amounting in total to €108.2 million (2018: €118.3 million);
- Contingent assets and liabilities related to operating activities.

With respect to contingent liabilities, following the first-time application of IFRS 16 the contingent liability for future lease payments is limited in 2019 to €24.3 million of contracts not eligible for such treatment whereas the total contingent liability in 2018 amounted, under IAS 17, to €75.5 million.

Details are as follows:

In millions of euro	Lease payments	Minimum lease payment
In 2020	11.7	4.7
2021 - 2024	12.3	6.6
Beyond 2024	0.3	0.4

Other contingent liabilities amounted to €78.6 million (2018: €103.8 million); the Group has entered into milk supply contracts with several producers, based on normal market conditions. Contingent assets amounted to €31.3 million (2018: €28.9 million).

NOTE 33. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are only deemed to have been performed at arm's length conditions if such is demonstrably the case.

The Group is controlled by Savencia Holding SCA, a French corporation which directly or indirectly holds 66.64% of the common stock of Savencia SA. The balance is held by numerous other shareholders whose shares are dealt in on the Paris stock exchange. Certain subsidiaries of Savencia SA are not fully owned (see note 35 detailing the Group's consolidation scope). For the most part, their minority shareholders are milk production or collection cooperatives which supply the Group and may also purchase from the Group. Those transactions constitute the Group's main related party transactions. Sales to related party cooperatives amounted to €76.7 million in 2019 (2018: €68.5 million) and purchases to €786.9 million in 2019 and €754.1 million in 2018. The Group also engages in treasury management on behalf of related parties and received total remuneration of €0.6 million for such services performed during 2019 (2018: €1.2 million).

The Group has created a joint venture with Sodiaal called La Compagnie des Fromages & RichesMonts. The Group supplies this company with part of its milk requirement and purchases part of its industrial by-products, as well as providing logistic, commercial, IT and administrative services and distributing the company's products in a certain number of foreign countries.

The Group's other financial assets include a €1.5 million loan to La Compagnie des Fromages & RichesMonts.

Group sales to associates amounted to €220.7 million in 2019 (2018: €212.4 million) and purchases from associates amounted to €207.6 million (2018: €194.9 million). The transactions essentially related to dairy materials.

A total of €4.0 million (2018: €3.9 million) of gross remuneration, comprising €3.9 million of short-term benefits and €0.1 million of post-employment benefits, was paid during the period to members of the board of directors. No other long-term benefits exist and no provision is made for compensation in the event of termination of employment contracts. No share-based payments were made in 2018 or 2019.

The main directors include the chairman of the board, the managing director, the deputy managing director and other board members.

NOTE 34. EVENTS AFTER THE YEAR-END

A memorandum of understanding was signed with Sodiaal on October 4, 2019 for the purpose of increasing CF&R's integration within Savencia Fromage & Dairy and developing synergies. On March 13, 2020 the European Commission informed the Group that it was not opposed to the Group's acquisition of control over Compagnie des Fromages & RichesMonts which it deemed compatible with the internal market. The timing for finalizing this transaction is under preparation; it will include pursuit of the process of informing CF&R's staff representative bodies. The transaction will involve the full consolidation of CF&R in Savencia Fromage & Dairy's consolidated financial statements for 2020.

It is as yet too early to assess the impact of Covid-19 but it appears certain that the crisis will influence economic activity with particular regard for food service businesses. In this context, the Group's priority in 2020 will be to preserve its employees whilst pursuing its efforts of competitiveness in order to ensure the profitable growth of its brands thanks to the quality of its products and the commitment of all its employees.

NOTE 35. LIST OF MAIN CONSOLIDATED ENTITIES

Fully consolidated entities	Siren N°	Country	% voting rights		% economic interest	
France			12/31/2019	12/31/2018	12/31/2019	12/31/2018
SAVENCIA SA	847 120 185	FRANCE	Parent	Parent	Parent	Parent
Alliance Laitière Européenne SAS	388 435 539	FRANCE	100.00	100.00	100.00	100.00
Armor Protéines SAS	679 200 287	FRANCE	100.00	100.00	85.86	85.86
B.G. SAS	331 339 275	FRANCE	99.97	99.97	99.97	99.97
Bressor Alliance SA	379 657 570	FRANCE	66.66	66.66	66.66	66.66
Bressor SA	383 228 764	FRANCE	99.74	99.74	66.48	66.48
C.F.V.A. SAS	314 830 050	FRANCE	99.97	99.97	99.97	99.97
Compagnie Laitière Européenne SA	780 876 421	FRANCE	85.86	85.86	85.86	85.86
Compagnie Laitière Normandie-Bretagne SAS	349 652 560	FRANCE	100.00	100.00	85.86	85.86
Dutch Cheese Masters SAS	789 660 743	FRANCE	55.00	55.00	55.00	55.00
Elvir SAS	389 297 664	FRANCE	100.00	100.00	85.86	85.86
Établissements L. Tessier SAS	667 180 392	FRANCE	99.71	99.71	99.71	99.71
Force Plus SNC	477 974 349	FRANCE	100.00	-	100.00	-
Fromagerie Berthaut SA	316 608 942	FRANCE	100.00	90.00	100.00	90.00
Fromagerie de Vihiers SAS	350 546 719	FRANCE	100.00	100.00	100.00	100.00
Fromageries des Chaumes SAS	314 830 183	FRANCE	99.94	99.94	99.93	99.93
Fromageries du Levezou	431 566 884	FRANCE	100.00	-	100.00	-
Fromageries Lescure SAS	794 040 956	FRANCE	51.00	51.00	51.00	51.00
Fromageries Papillon SAS	391 900 917	FRANCE	100.00	-	100.00	-
Fromageries Perreault SAS	316 085 620	FRANCE	99.98	99.98	99.98	99.98
Fromageries Rambol SAS	315 130 641	FRANCE	99.95	99.95	99.95	99.95
Fromageries Saint Saviol SAS	793 801 028	FRANCE	100.00	100.00	85.86	85.86
Fromapac SAS	402 180 541	FRANCE	100.00	100.00	100.00	100.00
Fromarsac SAS	331 260 083	FRANCE	100.00	100.00	100.00	100.00
Fruisec SAS	307 963 389	FRANCE	100.00	100.00	100.00	100.00

Fully consolidated entities	Siren N°	Country	% voting rights		% economic interest	
France			**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Grand'Ouche SAS	314815457	FRANCE	99.83	99.83	99.83	99.83
La Compagnie des Fromages SAS	393257654	FRANCE	100.00	100.00	85.86	85.86
Les Fromagers Associés SAS	349542415	FRANCE	100.00	100.00	100.00	100.00
Les Fromagers de L'Europe SAS	428744973	FRANCE	100.00	100.00	100.00	100.00
Les Fromagers de Thiérache SAS	315332569	FRANCE	100.00	100.00	100.00	100.00
Messageries Laitières SNC	313966103	FRANCE	61.31	61.31	52.64	52.64
Normandie Bretagne Transports SAS (NBT)	403128051	FRANCE	100.00	100.00	85.86	85.86
Normandie Export Logistics	824269898	FRANCE	61.30	61.30	52.64	52.64
PJB Advance SA	438355877	FRANCE	100.00	100.00	100.00	100.00
Prodilac SAS	389297714	FRANCE	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Europe	351014352	FRANCE	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Foodservice	389330739	FRANCE	100.00	100.00	85.86	85.86
SAVENCIA Fromage & Dairy International	402927628	FRANCE	100.00	100.00	100.00	100.00
SAVENCIA Produits Laitiers International	325508653	FRANCE	99.96	99.96	99.96	99.96
SAVENCIA Produits Laitiers France	394530703	FRANCE	100.00	100.00	100.00	100.00
SAVENCIA Ressources Laitières	389297748	FRANCE	100.00	100.00	85.86	85.86
Saveurs de France	431636208	FRANCE	100.00	-	100.00	-
SB Alliance Informatique	780876405	FRANCE	100.00	100.00	85.87	85.87
SB Alliance SNC	409080538	FRANCE	84.99	84.99	84.98	84.98
SB Biotechnologies SAS	450983051	FRANCE	100.00	100.00	97.50	97.50
Sci du Bousquet	350222758	FRANCE	100.00	-	100.00	-
Société des Beurres et Crèmes des Régions d'Europe	487220295	FRANCE	100.00	100.00	85.86	85.86
Société Les Vergers des Coteaux du Périgord SAS	330479213	FRANCE	100.00	100.00	100.00	100.00
Sodilac SAS	689806470	FRANCE	100.00	100.00	85.86	85.86
Sofivo SAS	352848725	FRANCE	100.00	100.00	85.86	85.86
Sogasi SAS	315062224	FRANCE	100.00	100.00	100.00	100.00
Sogeps SAS	384557880	FRANCE	100.00	100.00	100.00	100.00
Soredab SAS	317705267	FRANCE	97.50	97.50	97.50	97.50
Terre Bio	817437643	FRANCE	100.00	100.00	100.00	100.00
Other countries						
Advanced Food Products LLC		USA	100.00	100.00	100.00	100.00
Agro 2000		RUSSIA	99.90	99.90	95.90	95.90
Arab French Company for Dairy and Cheese Products		EGYPT	100.00	100.00	100.00	100.00
Artisan Cheese Masters of America. INC		USA	100.00	100.00	100.00	100.00
Bake Plus		SOUTH KOREA	80.00	80.00	80.00	80.00
Belebeevskiy Molochny Kombinat		RUSSIA	96.00	96.00	96.00	96.00
BEV		RUSSIA	100.00	100.00	100.00	100.00
Bonprole SA		URUGUAY	90.00	90.00	90.00	90.00
BR Investissements		LUXEMBOURG	100.00	100.00	100.00	100.00
BSI Tianjin Foods Cy Ltd		CHINA	100.00	100.00	100.00	100.00
Corman Deutschland Gmbh		GERMANY	100.00	100.00	85.86	85.86
Corman Italia Spa		ITALY	100.00	100.00	85.86	85.86

Fully consolidated entities	N°Siren	Pays	% de contrôle		% d'intérêt	
Other countries			**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Corman Miloko Ireland Ltd		IRELAND	55.00	55.00	47.23	47.23
Corman SA		BELGIUM	100.00	100.00	85.86	85.86
Delaco Distribution		RUMANIA	100.00	100.00	100.00	100.00
Edelweiss GmbH & Co. KG		GERMANY	100.00	100.00	100.00	100.00
Edelweiss Verwaltung GmbH		GERMANY	100.00	100.00	100.00	100.00
Eurexpan BV		NETHERLANDS	100.00	100.00	100.00	100.00
Fleur de Lait East LLC		USA	100.00	100.00	100.00	100.00
Fleur de Lait West LLC		USA	100.00	100.00	100.00	100.00
Food Garden of Sweden		SWEDEN	100.00	100.00	100.00	100.00
Fromagers Associés Japan K.K.		JAPAN	51.00	51.00	51.00	51.00
Fromunion SA		BELGIUM	100.00	100.00	100.00	100.00
ICC Paslek		POLAND	100.00	100.00	85.86	85.86
Kolb Lena INC		USA	100.00	100.00	100.00	100.00
Mantequerias Arias SA		SPAIN	100.00	100.00	100.00	100.00
Mashreq des Produits Laitiers		EGYPT	100.00	100.00	100.00	100.00
Milkaut		ARGENTINA	99.97	99.97	99.97	99.97
Nature Fit Gmbh		GERMANY	100.00	100.00	80.00	100.00
Mleczarnia Turek Sp ZOO		POLAND	100.00	100.00	100.00	100.00
Mlekoprodukt		SERBIA	100.00	100.00	100.00	100.00
Molkerei Gebr Rogge GmbH		GERMANY	92.49	92.49	92.49	92.49
Molkerei Gebr. Rogge Komplementär GmbH		GERMANY	100.00	100.00	92.49	92.49
Molkerei Sobbeke GmbH		GERMANY	80.00	80.00	80.00	80.00
Novomilk		SLOVAKIA	100.00	100.00	100.00	100.00
Palace Industries		USA	70.00	70.00	70.00	70.00
Paturain Finance BV		NETHERLANDS	100.00	100.00	100.00	100.00
Petra SA		URUGUAY	100.00	100.00	100.00	100.00
Polenghi Industrias Alimenticias Ltda		BRAZIL	100.00	100.00	100.00	100.00
Real Fresh. Inc.		USA	100.00	100.00	100.00	100.00
S.B.M.S.		BELGIUM	99.98	99.98	99.98	99.98
Santa Rosa Chile Alimentos Limitada		CHILE	100.00	100.00	100.00	100.00
SAVENCIA Cheese USA. LLC		USA	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Deutschland GmbH		GERMANY	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Benelux		BELGIUM	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Czech Republic		CZECH REPUBLIC	100.00	100.00	100.00	100.00
SFD Europarticipations		NETHERLANDS	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy India Private Limited		INDIA	90.00	90.00	90.00	90.00
SAVENCIA Fromage & Dairy Italia S.p.A.		ITALY	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Japan K.K.		JAPAN	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Hong Kong Limited		HONG KONG	100.00	-	100.00	-
SAVENCIA F & D HU Zrt.		HUNGARY	100.00	100.00	100.00	100.00

Fully consolidated entities	N°Siren	Pays	% de contrôle		% d'intérêt	
Other countries			**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
SAVENCIA Fromage & Dairy Nederland B.V.		NETHERLANDS	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Nordics Aps		DENMARK	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Österreich		AUSTRIA	100.00	100.00	100.00	100.00
SAVENCIA Fromage and Dairy Philippines		PHILIPPINES	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy SK		SLOVAKIA	99.99	99.99	99.99	99.99
SAVENCIA Fromage & Dairy Suisse		SWITZERLAND	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy UK Ltd		UK	100.00	100.00	100.00	100.00
SAVENCIA Services Europe a.s.		CZECH REPUBLIC	100.00	-	100.00	-
SB International		BELGIUM	100.00	100.00	100.00	100.00
Sinodis (Shanghai) Co., Ltd.		CHINA	100.00	100.00	100.00	100.00
Sinodis Limited		CHINA	100.00	100.00	100.00	100.00
Vostok Holding GmbH		AUSTRIA	100.00	100.00	100.00	100.00
Zausner Foods Corp.		USA	100.00	100.00	100.00	100.00
Zvenigorodskiy		UKRAINE	100.00	99.97	100.00	99.97

Entities consolidated using the equity method	Pays	% de contrôle		% d'intérêt	
France		**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
CF & R Gestion	FRANCE	50.00	50.00	42.93	42.93
Compagnie des Fromages & RichesMonts	FRANCE	50.00	50.00	42.93	42.93
Poitou Chèvre SAS	FRANCE	48.96	48.96	24.97	24.97
Sica Silam	FRANCE	40.16	40.16	39.82	39.82
Sanicoopa SARL	FRANCE	37.99	37.99	32.62	32.62
Other countries					
Ferrari Giovanni Industria Casearia S.p.A.	ITALIE	49.00	49.00	49.00	49.00
La Compagnie Fromagère SA	TUNISIE	50.00	50.00	50.00	50.00
Premiumlab	ESPAGNE	20.00	20.00	17.17	17.17
Sodiaal Gmbh	GERMANY	50.00	50.00	42.93	42.93
Val d'Arve SA	SWITZERLAND	33.34	33.34	33.34	33.34

16 Statutory Auditors' on the consolidated financial statements

(For the year ended December 31, 2019)

Savencia SA
42, rue Rieussec
78220 Viroflay

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Savencia SA for the year ended December 31, 2019. These consolidated financial statements were approved by the Board of Directors on March 5, 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 5.1 "Basis for the preparation of the consolidated financial statements" and Note 15 "IFRS 16 – Leases" to the consolidated financial statements, which describe the impact of the application as from January 1, 2019 of IFRS 16 – Leases.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of property, plant and equipment and goodwill

Description of risk

At December 31, 2019, property, plant and equipment and intangible assets amounted to €1,644 million, representing 42% of the assets on the balance sheet. These non-financial assets primarily comprise property, plant and equipment (€1,084 million), goodwill (€379 million) and trademarks (€163 million).

Savencia's management tests these assets for impairment, as described in Notes 5.2.9.9 and 13 to the consolidated financial statements. These tests are performed at the level of each cash generating unit (CGU).

Given the strong positioning of the trademarks recognized in assets, the main risk relates to the measurement of goodwill and property, plant and equipment.

The recoverable amount of CGUs is based on future cash flows projections determined using financial forecasts (usually covering a three-year period) that require the use of assumptions such as the price of milk, sales growth, profitability and the discount rate.

We deemed the measurement of these non-financial assets, and more specifically goodwill and property, plant and equipment, as a key audit matter owing to the materiality of these assets in the consolidated financial statements and because determining their recoverable amount is a matter of judgement.

How our audit addressed this risk

We examined the process used to prepare the future cash flow projections used as the basis for performing the impairment tests on these assets.

For the CGUs whose recoverable amount is close to the carrying amount, we also performed the following procedures:

- verified the completeness and accuracy of the components of the carrying amount of each of the CGUs;
- assessed the reasonableness of the sales and profitability projections in light of the economic and financial context of each CGU, the past performance of the CGU and the proposed action plans of each CGU;
- assessed the reliability of the process used to prepare the estimates by analyzing the reasons for any differences between the forecasts and the actual outcomes;
- assessed the reasonableness of the discount rates with the help of our measurement experts;
- assessed the sensitivity of the tests to certain assumptions, in particular the discount rate, the operating margin rate and the long-term growth rate.

RECOGNITION OF SALES

Description of risk

Savencia SA presents consolidated sales net of commercial deductions granted to distributors (such as discounts and rebates granted to customers, costs related to commercial development agreements and promotional activities invoiced by distributors).

These commercial deductions generally correspond to discounts on sales volumes and/or services provided by the mass retail sector for which the price is determined according to the nature of the services provided.

We deemed the determination/estimation of these commercial deductions at the reporting date to be a key audit matter, given:

- their material impact on sales;
- the complexity and diversity of contractual agreements;
- the adjustments required to determine the sales basis on which the discounts apply (usually by product category);
- the possible variations in the discount rates depending on the achievement of sales thresholds.

How our audit addressed this risk

We assessed the design of the controls implemented by the commercial entities' management to estimate the commercial deductions.

We also:

- reconciled, on a sample basis, contractual conditions with the data contained in the IT systems dedicated to the management of commercial conditions;
- verified, on a sample basis, the accuracy of the year-end provision, in particular the determination of sales and the rates applied;

- compared, on a sample basis, the payments for the current year with the estimated discounts at the end of the previous year;
- assessed the reliability of the process used to calculate provisions for commercial deductions by analyzing the reasons for any differences between the amount of provisions at the previous reporting date and the payments for the year;
- performed an ageing analysis of provisions at the reporting date.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report approved on March 5, 2020. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the consolidated financial statements were closed will be reported to the Annual General Meeting called to approve these consolidated financial statements.

We have no matters to report as to the fair presentation of the information provided in management report and its consistency with the consolidated financial statements

Report on other legal and regulatory requirements

APPOINTMENT OF THE STATUTORY

We were appointed Statutory Auditors of Savencia SA by the Annual General Meetings held on May 21, 1979 for PricewaterhouseCoopers Audit and on May 22, 1977 for KPMG SA.

At December 31, 2019, PricewaterhouseCoopers Audit and KPMG SA were in the forty-first and forty-third consecutive year of their engagement, respectively. For both firms, this is the fortieth year since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee d'audit

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and La Défense, March 31, 2020.

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG SA
Amélie Wattel	**Jean-Charles Simon**

2 Statutory accounts for 2019

21 Income statement

In thousands of euro	Notes	2019	2018
Operating revenue	2.1	29 492	28 359
Operating expense	2.1	- 47 227	- 46 674
Operating deficit	2.1	- 17 735	- 18 315
Net financial income	2.2	20 956	28 766
Current profit before tax		3 221	10 451
Net exceptional income (expense)	2.3	1 074	- 242
Profit before tax		4 295	10 209
Taxes on income	2.4	10 353	12 112
NET INCOME		**14 648**	**22 321**

22 Statement of cash flows

In thousands of euro	Notes	Exercice 2019	Exercice 2018
Gross operating surplus		- 11 545	- 15 527
Change in working capital		373	4 562
Other cash flows associated with the Company's activity		21 524	36 287
Net cash from the Company's activity [A]		**10 352**	**25 322**
Acquisition of intangible assets and property, plant and equipment		- 1 584	- 3 197
Financial investment		- 5 020	
Other cash flows		- 29 898	- 94 848
Net cash for investment [B]		**- 36 502**	**- 98 045**
Share capital			
Dividends paid		- 13 784	- 19 495
Proceeds of new borrowings		20 000	214 000
Repayment of borrowings		- 187 190	- 20 000
Net cash (for) from financing [C]		**- 180 974**	**174 505**
CHANGE IN CASH AND CASH EQUIVALENTS [A + B + C]		**- 207 124**	**101 782**
Opening net cash and cash equivalents		- 416 826	- 518 608
Closing net cash and cash equivalents	3.9	- 623 950	- 416 826
CHANGE IN CASH AND CASH EQUIVALENTS		**- 207 124**	**101 782**

23 Balance sheet – assets

In thousands of euro	Notes	Gross amounts	Amortization and impairment	2019 Nets amounts	2018 Nets amounts
Balance sheet – assets	**3.1**	**49 647**	**- 27 049**	**22 598**	**24 469**
Patents, concessions and similar rights		45 868	- 27 049	18 819	21 706
Purchased goodwill		1 548		1 548	1 548
Other intangible assets		2 231		2 231	1 215
Property, plant and equipment	**3.2**	**273**		**273**	**273**
Land					
Buildings					
Plant and equipment					
Other tangible fixed assets		273		273	273
Assets under construction					
Non-current financial assets	**3.3**	**1 715 448**	**- 1 726**	**1 713 722**	**1 683 012**
Investments in subsidiaries		1 288 982	- 1 714	1 287 268	1 286 458
Associated receivables	**3.8**	425 390		425 390	395 492
Other non-current investments		558	- 12	546	764
			Loans		
Other non-current financial assets		518		518	298
Total non-current assets		**1 765 368**	**- 28 775**	**1 736 593**	**1 707 754**
Current assets	**3.8**	**84 068**		**84 068**	**91 835**
Miscellaneous receivables	**3.4**	53 212		53 212	63 292
Marketable securities	**3.5**	26 239		26 239	24 481
Cash and cash equivalents		4 617		4 617	4 062
Adjustment accounts with debit balances	**3.10**	**19**		**19**	**19**
TOTAL ASSETS		**1 849 455**	**- 28 775**	**1 820 680**	**1 799 608**

24 Balance sheet – equity and liabilities

In thousands of euro	Notes	2019 Amount before appropriation	2018 Amount before appropriation
Equity	**3.6**	**827 596**	**828 041**
Share capital		14 033	14 033
Other paid-in capital		73 231	73 231
Revaluation surplus		378	378
Legal reserves		1 613	1 613
Regulated reserves			
Other reserves		326 922	326 922
Retained earnings		388 026	379 489
Net income for the period		14 648	22 321
Investment grants			
Regulated provisions		8 745	10 054
Provisions for risks and future costs	**3.7**	**4 575**	**1 939**
Liabilities	**3.8**	**988 438**	**969 572**
Bank borrowings		290 997	278 330
Other borrowings		687 437	669 652
Supplier payables and similar amounts		6 226	7 324
Tax and payroll liabilities		802	617
Payables for non-current assets		16	4 267
Other payables		2 960	9 382
Adjustment accounts with credit balances		**71**	**56**
TOTAL EQUITY AND LIABILITIES		**1 820 680**	**1 799 608**

25 Notes to the statutory account

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NOTE 1. ACCOUNTING POLICIES

The Company's statutory accounts have been prepared on the basis of the accounting standards embodied in ANC regulation 2014-03 as modified by regulations 2015-06, 2016-07 and 2018-01 (the ANC or Autorité des normes comptables is France's standard-setting body).

The statutory accounts essentially apply the historical cost convention; the Company's main accounting policies are described hereafter.

Unless otherwise stated, amounts are expressed in thousands of euro.

1.1 Intangible assets

Intangible assets include purchased goodwill, trademarks, milk collection rounds, licenses, patents and leasehold rights measured at their cost of acquisition.

Since 2005 set-up costs, research and development costs and the expenses associated with the registration or renewal of trademarks and patents have been written off as incurred (by application of the ANC's preferred method).

Computer software acquired or developed is amortized over 1-3 years in the case of office applications and 7 years in the case of industrial applications. Additional tax-driven amortization may be charged and is reflected in exceptional income and expense.

The costs associated with the acquisition and deployment of software licenses are also capitalized, but costs of software maintenance are charged to profit or loss as incurred. Development expenditure rendering software acquired, or products controlled, by the Group unique are capitalized if they are expected to generate future economic benefits, in which case the expenditure is amortized over the expected useful life of the applicable software.

Each year, the carrying amount of other intangible assets is compared to their value in use, based on a discounted cash flow approach, and any excess of the carrying amount over value in use is covered by an impairment allowance.

1.2 Property, plant and equipment

Property, plant and equipment are measured at their cost of acquisition (the purchase price and any incidental expenses excluding interest expense) or at their cost of production.

Depreciation is charged on a straight-line basis by category of asset and depending on assets' useful lives.

The main depreciation periods are presented in the following table:

	Period
Land improvements	10 to 20 years
Buildings	10 to 33 years
Building improvements	10 to 30 years
Plant and equipment	5 to 15 years
Office and computer equipment and office furniture	3 to 15 years
Other assets	3 to 20 years

Additional tax-driven amortization may be charged and is reflected in exceptional income and expense.

The depreciable amount of assets for which market prices are available is reduced by the residual value of the assets estimated at the time of their entry into service.

Replaceable components with useful lives differing from those of the main asset are depreciated on the basis of their specific useful lives.

Spare parts with useful lives in excess of a year and unit values in excess of €500 are capitalized as part of plant and equipment and depreciated over 5 years with effect from their date of acquisition.

If a depreciable asset suffers effective and definitive impairment due to exceptional circumstances, an exceptional charge for depreciation is recognized in addition to the habitual charge.

Any excess of carrying amount over value in use is the subject of an impairment allowance.

Given the nature of the Company's property, plant and equipment, no provision for major repairs is recognized.

13 Non-current financial assets

Non-current financial assets are measured at their historical cost. Securities denominated in foreign currencies are translated into euro at the exchange rates prevailing on the transaction dates.

Investments in subsidiaries are measured at their cost of acquisition excluding incidental expenses.

Any excess of carrying amount over fair value is the subject of an impairment allowance. Fair value is determined by a combination of assessment of the net asset value of each investment and of the applicable subsidiary's economic and financial potential using a discounted cash flow approach.

14 Marketable securities

Marketable securities are measured at their cost of acquisition. Any excess of carrying amount over market value is the subject of an impairment allowance. Market value is the closing listed price at the year-end except for treasury shares, where use is made of the average listed price for the final month of the year.

No offsetting is applied between unrealized capital gains, which are not recorded in the accounts, and unrealized losses which are the subject of impairment allowances.

Bonds acquired are recognized inclusive of any accrued interest receivable.

15 Foreign currency transactions

Items of income and expense denominated in foreign currencies are recognized on the basis of the exchange rates prevailing on the transaction dates.

Payables, receivables and cash on hand denominated in foreign currencies are translated into euro at the exchange rates prevailing at the year-end. The resulting adjustments are recognized in the balance sheet as conversion differences. Any net unrealized foreign exchange losses are the subject of a provision for risks.

Foreign exchange gains and losses for hedged invoices and for the associated hedging instruments, as well as the costs of hedging (term points or premiums), are reclassified to operating profit or loss.

Instruments outstanding at the year-end, and hedging transactions of the period, are recognized in the balance sheet on a symmetrical basis to the applicable hedged receivables or payables.

16 Management of financial risks and financial instruments

The Company's activities expose it to market risks mainly comprising foreign exchange risks and/or interest rate risks. Its management of those risks is designed to minimize their potentially unfavorable impact on the Company's financial performance. Derivative financial instruments are used to hedge certain exposures.

Said risk management complies with policies approved by the Company's Board of Directors. Financial risks are identified, measured and hedged. For each category of transactions, specific procedures set out the instruments which may be used, the maximum amounts authorized, the possible counterparts and the controls to be performed.

Derivative financial instruments are used to hedge the foreign exchange and interest rate exposures with which the Company is confronted in the framework of its operations. The main derivatives used are firm or optional forward foreign currency purchases or sales and currency or interest rate swaps.

The results of hedging are recognized on a symmetrical basis to the results recognized for the hedged items. If positions do not qualify for hedge accounting, they are measured at their market value and the resulting gains or losses are recognized in profit or loss.

1.7 Regulated provisions

Tax-deductible depreciation may be calculated on the basis of depreciation periods and reducing-balance charges different from the useful lives and straight-line charges applied for accounting purposes, but French tax legislation nevertheless imposes recognition of the difference between the two methods as a regulated provision.

1.8 Lump-sum retirement benefits

The lump-sum retirement benefits provided for by the Company's collective bargaining agreement are partly funded by insurance. The calculation of the applicable benefits is performed by an independent appraiser, based on the employees present, and is updated annually.

1.9 Taxes on income and determination of taxable profit or loss

Taxes on income are those payable for the fiscal year. Deferred tax is not recorded. The Company has implemented a tax consolidation arrangement including its French subsidiaries subject to direct or indirect control of at least 95%. The arrangement enables offsetting of the taxable profits and tax-deductible losses of the applicable entities such that Savencia SA is only required to pay the balance.

NOTE 2. NOTES TO THE STATUTORY ACCOUNTS

2.1 Operating deficit

In thousands of euro	2019	2018
Operating revenue	**29 492**	**28 359**
Operating revenue essentially comprises royalties billed to subsidiaries		
Royalties	28 352	26 385
Other income	1 140	1 974
Operating costs	**- 47 227**	**- 46 674**
Purchased goods and services (*)	- 38 665	- 41 790
Taxes (excluding taxes on income)	- 906	- 773
Gross remuneration	- 347	- 390
Social contributions	- 272	- 242
Joint operations		
Other costs	- 584	- 457
Charges for amortization, impairment and provisions	- 6 453	- 3 022
OPERATING DEFICIT	**- 17 735**	**- 18 315**

(*) Including €987 thousand for statutory audit in 2019 (2018: €1,025 thousand). Fees of €14 thousand were recorded for advisory and other services provided by the statutory auditors (2018: €nil).

22 Net financial income

In thousands of euro	2019	2018
Income from investments	**26 393**	**35 920**
Dividends received	26 411	36 083
Net impairment	- 18	- 163
Net financial expense	**- 5 505**	**- 7 069**
Financial income	8 184	7 839
Financial expense	- 13 689	- 14 908
Net foreign exchange and miscellaneous income (expense)	**68**	**- 85**
NET FINANCIAL INCOME	**20 956**	**28 766**

23 Net exceptional income (expense)

In thousands of euro	2019	2018
Exceptional expense (**)	- 376	- 2 404
Exceptional income (**)	40	531
Net gains and losses on disposal of fixed assets		
Movements in tax-driven amortization	1 309	- 203
Movements in provisions for risks (*)	101	1 834
NET EXCEPTIONAL INCOME (EXPENSE)	**1 074**	**- 242**

(*) Mainly the reversal of a provision for unrealized losses in respect of the Group's stock option plan.
(**) The -€336 thousand of net exceptional expense for 2019 mainly comprises a reduction of the amount receivable from subsidiaries in respect of unrealized losses for the Group's stock option plan.

24 Taxes on income

In thousands of euro	2019	2018
Tax credits specific to Savencia SA	226	213
Additional contribution in respect of dividends (*)		1 851
Tax consolidation credits	10 147	10 240
Net tax charge for prior years	- 20	- 192
TOTAL	**10 353**	**12 112**

(*) Following the declaration of non-constitutionality of the additional contribution in respect of dividends, in 2018 Savencia SA received a reimbursement of €1,851 thousand in respect of 2014, 2015, 2016 and 2017.

Deferred taxes

The deferred taxes in respect of tax-driven amortization and other temporary differences represent a future tax charge, on the basis of a 31% tax rate, of €1,744 thousand (2018: €1,829 thousand):

In thousands of euro	2019	2018
Future additional tax	**- 2 712**	**- 3 118**
For tax-driven amortization	- 2 711	- 3 117
For other tax adjustments	- 1	- 1
Future tax relief	**968**	**1 289**
For non-deductible provisions	930	
For other non-deductible expenses	38	34
For tax losses carried forward		1 255
NET FUTURE ADDITIONAL TAX	**- 1 744**	**- 1 829**

NOTE 3. NOTES TO THE BALANCE SHEET

3.1 Intangible assets

	Change in intangible assets				
In thousands of euro Caption	Amount at 12/31/2018	Increases	Transfers	Decreases	Amount at 12/31/2019
Gross amounts	**48 065**	**1 582**			**49 647**
Concessions, patents and similar rights	45 302	11	555		45 868
Purchased goodwill	1 548				1 548
Other intangible assets (*)	1 215	1 571	- 555		2 231
Amortization and impairment	**- 23 596**	**- 3 453**			**- 27 049**
Concessions, patents and similar rights	- 23 596	- 3 453			- 27 049
Purchased goodwill					
Other intangible assets					
NET INTANGIBLE ASSETS	**24 469**	**- 1 871**			**22 598**

(*) Other intangible assets comprise computer software under development

32 Change in property, plant and equipment

In thousands of euro Caption	Change in property, plant and equipment Amount at 12/31/2018	Increases	Transfers	Decreases	Amount at 12/31/2019
Valeurs brutes	**273**				**273**
Land					
Buildings					
Plant and equipment					
Other tangible fixed assets	273				273
Assets under construction					
Depreciation and impairment					
Land					
Buildings					
Plant and equipment					
Other tangible fixed assets					
NET PROPERTY, PLANT AND EQUIPMENT	**273**				**273**

33 Non-current financial assets

In thousands of euro Caption	Change in non-current financial assets Amount at 12/31/2018	Increases	Decreases	Amount at 12/31/2019
Gross amounts	**1 684 779**	**31 439**	**- 770**	**1 715 448**
Investments in subsidiaries (*)	1 288 153	829		1 288 982
Associated receivables (**)	395 492	30 390	- 492	425 390
Other investments (***)	836		- 278	558
Loans				
Other non-current financial assets	298	220		518
Impairment	**- 1 767**	**- 31**	**72**	**- 1 726**
Investments in subsidiaries	- 1 695	- 19		- 1 714
Associated receivables				
Other investments	- 72	- 12	72	- 12
Loans				
Other non-current financial assets				
NET NON-CURRENT FINANCIAL ASSETS	**1 683 012**	**31 408**	**- 698**	**1 713 722**

(*) The €829 thousand increase mainly comprises the subscription to 100% of the share capital of a shared services company located in the Czech Republic.
(**) Representing 5-year loans.
(***) Including 6,991 treasury shares held at December 31, 2019 in the framework of a liquidity contract (2018: 10,531 shares).

34 Other receivables

In thousands of euro	At 12/31/2019	At 12/31/2018
Financial current accounts with subsidiaries	27 300	39 095
Other receivables	25 912	24 197
NET OTHER RECEIVABLES	**53 212**	**63 292**

35 Valeurs mobilières de placement

In thousands of euro	At 12/31/2019	At 12/31/2018
The Company's portfolio of marketable securities comprises French securities as follows:		
Gross amounts	**26 239**	**24 493**
Shares in UCITS	2 496	2 241
Shares in other mutual funds	2 539	
Treasury notes, warrants etc.	7 083	17 079
Treasury shares (*)	14 121	5 173
Impairment		**- 12**
Shares in UCITS		- 12
Shares in other mutual funds		
Treasury notes, warrants etc.		
Treasury shares		
NET MARKETABLE SECURITIES	**26 239**	**24 481**

(*) At December 31, 2019 Savencia SA held 238,207 treasury shares (2018: 87,407 shares) acquired for consideration of €14,121 thousand. The average list price for December 2019 amounted to €59.76. Including the 6,991 shares held in the framework of the liquidity contract (2018: 10,531 shares), treasury shares represented 1.7473% (2018: 0.6979%) of the Company's share capital.

Marketable securities comprise the investment of liquidities and treasury shares. At the end of the year, an impairment allowance is recognized for any excess of cost over market value.

36 Equity

The Company's share capital of €14,032,930 comprises 14,032,930 shares with a par value of €1 per share including 9,327,176 shares with dual voting rights. At December 31, 2019 the Company's main shareholder was Savencia Holding SCA with a direct holding of 66.64% of the share capital representing 79.72% of the total voting rights. As of February 6, 2020 the only other shareholder holding more than 5% of the share capital was Silchester Northern Trust which held 6.59% of the share capital and 3.9% of the total voting rights.

STATEMENT OF CHANGES IN EQUITY

In thousands of euro	Share capital	Other paid-in capital	Revaluation Reserve	Legal reserve	Regulated reserve	Other reserves	Retained earning	Regulated provisions	Net income for the Period	Total
Balances at 01/01/2019 (before appropriation of results)	**14 033**	**73 231**	**378**	**1 613**	**-**	**326 922**	**379 489**	**10 054**	**22 321**	**828 041**
Share capital reduction										
Tax-driven provisions										
Reversal of provisions								- 2 755		- 2 755
Charges for the period								1 446		1 446
Distribution of dividends							- 14 033			- 14 033
Other reductions										
Transfer to reserves										
Dividends not distributed (for treasury shares)							249			249
Transfer to retained earnings							22 321		- 22 321	
Net income for 2019									**14 648**	**14 648**
BALANCES AT 12/31/2019 (before appropriation of results)	**14 033**	**73 231**	**378**	**1 613**	**-**	**326 922**	**388 026**	**8 745**	**14 648**	**827 596**

Stock purchase options have been granted to certain directors and/or executives of the Company or of Group companies. The strike price for the options granted is calculated on the basis of the average share price for the 20 trading days preceding the date of allocation of the options, which may be exercised for 10 years following their allocation. Since the plan for 2006, the period of vesting has been set at 4 years during which the beneficiaries must remain with the Group. Share sales are authorized 2 years after the exercise of options.

Year of allocation	Plan in force through	Strike price (€/share)	Options allocated	Options outstanding
2010	2020	57.11	80 000	54 250
2011	2021	46.87	80 000	51 850
TOTAL			**160 000**	**106 100**

A provision for risk is recognized for any excess of the cost of acquisition of shares over the strike price for shares allocated; it amounted to €758 thousand in 2019 (2018: €1,035 thousand).

The applicable social contribution is calculated on the basis of the lower of market value and/or fair value as provided for by the applicable legislation.

3.7 Provisions for risks and future costs

The Company's provisions for risks and future costs mainly represent unrealized losses for the stock option plan and tax and other disputes.

3.8 Payables and receivables by maturity

		Maturities		
In thousands of euro	Total Amount	< 1 year	1-5 years	> 5 years
Payables				
Financial liabilities				
Bank borrowings	290 997	7 333	29 332	254 332
Miscellaneous financial liabilities	687 437	687 437		
Operating and miscellaneous liabilities	10 004	10 004		
TOTAL	**988 438**	**704 774**	**29 332**	**254 332**

Operating and miscellaneous liabilities comprise treasury notes or short-term bank borrowings which are renewed on a short-term basis or repaid using Savencia SA's medium-term credit facilities. The miscellaneous financial liabilities are denominated in euro or in USD which may be fully hedged for foreign exchange risk.

		Maturities	
In thousands of euro	Total Amount	< 1 year	> 1 year
Receivables			
Receivables associated with investments in subsidiaries	425 390	35 390	390 000
Operating, financial and miscellaneous receivables	53 212	53 212	
Marketable securities and cash	30 856	30 856	
TOTAL NET OF IMPAIRMENT	**509 458**	**119 458**	**390 000**

3.9 Cash and cash equivalents

Cash and cash equivalents per the statement of cash flows may be reconciled as follows with the balance sheets presented:

In thousands of euro	At 12/31/2019	At 12/31/2018
Marketable securities and cash	30 856	28 542
Debit financial current account balances with subsidiaries (*)	27 300	39 095
Bank borrowings and treasury notes	- 682 106	- 484 463
Credit financial current account balances with subsidiaries (*)		
NET CASH AND CASH EQUIVALENTS AT THE YEAR-END	**- 623 950**	**- 416 826**

(*) Current account balances evolve based on subsidiaries' cash requirements or surpluses.

3.10 Adjustment and similar accounts

In thousands of euro	At 12/31/2019	At 12/31/2018
Prepaid expenses	**19**	**19**
Prepaid expenses comprise bank interest and commissions.		
Deferred revenue	**71**	**56**
Deferred revenue comprises deferred interest income.		
Accrued revenue		
Loans, investments and hedging instruments	837	1 003
Unrealized capital losses for stock options	447	612
Total accrued revenue	**1 284**	**1 615**
Accrued expenses		
Borrowings, miscellaneous financial liabilities and hedging instruments	1 771	1 859
Trade payables	766	1 070
Tax and social liabilities	614	477
Total accrued expenses	**3 151**	**3 406**

3.11 Contingent assets and liabilities

In thousands of euro	At 12/31/2019	At 12/31/2018
Commitments received		
Bank guarantees		
Commitments given		
Lump-sum pension benefits(*)	101	98
Credit facilities allocated to subsidiaries	108 180	118 320

(*) Pension obligations are administered by Eparinter which has received assets with a fair value of €88 thousand for that purpose. The future liability discounted at 0.77% per annum amounts to €101 thousand.

Costs for disputes relating to transactions entered into in the normal course of business, and for which the estimated outcomes are judged probable, are provided for in the Company's balance sheet.

Financial instruments

The Company has subscribed, with a related company, swaps amounting at December 31, 2019 to €251 million of nominal value (2018: €278 million). The swaps qualify as hedging instruments.

3.12 Personnel

Gross payroll for 2019 amounted to €347 million (2018: €390 million). The Company employed 2 persons at December 31, 2019 and 2018.

The remuneration of Board members amounted to €585 thousand in 2019 (2018: €457 thousand).

3.13 Events after the year-end

No event liable to compromise the present statutory accounts has occurred since the year-end.

It is as yet too early to assess the impact of Covid-19 but it appears certain that the crisis will influence economic activity with particular regard for food service businesses. In this context, the Group's priority in 2020 will be to preserve its employees whilst pursuing its efforts of competitiveness in order to ensure the profitable growth of its brands thanks to the quality of its products and the commitment of all its employees.

3.14 Subsidiaries and affiliates

(In thousands of euro Subsidiaries and affiliates)

Legal form	Activity	Company or group of companies	Share Capital	Réserves
A. Detailed information for investments with carrying amounts exceeding 1% of the share capital of the Company				
1. Subsidiaries (50% at least of their share capital held by the Company)				
France				
SAS	R&D	SOREDAB – La Boissière École (78)	75	6 307
SAS	Service-provider	SOGASI – Viroflay (78)	25 910	2 298
SAS	Holding	SAVENCIA Fromage & Dairy EUROPE – Viroflay (78)	294 760	301 488
SA	Holding	ALLIANCE LAITIÈRE EUROPÉENNE – Paris (75)	231 900	165 148
SAS	Holding	SAVENCIA Fromage & Dairy INTERNATIONAL – Viroflay (78)	122 513	- 17 355
SAS	Holding	Cie DES maîtres FROMAGERS – Viroflay (78)	17	- 12
SAS	Service-provider	SOGEPS – Condé sur Vire (50)	4 287	- 183
Étranger				
SARL	Holding	EUREXPAN BV – Breda (Pays-Bas)	10 414	331 955
AS	Service-provider	SAVENCIA SERVICES EUROPE (Czech Republic)	20 000 *Thousand CZK*	
2. Associates (10%-50% of share capital held by the Company)				
B. Summary information for other entities not included in A				
French entities (in aggregate)				
Foreign entities (in aggregate)				

% of share capital held	Carrying amount of shares held gross	net	Loans and advances Granted by SAVENCIA SA	Guarantees Provided by Savencia SA	Net sales of the Last period	Result of the last period	Gross dividends received by the Company during the year
98	74	74			11 370	2 508	1 463
100	27 980	27 980			11 152	2 216	2 159
100	429 363	429 363	571			37 571	19 651
100	255 180	255 180	15 275			- 148	
100	313 033	313 033	11 454			6 262	
100	91					- 9	
100	4 287	4 287			31 907	- 418	
100	256 055	256 055				5 275	3 139
100	783	783			52 699 *thousand CZK*	1 465 *thousand CZK*	
	124	124					
	2011	389					

26 Results of the last 5 fiscal years

Articles R225-81, R225-83 and R225-102 of the French code of commercial law.

In euro and units	2015	2016	2017	2018	2019
Financial position at the year-end					
Share capital	14 032 930	14 032 930	14 032 930	14 032 930	14 032 930
Number of shares issued	14 032 930	14 032 930	14 032 930	14 032 930	14 032 930
Number of bonds convertible to shares					
Operations and results for the period					
Net sales.	21 741 606	25 680 011	26 187 613	27 726 437	28 867 056
Profit before tax, amortization, impairment and provisions	31 712 554	29 148 789	11 473 614	11 611 593	9 021 250
Taxes on income	- 9 260 089	- 9 907 258	- 8 073 363	- 12 112 189	- 10 353 177
Profit after tax, amortization, impairment and provisions	38 941 932	40 222 684	19 081 687	22 320 802	14 647 712
Amount of profit distributed	13 943 830	22 223 742	19 493 943	13 783 566	
Earnings per share					
Profit after tax but before amortization, impairment and provisions	2.92	2.78	1.39	1.69	1.38
Profit after tax, amortization, impairment and provisions	2.78	2.87	1.36	1.59	1.04
Dividend per share	1	1.60	1.40	1	
Personnel					
Number of employees	2	2	2	2	2
Gross payroll	226 802	283 582	313 327	389 759	346 579
Amounts paid for social security and other benefits	147 697	167 936	200 350	241 998	271 550

27 Statutory Auditors' report on the financial statements

(For the year ended December 31, 2019)

Savencia SA
42. rue Rieussec
78220 Viroflay

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Savencia SA for the year ended December 31, 2019. These financial statements were approved by the Board of Directors on March 5, 2020 based on information available at that date and in the evolving context of the Covid 19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis of opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2019 to the date of our report, and, in particular, we did not provide any non audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

MEASUREMENT OF EQUITY INVESTMENTS

Description of risk

Equity investments amount to €1,287,268 thousand, representing 71% of the assets on the balance sheet.

To estimate the value in use of equity investments, management exercises judgment when choosing the items to be taken into consideration for each investment. These items may correspond, depending on the situation, to historical data (equity) or forecast data (discounted future cash flows). Accordingly, we deemed the measurement of equity investments to be a key audit matter.

How our audit addressed this risk

We obtained an understanding of the procedures implemented by Savencia SA to determine the value in use of equity investments.

For measurements based on historical data, we verified that the equity values used were consistent with the financial statements of the entities concerned.

For measurements based on forecast data, we:

- obtained the cash flow projections for the operations of the entities concerned;
- assessed the consistency of the assumptions used by management with the economic environment of the subsidiaries;
- compared the projections made in previous periods with actual results in order to assess the reliability of the projections made by management;
- verified that the value determined based on discounted cash flows has been adjusted to account for debt.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS WITH RESPECT TO THE COMPANY'S FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report approved on March 5, 2020 and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported to the Annual General Meeting called to approve these financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D. 441-4 of the French Commercial Code.

INFORMATION WITH RESPECT TO CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code, with the exception of the information provided for in article L. 225-37-4 10° relating to the description and implementation of the procedure set out in the second paragraph of article L. 225-39, it being specified that this procedure will be implemented in 2020 as explained in section 1.1.3.

Concerning the information given in accordance with the requirements of article L. 225-37-3 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L. 225-37-5 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

OTHER INFORMATIONS

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Savencia SA by the Annual General Meetings held on May 21, 1979 for PricewaterhouseCoopers Audit and on May 22, 1977 for KPMG SA.

At December 31, 2019, PricewaterhouseCoopers Audit and KPMG SA were in the forty-first and forty-third consecutive year of their engagement, respectively. For both firms, this is the fortieth year since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and La Défense, March 31, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG S.A.**
Amélie Wattel	**Jean-Charles Simon**

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CORPORATE GOVERNANCE

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1 Report on corporate governance

The present report for 2019 has been prepared in accordance with the French code of commercial law and was approved by the Board of Directors on March 5, 2020.

1.1 Composition, functioning and powers of the Board of Directors

1.1.1 Composition, functioning and powers of the Board of Directors

1.1.1.1 *Missions and powers of the Board*

The Board of Directors determines the Company's strategic orientations and oversees their implementation. Subject to the powers expressly attributed to shareholders' general meetings and within the limit of the corporate purposes, it may examine any question pertaining to the Company's operations and take decisions on matters concerning the Company.

The Board performs such controls and verifications as it deems appropriate. Each year, it examines the essential aspects of the management report and other reports presented to shareholders, as well as the resolutions submitted to the Annual General Meeting.

The Board of Directors possesses specific powers by virtue of the law, the Company's articles of association and its internal rules of procedure. In the framework of its missions, it has the following powers which are not exhaustive:

- It determines the Company's objectives and strategic orientations subject to compliance with the Group's business culture and values;
- It appoints the corporate officers charged with managing the Company in the framework of the defined strategy;
- It chooses the form of organization (dissociation or unicity of the functions of Chairman and CEO);
- It approves the Company's annual statutory accounts and consolidated financial statements: it engages in verification and assesses the reliability and clarity of information provided to shareholders and to the market via the accounts or in the context of major transactions;
- It analyses on a regular basis, in line with the strategy, the opportunities and risks within the scope of the Company's activity and the measures taken in response;
- It positions the Company's financial performance within a long-term perspective, taking into account the Group's sustainable development, both from its environmental and social aspects;
- It is attentive to the implementation of a policy of non-discrimination and diversity within itself, and aims to provide a balanced representation of women and men within the Executive Committee;
- It ensures the implementation of a procedure for preventing and detecting corruption and influence-peddling and receives all necessary information for that purpose.

The Board of Directors is also responsible, with the sense of medium and long-term vision which characterizes family businesses, for securing the Group's future, and guaranteeing its lasting independence. It provides support for that purpose to the Chairman in that mission.

1.1.1.2 *Composition of the Board*

At December 31, 2019 the Board of Directors had fifteen members:

- Mr. Alex Bongrain;
- Mr. Armand Bongrain;
- Mr. Pascal Breton;
- Mrs. Anne-Marie Cambourieu;
- Mrs. Clare Chatfield;
- Mrs. Dominique Damon;
- Mrs. Béatrice Giraud;
- Mr. Xavier Govare;
- Mrs. Maliqua Haimeur;
- Mrs. Martine Liautaud;
- Mr. Christian Mouillon;
- Mr. Ignacio Osborne;
- Mr. Jean-Yves Priest;
- Mr. Jean-Michel Strasser;
- Savencia Holding, represented by Mr. Xavier Cruse.

The appointment of Mrs. Agnès Bureau-Mirat expired on April 18, 2019. Mrs. Anne-Marie Cambourieu and Mr. Jean-Yves Priest were appointed as Directors by the Annual General Meeting held on April 18, 2019.

The Directors represent all the Company's shareholders and act constantly in the interest of the Company. They must be familiar with the strategic issues within the Company's markets.

The Board of Directors regularly assesses its composition and that of its Committees with regard to the composition of the Company's shareholders and to its own diversity.

The Directors' mandate was set at one year when the Company was floated and has not been modified since, thereby enabling an evolution of the composition of the Board in response to the Company's requirements in terms of expertise and skills.

The Board of Directors pays particular attention to the selection of its members. The Committee for Management, Compensation and CSR regularly assesses the composition of the Board in terms of diversity (of sex, age, competencies, experience and independence etc.) and engages in forward thinking as to its evolution.

When the need for a new Board member is identified, the Committee for Management, Compensation and CSR defines the profile for candidates. Cooptation is preferred but recourse to a recruitment agency is not excluded. Candidates are assessed in order to ensure their ability to contribute to the Group's strategic challenges and to adhere to the Group's business culture and values. The Committee for Management, Compensation and CSR shares its recommendations with the Board of Directors.

The Board of Directors aims to provide the best possible balance in its composition and that of its Committees which reflect variety and complementarity of sex, expertise and national and international experience and culture, thereby enabling it fully to accomplish its mission with regard to the diversity of the Group's activities.

The Board of Directors has six women among its members, Anne-Marie Cambourieu, Clare Chatfield, Dominique Damon, Béatrice Giraud, Maliqua Haimeur and Martine Liautaud, or 40% of the total.

The Board of Directors is also attentive to the presence of at least ⅓ of independent directors, in line with corporate governance recommendations.

A Director is independent if he or she has no relationship whatsoever with the Company, its Group or its Management, liable to compromise the exercise of his or her freedom of judgment. An independent Director is thus notably any non-executive representative of the Company, its Group or its General Management devoid of any particular interest relationship (such as that of major shareholder, employee etc.) with those bodies.

The Board of Directors is responsible, following proposal by the Committee for Management, Compensation and CSR, for assessing the independence of each of its members.

The qualification of independent Director is debated within the Committee for Management, Compensation and CSR at the time of appointment of each Director and annually for all the Directors.

With regard to the criteria set by article 9.5 of France's AFEP-MEDEF code, the Board of Directors has considered that 7 Directors are qualified as independent as of December 31, 2019: Anne-Marie Cambourieu, Clare Chatfield, Maliqua Haimeur, Martine Liautaud, Xavier Govare, Christian Mouillon and Ignacio Osborne.

Savencia SA's Internal Rules of Procedure contain provisions designed to ensure that Directors avoid any situation of conflict of interest with the Company. They must in particular declare the totality of their other appointments and functions, both in France and abroad, and abstain from exercising any appointments, functions or missions on behalf of any and all companies in competition with the Group or subject to conflicts of interest. In the same way, if a decision for discussion by the Board is liable to place the Director in a position of conflict of interest, the Director must immediately so inform the Chairman and, in concertation with the Chairman, abstain from taking part in the corresponding vote or even withdraw from the meeting for the discussion and the vote.

1.1.1.3 *Meetings and functioning of the Board of Directors*

The Board determines the dates for its meetings which are held every two months in the absence of any particular urgency or need for the Company.

The documents required to be reviewed for decision making by the Directors are attached to the convening notice or communicated during the following days, and ideally at least five days before the meeting.

The Board of Directors assesses on a regular basis its capacity to meet the expectations of the shareholders on whose behalf it administers the Company, by reviewing its composition, and organization, including a review of its Committees.

The assessment provides the opportunity to review the functioning of the Board, to verify that important questions are properly prepared and debated, and to evaluate each Director's contribution to the work performed.

The assessment is conducted as follows:

- Once per year, the Board debates its functioning;
- A formal evaluation is performed at least once every three years. The Board may choose to be assisted by an external consultant.

The Board meetings' minutes are prepared after each meeting and communicated to all the Board members who are invited to express their observations which, if applicable, are debated at the following meeting. The final text of the minutes for the previous meeting is then submitted for the Board's approval.

In 2019, the Board of Directors held six meetings.

The Board of Directors worked mostly on corporate governance, activity review, the review of the Company's annual and half-yearly financial statements and its regulated information, corporate strategy and its implementation, and the preparation of the Annual General Meeting.

In terms of regulated information, the Board reviewed the Company's half-yearly and annual information and net sales for the first and third quarters of 2019. The meetings pertaining to the annual or half-yearly financial statements are systematically preceded by a meeting of the Audit and Risks Committee. The Board debated and approved the coherence of each applicable press release prior to its publication.

Each meeting of the Board of Directors includes a time for exchange out of the presence of the Chief Executive Officer and of the Deputy Managing Director, to discuss the current situation of the Group's activity and results.

Also performed is an annual review of loans obtained or renewed during the year.

As provided for by France's so-called Pacte law, the Board of Directors has Started working on a procedure enabling regular assessment of whether agreements concluded at arm's length in the normal course of business meet the requisite conditions. The procedure will be finalized in 2020.

In terms of governance, the Board of Directors ruled on its members' independence with regard to the criteria set by the AFEP-MEDEF code and examined the candidacy of new Directors.

Directors receive compensation the amount of which is set annually by the Shareholders Meeting and is apportioned by the Board. It includes a fixed fee for each Board meeting attended as well as fees for involvement in the Board's various Committees and, if applicable, for any work performed or services rendered between Board meetings.

In addition to the aforementioned rules of functioning defined by the Company's articles of association, the Board of Directors has adopted Internal Rules of Procedure setting out Directors' rights and duties (a Director's Charter) and detailing the functioning of the Board and its specialized Committees as provided for by the articles of association. The Company's bylaws are available on its website.

1.1.1.4 *Preparation of the work and missions of the Board's specialized Committees*

As provided for by law and by the Company's articles of association, the Board of Directors has been reeinforced, in the spirit of best governance, by the creation of two specialized Committees.

A. The Audit and Risks Committee

The Audit and Risks Committee is charged in particular with:

(i) Providing general assistance to the Board in preparing the corporate accounts;

(ii) Assessing the Company's financial reporting processes and, if necessary, formulating recommendations to ensure their integrity;

(iii) Analyzing the Company's procedures designed to identify and rank the main risks incurred by the Group, and verifying the adequacy and effectiveness of the Group's systems of internal and external control;

(iv) Ensuring the implementation of a vigilance plan as defined by articles L225-102-4-I and following of the French code of commercial law, the monitoring and constant updating of the Group's risk-mapping and arrangements for preventing and detecting corruption and influence-peddling, the relevancy of the measures taken to ensure compliance with stock market deontological requirements and the systematic regulatory compliance of the Group's practices;

(v) Assessing the level of security of the Group's information systems in terms both of coping with potential aggression and of operating reliability;

(vi) Overseeing the accomplishment of the statutory auditors' mission.

The Audit and Risks Committee is empowered to obtain all documents necessary for carrying out its missions.

The Committee may interview for that purpose, inter alia, Corporate Executive Officers, the Chief Financial Officer, the General Counsel, the Tax Manager, the Risk Manager, the Insurance Manager and the Information Systems Manager. If the Committee wishes, such hearings may take place out of the presence of General Management.

The Committee may interview the person in charge of internal audit. It is informed of the internal audit program and receives the internal audit reports produced or a periodical summary of the reports.

The Committee reports to the Board of Directors on its work, in particular at the balance sheet date. It informs the Board without delay of any difficulty encountered in the exercise of its missions.

The Audit and Risks Committee comprises at least three members who must be Directors. They are chosen on the basis of their financial and accounting competency and of any additional professional experience useful for the Committee's work.

The Committee may not include either the Chairman of the Board or any corporate executive officer. It must include at least two thirds of independent Directors and be chaired by an independent Director.

All the members of the Audit and Risks Committee are qualified and possess significant business experience in the areas of finance and/or accounting and/or financial audit.

As of December 31, 2019, the composition of the Audit and Risks Committee was as follows: Mr. Jean-Michel Strasser, Chairman, Mrs. Martine Liautaud (independent Director) and Mr. Christian Mouillon (independent Director). It met 4 times in 2019.

In 2019, the Audit and Risks Committee proceeded in the framework of its mission to the examination of various matters such as:

- The consolidated financial statements for 2018 and the half-yearly consolidated financial statements for 2019;
- The Group's budgets, in particular its 2020 budget and long-range plans;
- The mission and performance of the statutory auditors and the authorization, if applicable, of any assignments not directly related to performance of the statutory audit;
- The review of the Group's principal risk exposures and of the internal control and risk management. For that purpose, the Committee interviewed the departments involved in risk management and reviewed the evolution of the Group's risk-mapping as well as its business continuity plans.

B. The Committee for Management, Compensation and CSR

The main missions of the Committee for Management, Compensation and CSR are to:

- Provide the Board of Directors with recommendations on the appointment, renewal and preparation of the succession of Directors, non-voting Board members and corporate executive officers;
- Review and recommend the definition of the compensation and fringe benefits provided for corporate executive officers and the bases of apportionment of the compensation allocated to Directors and non-voting Board members;
- Assist the Board of Directors in assessing the Group's Human Resources policy.

The Committee may interview for that purpose, inter alia, the statutory auditors, corporate executive officers and the Human Resources Manager. It is also empowered to obtain all documents necessary for carrying out its missions.

General Management may consult the Committee in respect of any difficulty as to its functioning or organization.

The Committee for Management, Compensation and CSR reports on its work to the Board of Directors, in particular through reports which may include proposals for action.

The Committee comprises at least three members who must be Directors or non-voting members. It may not include either the Chairman of the Board or any corporate executive officer. It must include at least two thirds of independent Directors and be chaired by an independent Director.

As of December 31, 2019, the composition of the Committee for Management, Compensation and CSR was as follows: Mrs. Clare Chatfield (independent Director), Mrs. Dominique Damon, Chairperson, Mrs. Béatrice Giraud, Mr. Armand Bongrain and Mr. Ignacio Osborne (independent Director).

In 2019, the Committee met 5 times. Within its mission, and as recurrent matters, it made recommendations for the composition and functioning of the Board, in particular concerning succession planning. It also worked on compensation: key aspects of the Group's compensation policy and of the compensation of corporate executive officers (bases of determination of fixed and variable compensation), as well as the bases of apportionment of the overall compensation provided for the Board. The Committee also reviewed the evolution of the Group's organization, consistent with its strategic plan.

More specifically, the Committee addressed matters of regulatory compliance, its implementation monitoring, as well the Group's progress in matters of CSR.

SUCCINCT PRESENTATION OF THE BOARD OF DIRECTORS AND OF GENERAL MANAGEMENT

	Personal information			
	Age at the date of the AGM	Sex	Nationality	Number of shares held
BONGRAIN Alex Président du Conseil d'Administration	68	M	French	4 306
TORRIS Jean-Paul Directeur Général	67	M	French	_
BRZUSCZAK Robert Directeur Général Délégué	65	M	Belgian	5 000
BONGRAIN Armand	66	M	French	100
BRETON Pascal	73	M	French	9 110
CAMBOURIEU Anne-Marie	60	F	French	100
CHATFIELD Clare	62	F	French	100
DAMON Dominique	73	F	French	400
GIRAUD Béatrice	73	F	French	112
GOVARE Xavier	63	M	French	100
HAIMEUR Maliqua	63	F	French	100
LIAUTAUD Martine	69	F	French	100
MOUILLON Christian	64	M	French	100
OSBORNE Ignacio	66	M	Spanish	206
PRIEST Jean-Yves	72	M	French	384
STRASSER Jean-Michel	69	M	French	150
CRUSE Xavier (representing SAVENCIA Holding)	67	M	French	4 500

Expérience		Position within the Board				
Number of appointments with other listed companies	Independence	Initial date of appointment	Expiry of appointment	Prior service on the Board at the date of the AGM	Membership of advisory Committees	Level of attendance at Board meetings
0	N	2004	1-year appointment	16 years	N	100 %
0	_	_	_	_	N	_
0	_	_	_	_	N	_
0	N	2004	1-year appointment	16 years	Membre du CMR RSE 100 %	100 %
0	N	April 2015	1-year appointment	5 years	N	100 %
0	Y	April 2019	1-year appointment	1 year	N	100 %
0	Y	April 2016	1-year appointment	4 years	CMR RSE 75 %	100 %
0	N	April 2007	1-year appointment	13 years	CMR RSE 100 %	100 %
0	N	April 2015	1-year appointment	5 years	CMR RSE 100 %	100 %
0	Y	April 2017	1-year appointment	3 years	N	100 %
0	Y	April 2018	1-year appointment	2 years	N	100 %
0	Y	April 2013	1-year appointment	7 years	Comité d'audit 100 %	100 %
0	Y	April 2018	1-year appointment	2 years	Comité d'audit 100 %	100 %
0	Y	April 2009		11 years	CMR RSE 100 %	100 %
0	N	April 2015	1-year appointment	4 years	Comité d'audit 100 %	100 %
0	N	Nov. 2009	1-year appointment	11 years	Comité d'audit 100 %	100 %
0	N	April 2018	1-year appointment	2 years	N	100 %

1.1.2 List of appointments and functions of Board members with other companies

Mr. Alex BONGRAIN, Chairman of the Board

Born on 03/16/1952 in Neuilly-sur-Seine (92) – French
Board Member depuis April 2004
4 306 SAVENCIA shares

Other appointments and functions held in France:

DIRECTOR
- SODIPAG SA
- SPAGNY SA
- SIPARAL SAS

CHAIRMAN
- BIEN NOURRIR L'HOMME

Other appointments and functions held abroad:

LEGAL REPRESENTATIVE
- SB MANAGEMENT AND SERVICES SA
- SB INTERNATIONAL
- EUFIPAR
- EUREXPAN
- SAVENCIA Fromage & Dairy Europarticipations
- SAVENCIA Fromage & Dairy Nederland
- PATURAIN FINANCE BV

CHAIRMAN
- BR INVESTMENT

DIRECTOR
- EUROSPECIALITIES FOOD
- ZAUSNER FOODS CORP. et ses filiales
- SAVENCIA Fromage & Dairy Japan
- BONGRAIN UK
- POLENGHI
- FROMUNION
- VALRHONA Inc.
- LMC Inc.
- SOPARIND
- BSI FOODS
- VILLARS
- SAVENCIA Fromage & Dairy Suisse

Business activities/appointments of the last 5 years no longer held:

CHIEF EXECUTIVE OFFICER
- SAVENCIA SA

DIRECTOR
- SCHRATTER FOODS Inc.

LEGAL REPRESENTATIVE
- SAVENCIA Fromage & Dairy Europe
- SDG SAS

CHAIRMAN
- ZAUSNER FOODS CORP.

Mr. Armand BONGRAIN

Born on 09/06/1953 in Nancy (54) –French
Member of the Committee for Management, Compensation and CSR
Board Member since April 2004 100 SAVENCIA shares

Other appointments and functions held in France:

CHAIRMAN OF THE SUPERVISORY BOARD
- SAVENCIA Holding

DIRECTOR
- BIEN NOURRIR L'HOMME

Other appointments and functions held abroad:

DEPUTY MANAGING DIRECTOR
- SB MANAGEMENT AND SERVICES SA

DIRECTOR
- Eurospecialities Food

GENERAL MANAGER
- EQUATEUR INVESTMENTS

Business activities/appointments of the last 5 years no longer held:

DEPUTY MANAGING DIRECTOR
- VALRHONA ITALIA
- EUFIPAR SA

DIRECTOR
- LA MAISON DU CHOCOLAT HONG KONG
- SAVENCIA Fromage & Dairy UK Ltd
- BR INVESTMENT
- VALRHONA ESPANA
- SODIPAG SA
- VALRHONA JAPAN

CHAIRMAN ET DIRECTOR
- LA MAISON DU CHOCOLAT JAPAN
- LMC 49th Inc.
- VALRHONA Inc.
- BONGRAIN UK

Mr. Pascal BRETON

born on 10/16/1946 in Sargé-sur-Braye (41) – French
Board Member since April 2015
9 110 SAVENCIA shares

Other appointments and functions held in France:

MEMBER OF THE ADVISORY BOARD
- SAVENCIA HOLDING

CO-GENERAL MANAGER
- SCEA BBC-Les Rousseaux

Business activities/appointments of the last 5 years no longer held:

MEMBER OF THE STRATEGIC COMMITTEE
- GLOBAL BABY SAS

Mrs. Anne-Marie CAMBOURIEU (Board Member since à 04/18/2019)

Born on 24/07/1959 à Aurillac (15) – Nationalité French
Independent Director
Administrateur since April 2019
100 SAVENCIA shares

Other appointments and functions held in France:

CHAIRMANE ET FONDATRICE
- Sustainable Human Resources Consulting

EXECUTIVE TALENT ADVISOR
- Beyond-Associés

MEMBRE DU CONSEIL CONSULTATIF
- Human and Work

Business activities/appointments of the last 5 years no longer held:

MEMBRE DU CONSEIL DE SURVEILLANCE
- Nexans Deutschland GmbH

DIRECTOR
- Nexans Foundation

DRH
- Nexans

Mrs. Clare CHATFIELD

Born on 12/21/1957 in Santos (Brésil) –French
Member of the Committee for Management, Compensation and CSR
Independent Director
Board Member since April 2016
100 SAVENCIA shares

Other appointments and functions held in France:

GÉRANT
- L.E.K Consulting SARL

MEMBER OF THE SUPERVISORY BOARD
- XPO Logistics Europe

DIRECTOR
- DAHER Company
- Antalis Group

Other appointments and functions held abroad:

- Managing Director, L.E.K Consulting

Mrs. Dominique DAMON

Born on 10/18/1946 in Paris 16e (75) –French
Chairperson of the Committee for Management, Compensation and CSR
Board Member since April 2007
400 SAVENCIA shares

Other appointments and functions held in France:

CHAIRPERSON
- EVALIND INTERNATIONAL

DIRECTOR
- DAHER Company
- French Institute of Directors

OTHER
- Member of the Yvelines Chamber of Commerce and Industry
- Honorary french counsellor for Foreign Trade
- Member of the Conseil du Centre de Recherche sur le Droit des Affaires (CREDA)
- Associate professor with ESCP Europe

Business activities/appointments of the last 5 years no longer held:

DEPUTY MANAGING DIRECTOR
- Tessenderlo Group (Belgium)

OTHER
- Member of the board of ESCP Europe

Mrs. Béatrice GIRAUD

Born on 06/18/1946 à Belfort (90000) –French
Member of the Committee for Management, Compensation and CSR
Board Member since April 2015
112 SAVENCIA shares

Other appointments and functions held in France:

DIRECTOR
- SAPERE – Classes Of Taste

Business activities/appointments of the last 5 years no longer held:

- Director of corporate communication with SAVENCIA SA

Mr. Xavier GOVARE

Born on 01/18/1958 in Suresnes (92) –French
Independent Director
Board Member since April 2017
100 SAVENCIA shares

Other appointments and functions held in France:

DIRECTOR
- ALLIANCE ÉTIQUETTES
- MY MONEY TIME

GENERAL MANAGER
- TOKI EDER Conseils et Participations
- FAMILY SERVICE GROUPE

Other appointments and functions held abroad:

DIRECTOR
- LOGISMOSE MEYERS (DK)

Business activities/appointments of the last 5 years no longer held:

CHAIRMAN OF THE EXECUTIVE BOARD
- LABEYRIE FINE FOODS

Mrs. Maliqua HAIMEUR

Born on 09/07/1956 in Le Rove (13) –French
Independent Director
Board Member since April 2018
100 SAVENCIA shares

Other appointments and functions held in France:

CHAIRPERSON
- École Nationale Supérieure de Chimie, Rennes

Business activities/appointments of the last 5 years no longer held:

DIRECTOR
- SANOFI WINTHROP INDUSTRIES, representing SANOFI R&D
- Vice-President of a Scientific R&D Platform – SANOFI

Mrs. Martine LIAUTAUD

Born on à 05/15/1950 in Rennes (35) –French
Membre du Comité d'audit et des risques
Independent Director
Board Member since April 2013
100 SAVENCIA shares

Other appointments and functions held in France:

CHAIRPERSON AND FOUNDER
- LIAUTAUD & Cie
- WOMEN BUSINESS MENTORING INITIATIVE (WBMI)
- WOMEN INITIATIVE FOUNDATION

MEMBRE
- Committee for strategic orientation of CentraleSupelec

Business activities/appointments of the last 5 years no longer held:

DIRECTOR
- AMCHAM (the American Chamber of Commerce in France)
- CentraleSupelec

MEMBRE
- Entrepreneurial dynamics commission of MEDEF

Mr. Christian MOUILLON

Born on 15/09/1955 in Macôn (71) –French
Member of the Committee for Management, Compensation and CSR
Independent Director
Board Member since April 2008
100 SAVENCIA shares

Other appointments and functions held abroad:

DIRECTOR ET CHAIRMAN
- Fondation ESCP Europe
- Comité Stratégique ESCP Europe

MEMBER
- Comité d'audit ESCP Europe
- Comité de Nomination ESCP Europe
- Global Senior Advisor Duff and Phelps

Other appointments and functions held abroad:

OTHER
- Trustee of the international valuation standards council
- Chairman of the audit committee and compensation committee of the international valuation standards council

Business activities/appointments of the last 5 years no longer held:

OTHER
- Partner and Global Vice Chairman of EY
- Director and Chairman of various EY bodies

Mr. Ignacio OSBORNE

Born on 28/06/1953 in Puerto de la Cruz (Espagne) – Spanish
Membre du Comité de Management et des Rémunérations
Independent Director
Board Member since April 2009
206 SAVENCIA shares

Other appointments and functions held abroad:

- Chairman and Deputy Managing Director of Osborne Group

Business activities/appointments of the last 5 years no longer held:

- Director and Chief Executive Officer of Osborne Group

Mr. Jean-Yves PRIEST

Born on 11/11/1947 in Paris 19e (75) – French
Membre du Comité d'audit et des risques
Board Member since April 2015
384 SAVENCIA shares

Mr. Jean-Michel STRASSER

Born on 10/09/1950 in Paris (75) – French

Chairman of the Audit and Risks Committee

Board Member since November 2009

150 SAVENCIA shares

Other appointments and functions held in France:

MEMBER OF THE ADVISORY BOARD
- SAVENCIA HOLDING
- ADVISER TO STEINER AVOCATS

GENERAL MANAGER
- SC JSTRAFI

MEMBER OF THE STRATEGIC COMMITTEE
- Edmond de Rothschild Corporate Finance

Business activities/appointments of the last 5 years no longer held:

CENTRAL DIRECTOR
- NATIXIS

DEPUTY MANAGING DIRECTOR
- Banque Populaire Images 11

REPRESENTING PERMANENT
- NATIXIS, Director of BANQUE POPULAIRE
- IMAGES 11
- NATIXIS, Director of l'IFCIC

DIRECTOR
- NATIXIS BANK (Luxembourg)
- NATIXIS TRUST (Luxembourg)

CHIEF EXECUTIVE OFFICER

Mr. Jean-Paul TORRIS

Born on 12/11/1952 à Saigon (Vietnam) –French
Chief Executive Officer SAVENCIA SA

Other appointments and functions held in France:

CHAIRMAN
- FROMAGERIES LESCURE SAS
- FROMAGERIES SAINT SAVIOL SAS
- Association La Compagnie des Maîtres Fromagers

MEMBER OF THE SUPERVISORY BOARD /DIRECTOR
- DIGIMIND SA

CHAIRMAN OF THE BOARD OF DIRECTORS
- CF & R Gestion SAS

GENERAL MANAGER
- S.I.T EURL

DIRECTOR
- ANIA

Other appointments and functions held abroad:

GENERAL MANAGER
- EDELWEISS VERWALTUNG Gmbh

PERMANENT REPRESENTATIVE
- EDELWEISS VERWALTUNG Gmbh, Gérant d'EDELWEISS Gmbh & Co. KG
- BRI, Director de MASHREQ DES PRODUITS LAITIERS

CHAIRMAN AND DIRECTOR
- ZAUSNER

CHAIRMAN
- SAVENCIA Fromage & Dairy Italia
- MANTEQUERIAS ARIAS

DELEGATE DIRECTOR
- SAVENCIA Fromage & Dairy Benelux
- FROMUNION

CHAIRMAN OF THE SUPERVISORY BOARD
- SAVENCIA Fromage & Dairy SK, as
- NOVOMILK

DIRECTOR
- AIM
- BMK (Russie)
- BONPROLE
- BSI
- SB International
- MILKAUT
- POLENGHI
- LA COMPAGNIE FROMAGÈRE
- FERRARI GIOVANI INDUSTRIA CASEARIA

MEMBER OF THE SUPERVISORY BOARD
- SAVENCIA Fromage & Dairy Hungary

Business activities/appointments of the last 5 years no longer held:

VICE-PRÉSIDENT
- CF & R Gestion SAS

DEPUTY MANAGING DIRECTOR
- SAVENCIA SA

CHAIRMAN
- SAVENCIA Fromage & Dairy Suisse SA
- SAVENCIA Fromage & Dairy Nordics
- Food Garden of Sweden

DIRECTOR
- PROLAINAT SA

GENERAL MANAGER
- SAVENCIA Fromage & Dairy Deutschland Gmbh

CHIEF EXECUTIVE OFFICER
- SAVENCIA PRODUITS LAITIERS FRANCE

PERMANENT REPRESENTATIVE
- HOLDING BERTHAUT, Director of FROMAGERIE BERTHAUT
- BRESSOR ALLIANCE SA, Director of BRESSOR SA

DEPUTY MANAGING DIRECTOR

Mr. Robert BRZUSCZAK

Born on 05/24/1954 à Jélénia Gora (Pologne) – Belgian
Deputy managing director SAVENCIA SA

Other appointments and functions held in France:

CHIEF EXECUTIVE OFFICER	CHAIRMAN & CEO	DIRECTOR	PERMANENT REPRESENTATIVE	GENERAL MANAGER
• ALE SAS **PRÉSIDENT** • FNIL	• Compagnie Laitière Européenne SA	• ATLA • CF & R Gestion SAS • CNIEL	• SAVENCIA Fromage & Dairy Europe SAS, Director of PJB Advance SA	• NEL

Other appointments and functions held abroad:

CHAIRMAN	DIRECTOR	GENERAL MANAGER	PERMANENT REPRESENTATIVE
• CORMAN • CORMAN MILOKO IRELAND	• CORMAN ITALIA	• PASLEK	• CORMAN, Chairman of société des beurres et crèmes des régions d'Europe

Business activities/appointments of the last 5 years no longer held:

PRÉSIDENT-DIRECTEUR GÉNÉRAL	PRÉSIDENT SUPPLÉANT	PERMANENT REPRESENTATIVE	DIRECTOR
• Compagnie Générale Laitière • Centre Bretagne Lait **LIQUIDATEUR** • Balderama	• PETRA	• CLE, General Manager of Prodilac	• MILKAUT • POLENGHI INDUSTRIAS ALIMENTICIAS LTDA • BONPROLE INDUSTRIAS LACTEAS SA

1.1.3 Summary of dealings in shares by General Management and corporate officers in 2019

None.

1.1.4 Direction Générale : organisation – limitations de pouvoirs

At its meeting of April 20, 2016, the Board of Directors decided to dissociate the functions of Chairman and Chief Executive Officer: Mr. Alex Bongrain was appointed Chairman of the Board. The Company's General Management comprises Mr. Jean-Paul Torris, Chief Executive Officer and Mr. Robert Brzusczak, Deputy Managing Director.

The Chief Executive Officer and Deputy Managing Director are invested with the most extensive powers to act in all circumstances in the name of the Company, in the framework of its bylaws.

The Company's bylaws include a certain number of provisions designed to favor well-informed decisions on important or strategic matters.

The Board of Directors must in particular be informed in advance of decisions relating to commitments that are strategic and/or exceed €15 million and more generally, in respect of any material transaction outside of the Company's published strategy.

1.1.5 AFEP-MEDEF code of corporate governance

The Board of Directors is guided by the AFEP-MEDEF code of corporate governance.

The Committee for Management, Compensation and CSR does not possess the minimum requisite number of independent Directors and is not chaired by an independent Director. This is a temporary situation related to changes in the composition of the Board and its desire to confer the chairmanship of its Committees on Directors with a significant level of knowledge of the Group, requiring a certain level of seniority.

The AFEP-MEDEF code of corporate governance may be consulted on the *www.medef.fr* website.

1.1.6 Summary of powers granted by the Shareholders Meeting to the Board of Directors for the purpose of share capital increases

Decisions	Transactions	Period	Observations
AGM dated 04/26/2018 = 27th resolution of the Combined Shareholders Meeting	**Share capital increase** Authorization of the Board of Directors to increase the share capital by cash subscription or cancellation of debt, by the issue of ordinary shares or other securities up to an amount of €5 million, maintaining existing shareholders' preferential right of subscription	26 mounths	No activity in 2019 Expires in June 2020
AGM dated 04/26/2018 = 26th resolution of the Combined Shareholders Meeting	**Share capital increase by incorporation of reserves, retained earnings and/or additional paid-in capital** Authorization of the Board of Directors to increase the share capital by incorporation of reserves, retained earnings and/or additional paid-in capital up to an amount of €5 million.	26 mounths	No activity in 2019 Expires in June 2020
AGM dated 04/26/2018 = 28th resolution of the Combined Shareholders Meeting	**Share capital increase reserved for the benefit of employees** Authorization of the Board of Directors to increase the share capital for the benefit of employees up to a maximum amount of 3% of the share capital or €462,966.	26 mounths	No activity in 2019 Expires in June 2020
AGM dated 04/18/2019 = 30th resolution of the Combined Shareholders Meeting	**Share capital increase to remunerate contributions of securities** Authorization of the Board of Directors to increase the share capital, suppressing existing shareholders' preferential right of subscription, up to a maximum of 10% of the share capital for the purpose of remunerating contributions of securities	26 mounths	No activity in 2019 Expires in June 2020

1.1.7 Bases of participation of shareholders in Shareholders Meetings

Shareholders Meetings may be held at the Company's registered office or any other location, even in another department of France mentioned in the convening notice.

The right to participate in a General Meeting is materialized by the inclusion of shares in an account in the name of the shareholder, or of the intermediary acting on the shareholder's behalf by application of the seventh paragraph of article L228-1 of the French code of commercial law, at 0:00 (Paris time) on the second day preceding the Meeting, whether in the nominative share accounts maintained by the Company or in the accounts for bearer shares maintained by an intermediary mentioned at article L211-3 of the French code of monetary and financial law.

Shareholders Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by any Director specially appointed for that purpose by the Board of Directors, failing which the Meeting elects its Chairman.

The quorum for Extraordinary Shareholder Meetings is of 25% on first convening, and 20% on second convening (see article L225-96 of the French code of commercial law). The quorum for Ordinary Shareholder Meetings is of 20% on first convening and no quorum is required on second convening (see article L225-98). The quorum for special Meetings is of 33.33% on first convening, and 20% on second convening (see article L225-99).

Each attendant at the Shareholders Meeting possesses as many voting rights as the shares he/she possesses or represents, in his/her own name or as a proxy, without limit. A dual voting right is attributed to fully paid-up shares held nominatively in the name of the same shareholder for at least six (6) years.

In the event of a share capital increase by incorporation of reserves, retained earnings or other paid-in capital, the nominative shares allocated, without charge, to a shareholder in respect of prior shares bearing dual voting rights have the same dual voting right.

Any share converted to a bearer share, or transferred, loses its dual voting right, except that any transfer by way of succession, liquidation of a community of assets between spouses, or donation inter vivos for the benefit of a spouse, parent or descendent, does not entail loss of the right obtained and does not interrupt the aforementioned period of six (6) years.

The Company's merger has no effect on the dual voting right which may continue to be exercised within the absorbing Company if its articles of association provide for dual voting rights.

1.2 Policy of compensation of corporate office-holders

Following recommendation by the Committee for Management, Compensation and CSR the Board of Directors has established a policy of compensation of the Company's corporate office-holders consistent with the Company's interests, contributing to its sustainability and reflecting its commercial strategy focusing on the sustainable development of the enterprise and its stakeholders. To that end, the Board of Directors has determined the policy for compensation of the Chairman of the Board, Chief Executive Officer and Deputy Managing Director on those bases and in particular, by determining criteria for their variable compensation based on the implementation of the defined commercial strategy consistent with the Company's general interest.

No element whatsoever of compensation may be determined, attributed or paid by the Company, and no commitment in respect of elements of compensation may be made by the Company, if it is not consistent with the approved policy of compensation or, in the absence of such a policy, with the Company's existing compensation or other practices. However, in exceptional circumstances, the Board of Directors is empowered to deviate from the defined compensation policy, if the deviation is temporary, in the Company's interest and necessary to ensure its sustainability or viability.

The determination, revision and implementation of the compensation policy for each corporate office-holder are made by the Board of Directors following proposal by the Committee for Management, Compensation and CSR. The persons concerned do not take part in any discussion on these questions and, if they are also Directors, do not take part in the vote on these elements.

The decision process used to determine and revise the compensation policy for executive corporate office-holders takes particular account of the general conditions of employment and compensation of employees within the Group, and in particular the overall salary policy for the Group's French employees.

In the event of changes in governance, the compensation policy is applied to new corporate office-holders of the Company subject to any necessary adaptation.

1.2.1 Compensation policy for the Chairman of the Board, the Chief Executive Officer and the Deputy Managing Director

The compensation policy determined by the Board of Directors is described hereafter. The items comprising the total compensation and benefits of any nature which may be allocated to the Chairman of the Board, the Chief Executive Officer and the Deputy Managing Director by reason of their respective appointments, and their respective importance, are as follows:

1.2.1.1 Fixed compensation

Fixed compensation comprises a portion payable monthly and a portion acquired annually but payable on a deferred basis. It is determined on the basis of the responsibilities and missions assumed by the parties concerned and of market practices for similar positions.

1.2.1.2 Rémunération allouée au titre du mandat d'Administrateur

Le Président du Conseil d'Administration, le Directeur Général et le Directeur Général Délégué s'il advenait que ces deux derniers soient désignés en qualité de membre du Conseil d'Administration, peuvent percevoir une rémunération au titre de leur mandat d'administration en application de la politique de rémunération des Administrateurs visée à l'article 1.2.2.1 ci-après.

1.2.1.3 Annual variable compensation:

Performance bonus may be paid for achievement of targets determined at the beginning of the year. It is expressed as a percentage of the fixed component of compensation and equals 50% thereof for the Chairman of the Board of Directors and the Chief Executive Officer and 40% thereof for the Deputy Managing Director.

60% of it is dependent on the Company's economic performance notably including growth targets for ROC and ROCE.

40% of it is dependent on individual measurable qualitative criteria including criteria of Social and Environmental Responsibility.

The aforementioned criteria for variable compensation contribute to the objectives of the Group's compensation policy which is designed to recognize the contribution to operating results, to the profitability of investments and to the sustainability of Savencia SA and its stakeholders.

The expected level of achievement of the quantifiable criteria is predetermined by the Board of Directors but is not made public for reasons of confidentiality.

The defined amount of variable compensation is paid if the objectives are attained. If the economic objectives are exceeded, the defined amount may be increased within the limit approved by the Board.

1.2.1.4 Multi-annual variable compensation:

The Board of Directors may attribute multi-annual variable compensation in accordance with criteria it defines.

1.2.1.5 Benefits in kind:

The Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Managing Director may receive habitual benefits in kind such as a company car and the reimbursement of business entertaining expenses;

1.2.1.6 Exceptional compensation:

The Board of Directors may confer exceptional compensation on the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Managing Director in the event of exceptional justifying circumstances such as a major transaction or the achievement of exceptional performance.

1.2.1.7 Information on appointments and/or employment and/or service contracts between corporate executive office-holders and the Company

None.

1.2.1.8 Conditional commitments and rights:

The Chairman of the Board, the Chief Executive Officer and the Deputy Managing Director have the benefit of the following:

Chairman of the Board

Commitments by the Company or by a company controlled by or controlling it	Main features of the commitments	Criteria for attribution if the rights or commitments are conditional	Conditions of termination of the commitments
Defined benefit pension	Article 39: acquisition of a pension of 0.5% of the latest gross annual compensation by year of seniority capped at 2.5%. Scheme closed on 12/31/2008	NA	Presence in the company at the date of retirement
Defined contribution pension	Article 83: financed by the enterprise to the extent of 3% of gross annual compensation	NA	NA

Chief Executive Officer

Commitments by the Company or by a company controlled by or controlling it	Main features of the commitments	Criteria for attribution if the rights or commitments are conditional	Conditions of termination of the commitments
Non-compete indemnity	50% of gross average monthly compensation for 2 years	Departure from the company for any reason other than retirement	NA
Defined benefit pension	Article 39: acquisition of a pension of 0.5% of the latest gross annual compensation by year of seniority, capped at 2.5%. Scheme closed on 12/31/2008**	NA	Presence in the enterprise at the date of retirement
Defined contribution pension	Presence in the enterprise at the date of retirement	NA	NA

Deputy Managing Director

Commitments by the Company or by a company controlled by or controlling it	Main features of the commitments	Criteria for attribution if the rights or commitments are conditional	Conditions of termination of the commitments
Non-compete indemnity	50% of gross average monthly compensation for 2 years in the event of dismissal and 15% in the event of resignation	Dismissal or resignation, but not on retirement	NA
Defined contribution pension	Article 83: financed by the enterprise to the extent of 3% of gross annual compensation	NA	NA

* *Description of the defined benefit pension plan – information on commitments for pensions or other annuities by the Company for the benefit of corporate officers (as required by article D225-104 created by decree n°2016-182 dated February 23, 2016):*

(a) Name of plan: defined pension benefit plan;

(b) Reference to legal terms of reference: article 39 of the French code of tax law and article 137-11 of the French code of social security law;

(c) Conditions of eligibility: to be an executive director as defined by the Group's RTT agreements, possess a contract of employment and be employed in France, or to be an executive director with a French contract of employment but be employed abroad on secondment or as an expatriate as defined by the Group; have received annual compensation in excess of 5.5 times the social security maximum for 2 successive years. The plan was closed to new Group employees with effect from December 31, 2006 and was closed on December 31, 2008.

(d) Bases of determination of compensation: the salary of reference (S) is defined as the average basic and incentive compensation for the last 36 months of activity revalued in line with the appropriate Insee index.

(e) Rhythm of acquisition of rights – conditions to be simultaneously respected to obtain a pension: be aged 60; effectively cease employment in a Group company at the time of retirement; have liquidated all pension rights under the applicable national basic and complementary pension plans; in which case:

RS (retirement supplement) = 0.5% x N x S with:
N = number of years' presence in the Group calculated on the basis of the difference between the year of departure and the later of the year of joining the Group or the pension plan. The resulting number is rounded up to the next higher unit.

For potential beneficiaries of the Company's present pension plan, rights acquired from January 1, 2009 – limited if applicable to the portion financed by the employer – in respect of the new article 83 plan are deducted from the amount of RS calculated as above.

(f) Eventual existence of a cap: the number of years (N) cannot exceed 5 years: i.e. RS equals a maximum of 2.5% of salary of reference (S) for all potential plan beneficiaries; potential beneficiaries not having reached the cap on December 31, 2006 may continue to acquire seniority (N) within the limit of 5 years and of acquisition of the capped amount of 2.5% of S.

(g) The bases of financing: the overall commitment is covered by an insurance policy.

(h) Related social and fiscal contributions borne by the Company: 24% of contributions paid.

1.2.2 Compensation policy for members of the Board

1.2.2.1 *Compensation*

The Annual Shareholders Meeting held on April 26, 2018 set the compensation for members of the Board of Directors at €600,000 per annum for 2018 and subsequent years until any contrary decision. It will be proposed at the Annual General Meeting scheduled for April 23, 2020 to set the annual amount at €900,000 per annum for 2020 and subsequent years until any contrary decision.

The criteria for apportionment of the annual fixed sum allocated to Board members are as follows:

- A fixed attendance fee for each Board meeting which the Director attends;
- A fixed attendance fee for each specialized Committee meeting which a Director attends;
- A fixed fee based on a half-day's work for services or other work performed by a Director between Board meetings.

The Board of Directors sets the amount of these fees and may also attribute particular compensation for any exceptional mission performed, as provided for by the applicable regulations.

1.2.2.2 *Information on appointments and/or employment and/or service contracts between members of the Board of Directors and the Company*

None.

1.2.2.3 *Conditional commitments and rights:*

Mr. Armand Bongrain has the benefit of the following corporate commitments:

Commitments by the Company or by a company controlled by or controlling it	Main features of the commitments	Criteria for attribution if the rights or commitments are conditional	Conditions of termination of the commitments
Defined benefit pension	Article 39: acquisition of a pension of 0.5% of the latest gross annual compensation by year of seniority, capped at 2.5%. Scheme closed on 12/31/2008 (see above)	NA	Presence in the enterprise at the date of retirement
Defined benefit pension	Article 83: financed by the enterprise to the extent of 3% of gross annual compensation	NA	NA

1.3 Say on pay consultation on elements of compensation subject to approval by the Annual Shareholders Meeting au say on pay

General Management

Mr. Alex BONGRAIN

	Amounts attributed in respect of 2019	Amounts paid in 2019	Amounts paid in 2018
Fixed compensation	€706 005	€626 005	€626 000
Variable annual compensation	€361 831 (1)	€323 000	€279 000
Variable multi-annual cash compensation	None paid	None paid	None paid
Stock options, performance shares or other allocations of securities	No security attributed	No security attributed	No security attributed
Director's fees	The Chairman of the Board does not receive Director's fees	The Chairman of the Board does not receive Director's fees	The Chairman of the Board does not receive Director's fees
Benefits in kind	€19 571	€19 571	€19 240
Supplementary pension plan	€9 928	€9 928	€7 614
Providence benefits	€5 748	€5 748	€4 276

(1) The Board of Directors has approved the uncapping of maximum variable annual compensation and has set its limit

Mr. Jean-Paul TORRIS (1)

	Amounts attributed in respect of 2019	Amounts paid in 2019	Amounts paid in 2018
Fixed compensation	€739 570	€659 570	€650 463
Variable annual compensation	€481 231 (2)	€350 000	€325 000
Variable multi-annual cash compensation	None paid	None paid	None paid
Stock options, performance shares or other allocations of securities	No security attributed	No security attributed	No security attributed
Benefits in kind	€7 077	€7 077	€5 610
Supplementary pension plan	€9 928	€9 928	€9 734
Providence benefits	€5 748	€5 748	€5 467
Fixed compensation	€739 570	€659 570	€650 463

(1) The estimated annual pension amounted to €20,007 at the year-end.
(2) The Board of Directors has approved the uncapping of maximum variable annual compensation and has set its limit.

Mr. Robert BRZUSCZAK

	Amounts attributed in respect of 2019	Amounts paid in 2019	Amounts paid in 2018
Fixed compensation	€595 125	€515 125	€508 570
Variable annual compensation	€234 230 (1)	€200 334	€187 000
Variable multi-annual cash compensation	None paid	None paid	None paid
Stock options, performance shares or other allocations of securities	No security attributed	No security attributed	No security attributed
Benefits in kind	€9 205	€9 205	€9 008
Supplementary pension plan	€11 938	€11 938	€11 705
Providence benefits	€5 748	€5 748	€5 467
Fixed compensation	€595 125	€515 125	€508 570

(1) The Board of Directors has approved the uncapping of maximum variable annual compensation and has set its limit.

Directors

		Amounts paid in 2019	Amounts paid in 2018
Armand BONGRAIN (5)	Other fixed/variable Compensation (1)	€117 930/€142 078	€432 768/€94 000
Pascal BRETON	Director's compensation	€40 800	€51 000
Agnès BUREAU-MIRAT (2)	Director's compensation	€10 200	Nil
Anne-Marie CAMBOURIEU	Director's compensation	€39 100	Not applicable
Clare CHATFIELD	Director's compensation	€44 200	€45 900
Xavier CRUSE (3)	Director's compensation	€34 000	€27 200
Dominique DAMON	Director's compensation	€40 800	€54 400
Béatrice GIRAUD	Director's compensation	€57 800	€59 500
Xavier GOVARE	Director's compensation	€34 000	€28 900
Maliqua HAIMEUR	Director's compensation	€51 000	€23 800
Martine LIAUTAUD	Director's compensation	€34 000	€35 700
Christian MOUILLON	Director's compensation	€64 600	€23 800
Ignacio OSBORNE	Director's compensation	€37 400	€25 500
Jean-Yves PRIEST (4)	Director's compensation	€57 800	€49 300
Jean-Michel STRASSER	Director's compensation	€37 400	€39 100

(1) Mr. Armand Bongrain has a contract of employment with a Group company and receives compensation in that respect.
(2) Director till April 18, 2019.
(3) Permanent representative of Savencia Holding, Director.
(4) Director since April 18, 2019.
(5) The estimated annual pension amounted to €13,645 at the year-end.

EQUITY RATIOS (FOR SAVENCIA FROMAGE & DAIRY FRANCE)

	Chairman of the Board of Directors	Chief Executive Officer	Deputy Managing Director
2019			
Average salaried compensation excluding corporate officers [1]	€39 288	€39 288	€39 288
Median salaried compensation excluding corporate officers [1]	€32 334	€32 334	€32 334
Compensation of the executive corporate officer [2]	€993 911	€1 033 120	€740 317
Change in compensation of the executive corporate officer over N-1	6%	4%	3%
Change in performance of the Company over N-1 [4]	8%	8%	8%
Ratio of compensation of the executive corporate officer compared to average employees [3]	25.3	26.3	18.8
Ratio of compensation of the executive corporate officer compared to the median employee [3]	30.7	32.0	22.9
2018			
Average salaried compensation excluding corporate officers [1]	€38 877	€38 877	€38 877
Median salaried compensation excluding corporate officers [1]	€32 008	€32 008	€32 008
Compensation of the executive corporate officer [2]	€936 130	€996 274	€721 750
Change in compensation of the executive corporate officer over N-1	-14%	2%	-12%
Change in performance of the Company over N-1 [4]	3%	3%	3%
Ratio of compensation of the executive corporate officer compared to average employees [3]	24.1	25.6	18.6
Ratio of compensation of the executive corporate officer compared to the median employee [3]	29.2	31.1	22.5
2017			
Average salaried compensation excluding corporate officers [1]	€38 686	€38 686	€38 686
Median salaried compensation excluding corporate officers [1]	€31 348	€31 348	€31 348
Compensation of the executive corporate officer [2]	€1 091 200	€976 793	€818 449
Change in compensation of the executive corporate officer over N-1	13%	-22%	-6%
Change in performance of the Company over N-1 [4]	-8%	-8%	-8%
Ratio of compensation of the executive corporate officer compared to average employees [3]	28.2	25.2	21.2
Ratio of compensation of the executive corporate officer compared to the median employee [3]	34.8	31.2	26.1
2016			
Average salaried compensation excluding corporate officers [1]	€37 802	€37 802	€37 802
Median salaried compensation excluding corporate officers [1]	€30 825	€30 825	€30 825
Compensation of the executive corporate officer [2]	€965 528	€1 250 459	€866 579
Change in compensation of the executive corporate officer over N-1	26%	88%	54%
Change in performance of the Company over N-1 [4]	23%	23%	23%
Ratio of compensation of the executive corporate officer compared to average employees [3]	25.5	33.1	22.9
Ratio of compensation of the executive corporate officer compared to the median employee [3]	31.3	40.6	28.1

	Chairman of the Board of Directors	Chief Executive Officer	Deputy Managing Director
2015			
Average salaried compensation excluding corporate officers [1]	€36 964	€36 964	€36 964
Median salaried compensation excluding corporate officers [1]	€30 067	€30 067	€30 067
Compensation of the executive corporate officer [2]	€764 394	€665 483	€562 523
Change in compensation of the executive corporate officer over N-1	-22%	-14%	-16%
Change in performance of the Company over N-1 [4]	38%	38%	38%
Ratio of compensation of the executive corporate officer compared to average employees [3]	20.7	18.0	15.2
Ratio of compensation of the executive corporate officer compared to the median employee [3]	25.4	22.1	18.7

(1) As provided for by article L225-37-3 of the French code of commercial law, compensation comprises fixed, variable and exceptional compensation, benefits in kind, profit-sharing bonuses, the employer's contributions for healthcare, providence and complementary pension (article 83) benefits and top-up payments for corporate PEG and PERCO savings plans, calculated on an equivalent full-time basis. Employees include both permanent and fixed term employees as well as seconded employees present without interruption from January 1 through December 31 of the year. As certain variable elements (performance and profit-sharing bonuses) are calculated on the basis of time of presence in N-1, the employees retained must have been employed for at least 3 months in N-1, in which case the applicable variable elements are recalculated on the basis of a full year's presence in N-1. The compensation presented is that paid during the year.

(2) Compensation comprises fixed, variable and exceptional compensation, benefits in kind, profit-sharing bonuses, the employer's contributions for healthcare, providence and complementary pension (article 83) benefits and top-up payments for corporate PEG and PERCO savings plans. The compensation presented is that paid during the year.

(3) For the Chairman of the Board of Directors, the Chief Executive Officer and each Deputy Managing Director, the ratios are calculated on the basis of the level of compensation of each executive and either the average full-time equivalent compensation for employees other than corporate officers or the median full-time equivalent compensation for employees other than corporate officers.

(4) The Company's performance equates with Fromage & Dairy's current operating income.

1.4 Information liable to have an impact in the event of a public offering

- Structure of the Company's share capital at February 5, 2020, date of the latest identifiable bearer security survey:
  - Registered shares = 9,955,837 representing 19,551,746 net voting rights (excluding shares deprived of voting rights);
  - Bearer shares = 4,077,093 representing 4,077,093 net voting rights (excluding shares deprived of voting rights).
- Statutory restrictions on the exercise of voting rights and transfers of shares:
  - Shareholders must declare to the Company the upward or downward crossing of thresholds equating with 1% of share capital and all multiples thereof up to 34%, within 15 days of recording of the shares, failing which the shares may be deprived of their voting rights as provided for by article L233-14 of the French code of commercial law.
- Direct or indirect shareholdings in the Company known to the Company by virtue of articles L233-7 and L233-12 (relating in particular to the crossing of thresholds):
  - Direct or indirect holding by Savencia Holding, as of February 5, 2020 of 66.64% of the share capital and 78.90% of the gross voting rights (including shares deprived of voting rights) or 79.72% of the net voting rights (excluding shares deprived of voting rights);
  - Northern Trust also held 6.59% of the share capital of Savencia SA as of February 6, 2020.
- List of the holders of all shares including special rights in respect of control and description of said rights (notably for preference shares):
  - A dual voting right is attributed to shares registered nominatively for at least 6 years in the name of the same beneficiary.
- Control mechanisms provided for in any employee shareholding plan when rights in respect of control are not exercised by the employee (case for example of French FCPE corporate savings plans):
  - : None
- Shareholder agreements known to the Company and liable to restrict the transfer of shares or the exercise of voting rights:
  - In the event of sale of shares originating from the exercise of stock options, existence of a right of preemption for the benefit of Savencia SA and for the repurchase of its own shares.
- Rules applicable to the appointment and replacement of members of the Board of Directors and to modification of the Company's articles of association:
  - The members of the Board of Directors are appointed for renewable 1-year terms by the Annual Shareholders Meeting. The composition of the Board of Directors is designed to reflect the Group's internationalization and, in accordance with best corporate governance principles, includes 7 independent Directors;
  - Changes to the Company's articles of association require the conditions of quorum and majority applicable by law to Extraordinary Shareholders Meetings.
- Powers of the Board of Directors with particular regard to the issue or repurchase of shares:
  - Powers granted to the Board of Directors by the Ordinary and/or Extraordinary Shareholders Meeting for the purpose of:
  - Increasing the share capital on one or more occasions whether for cash consideration or by incorporation of reserves;
  - The repurchase of the Company's shares up to a maximum of 10% of the share capital;
  - Increasing the share capital for the benefit of employees up to a maximum of 3% of the share capital.
- Agreements by the Company which would be modified or would end in the event of a change of control of the Company:
  - Most of the Company's financing agreements include such a clause. The applicable loans amount to about €1,040 million of bonds and bank finance. The financial ratios provided for in the financing agreements are currently respected.
- Agreements providing compensation for Board members or employees if they resign or are terminated without good reason or if their employment ends by reason of a public offering (in particular, severance payments and golden parachutes):
  - None other than as provided for in French national collective bargaining agreements.

2 Organization of internal control and risk management

Internal control procedures implemented and risk management

1 General remarks

SAVENCIA Fromage & Dairy's internal control procedures are designed in particular to ensure that the accounting and financial information communicated to the Group's corporate governance bodies provides a true and fair view of the financial performance and financial position of the companies comprising the Group. They are also intended to provide control over the operating processes deployed at the Group's various operating entities.

Internal controls are implemented by each Group entity under the impulsion of Group general management, with support from the Board of Directors and its Audit and Risks Committee, with the purpose of ensuring that:

- The laws and regulations applying in each of the countries in which the Group operates, and the Group's operating policies, are duly complied with;
- Its assets are safeguarded;
- The accounting and financial information communicated to the Group's corporate governance bodies provides a true and fair view of the financial performance and financial position of the companies comprising the Group and complies with all the applicable laws and regulations.

The internal control procedures are equally designed to prevent and detect error and fraud. As with any system, they cannot provide absolute assurance as to the complete identification and control of all risks.

The Group's enterprise risk management at all levels of the Group, based on its risk mapping, aims to control the Group's operating, financial, strategic etc. risks whilst optimizing:

- Means of prevention;
- Means of reducing or covering risks (e.g. via insurance);
- The acceptance of certain risks.

2 Risk mapping

The Group possesses three descriptions of its risks prepared in liaison with general management. The descriptions are designed to identify the main risks to which the Group is exposed and to develop measures designed to reduce, so far as possible, their impact and occurrence:

- A description of "Group" risks;
- A description of "Sapin II" Law risks;
- A description of "Law on the Duty of Vigilance" risks.

2.1 *Risk mapping of "Group" risks*

Deployment of our enterprise risk management approach to the Group's main operating subsidiaries continues in order to improve the Group's knowledge of the risks with which it is confronted. In 2019, risk-mapping was completed at 24% of subsidiaries and had been performed but was still awaiting formal approval for a further 35% of subsidiaries.

Risk mapping includes the following phases:

- Identification of risks: a risk is the possibility of occurrence of an event the consequences of which would be liable to affect people, assets, the environment, the Group's objectives or its reputation;
- Evaluation of the level of severity of risks: risks are assessed in terms of their probability of occurrence and impact;
- Analysis of the level of control over risks: this involves examining the existing measures of prevention and protection and, in consequence, the level of control over potential exposures.

The main risks identified at the level of the Group are as follows:

In 2019, our risk-mapping has focused on about fifteen risk families as follows:

- Sanitary crisis

Consumer confidence in the Group's brands requires raw materials and products of irreproachable quality. The Group is therefore particularly attentive to its products' food safety. The risk of contamination is mainly

related to microbiological causes, but also includes potential chemical contaminants, allergens or foreign bodies at all stages of product elaboration from the collection of milk, or purchase of other raw materials, through manufacturing to storage and distribution.

The Group's quality assurance policy covers raw material purchase processes, production and distribution. It is in line with the most severe international protocols for food safety diagnosis and control and is continuously updated in particular for new businesses such as infant formula or para-pharmaceuticals.

- Geopolitical risk

Geopolitical tensions or instability, and the eventual reinforcement of customs barriers, may have impacts on the Group's development or result in losses of volume.

The Group engages in monitoring in order to anticipate such changes on a timely basis.

- Inability of sites to function

The Group's sites may be exposed to unavailability for various reasons: strikes, unavailability of a telecommunications operator, impediment of a computer system etc. The Group engages in exhaustive assessment of the risks applicable to each subsidiary in order to define appropriate business continuity plans.

- Strategy & Governance

The Group is exposed to strategic risks which may impede its development within the context of strong competition. It therefore pays particular attention to subjects such as digital transformation and the maintenance of its competencies.

- Milk

The Group pays particular attention to its contracts for the supply of milk, to the medium-term fit of requirements and resources, to the evolution of the price paid for milk to producers and to the market value obtained for the milk it purchases notably in its export markets and for dairy ingredients.

- Financial risks

  – Market risk

The Group is exposed to financial risks such as the risk of changes in interest or foreign exchange rates, or in the purchase prices for raw materials, which may have an unfavorable impact on its sales and financial results.

The Group's policy consists in monitoring and managing the associated exposures centrally and only using derivative financial instruments for the purpose of economic hedging. Market transactions are subject to strict procedures. Foreign currency risk is also limited by the Group's strategy aimed at producing and commercializing most of its specialties on a local basis.

  – Investment risk

The Group is exposed to counterparty risk, in particular with regard to its banking partners, in the framework of its financial management. The Group's banking policy is designed to reduce its risks by diversifying its counterparties, giving preference to the quality of their credit and liquidity and applying financial limits for any one counterparty.

  – Financing risk

The Group has had occasion in recent years to increase its debt via short and long-term financing. The Group's financing policy consists in centralizing and diversifying its financing sources and ensuring its compliance with the associated covenants.

- Risk of price volatility for raw materials

In all the markets in which it operates, the Group is confronted with increasing price volatility, for milk and industrial products, which has become more acute in Europe since 2007 and taken a new turn for the worse in 2015 with the suppression of milk market regulation. In the event of a steep rise in market prices, the Group might not be able to raise its prices to distributors in the same proportion and in accordance with the same timing, thereby inducing a risk for its financial results. In the event of a steep fall in market prices, the Group might have to reduce its selling prices for industrial products to a greater extent than the reduction experienced for its raw materials.

Faced with this risk, the Group is able to rely on:

  - A unique portfolio of international and local brands recognized in their markets;
  - The diversity of its businesses and geographical markets which give it maximum scope for compensating for the economic fluctuation liable to impact levels of consumption or its cost components.

- Human resources

The health and safety of the men and women who work for the Group are a priority. In order constantly to improve safety at work, the Group has deployed an international program of mobilization, training and management known as "Safety is OUR business!" It includes a guide destined for all production units; poster displays of the program's 10 golden rules ensure comprehensive dissemination of the goals of prevention. The program's Behavioral Safety Visits are a key feature of the program, raising awareness and commitment on the part of all the persons concerned: general management, line managers and operatives. A program designed to enhance the safety of travelling personnel has also been developed.

- Exposure in respect of infantile products and Ingredients

The Group considers the quality and compliance with sanitary standards as a priority for such products. It has deployed measures of organization which enable it to engage in improved monitoring and anticipation of any potential crises.

- Epidemiological risk

Certain factors, including the globalization and interconnection of economies and regular movements of population across the globe, favor the development of epidemiological exposure liable to reduce or freeze production and activity at industrial or administrative sites.

The Group's business model, based on local production and local brands spread over a large number of plants located on all the continents, of course limits the extension of any such epidemiological risk and the same applies to the Group's administrative locations. The Group also engages in business continuity planning for all its sites, notably designed to enable the relaunch of even distant sites.

- Regulatory and compliance risks

The Group's activities are subject to multiple laws and regulations, fluctuating and ever more demanding, with regard to food safety, consumer protection, nutrition, the environment and competition law.

The Group strives to ensure compliance with all the applicable legal and regulatory requirements of the countries in which it operates and engages the measures it deems appropriate for that purpose. In addition to permanent monitoring of regulatory developments, it thus for example develops awareness-raising campaigns directed at the employee populations concerned and engages in appropriate training initiatives.

- Risk of loss of customers

The concentration of hypermarket and supermarket chains, the Group's foremost retail customers, increases the risk of delisting given that sales are progressively made to a smaller number of customers.

To guard against this risk, the Group stresses the strength of its brands, the quality of its services to customers and the profitability accruing to its customers by means of the Group's policy of regular innovation.

- CSR risks

Via its Oxygen plan and vigilance plan, the Group addresses CSR risks on the basis of an overall ambition backed up by local initiatives on the part of its subsidiaries.

In respect of climate risk, sites which have identified potential risks have engaged in preparation by adopting business continuity plans and performing specific surveys.

- Fraud and attack via the Group's information systems

The unavailability of information systems generally constitutes a risk for the Group. The constitution of a reinforced team responsible for information systems security helps address this technological risk which requires input from specialist staff.

- Major incident/Strategic site

Certain specialties or strategic ingredients are manufactured or transit via a limited number of sites or even a single site. The occurrence of an incident resulting in the total or partial destruction of one such site might have a material impact on the production and commercialization of the products concerned.

For many years, the Group has pursued a program of securing its sites, and preventing fire risks, with the help of its insurers and sets improvement objectives for its main industrial sites designed to reduce the occurrence of such risks. The Group also continues to engage in business continuity planning for the event of any major incident. The Group has equally always, traditionally, practiced a prudent policy of protection of its assets and insurance cover for major risks such as damage to assets, loss of profits and civil liability.

- E-reputation of major brands

The Group's reputation and its image may at any time be damaged by unfavorable events harming our product notoriety, or by the uncontrolled dissemination (via the media and social networks) of harmful information relating to our activities, production facilities, brands, products or their composition and to our management.

To cope with this risk, the Group has developed crisis management arrangements designed to prevent situations of crisis and mitigate their impacts.

22 *Risk mapping of "Sapin II" law risks*

In accordance with the provisions of the French law of December 2016 (the so-called "Sapin II" law) on the subject of transparency, combating corruption and modernization of the economy, the Group is required to engage in risk mapping of its exposure to external solicitation for the purposes of corruption in terms notably of the geographic zones in which it operates.

The risk mapping has two series of objectives:

- To identify, assess and rank the risks of corruption in order to ensure effective and appropriate compliance control;

- To inform management and provide management with the necessary visibility for the deployment of measures of prevention and detection proportionate to the issues identified.

In 2019, our mapping of "Sapin II" risks has been complemented by a methodological memo describing the risk mapping process in detail. A specific questionnaire will be issued to all subsidiaries in 2020 for the purpose of fine-tuning our approach which is expected to gain increasing importance in the coming years.

23 *Risk mapping of law on the Duty of Vigilance risks*

France's law on the Duty of Vigilance has created a legally enforceable requirement on the Group to identify and prevent breaches of human rights, fundamental liberties, health and safety and environmental damage with regard not just to its own activities but to the activities of the companies it controls.

The Group's resulting risk mapping included in its 2019 vigilance plan has two focuses – raw materials/industries and our activities – thereby enabling more detailed analysis of the risks at stake.

24 *General Data Protection Regulation (GDPR)*

The Group has continued to implement its GDPR compliance in 2019.

3 Control philosophy

The Group's internal control and enterprise risk management procedures reflect its policy of subsidiarity and operating autonomy of its various units, as well as the description of its risks. The parent company controls the operations of its subsidiaries via:

- Specialized departments responsible for providing guidance and supervision;
- The Finance Department which assesses their results and the Group's financial equilibrium.

The Board of Directors' Audit and Risks Committee assesses the effectiveness of the controls in place based on the work performed by Internal Audit and by the Group's statutory auditors.

In the framework of a multi-annual plan the Internal Audit Department, which reports to Group general management, assesses the level of internal control prevailing at each entity, and within the Group's ever more significant Group-wide processes, using for that purpose the framework of reference defined by the Autorité des Marchés Financiers (AMF).

France's financial markets oversight board. Its assignments contribute to identifying the major risks associated with each entity's operations, in conjunction with the Group's risk description prepared in the framework of the Group-wide enterprise risk management approach currently under deployment. The report prepared at the end of each assignment highlights points for improvement of internal control. The entities involved are then required to prepare and implement action plans and report periodically on the progress achieved. These action plans are supervised by the directors responsible for each of the Group's businesses and are monitored annually by the Internal Audit Department.

With regard to financial reporting, the preparation of each subsidiary's financial statements involves:

- Use of a Group-wide chart of accounts;
- Reference to an accounting manual designed to harmonize the Group's accounting policies.

Subsidiaries prepare monthly reports, including prior year comparatives, as well as annual profit forecasts. The Group's Finance Department monitors performance actively and validates the information received from the finance directors responsible for each of the Group's businesses.

Each subsidiary's statutory accounts, as well as the restating entries for the purposes of the Group's half-yearly and annual consolidated financial statements, are also subject to statutory audit at the level of each subsidiary. Subsidiaries' statutory auditors are appointed on a coordinated basis in liaison with the parent company's auditors. The directors of each subsidiary sign a letter of representation, addressed to the Board of Directors, as to the quality and content of their financial statements.

The process of preparation of the Group's consolidated financial statements is underpinned by an information system enabling the collection of subsidiaries' statutory accounts as adjusted for Group reporting purposes, plus the additional information required for the consolidated financial statements.

In order to provide optimal internal control over the consolidation process and data used, the abovementioned system is a unique one the access to which is strictly controlled. The reliability of the consolidation processing and the faithfulness of the resulting consolidated financial statements are guaranteed by appropriate segregation of duties and supervision.

As part of their verification of the consolidated financial statements, the statutory auditors perform an annual review of the procedures contributing to their preparation and issue appropriate recommendations for their improvement which are acted on in order regularly to improve our existing procedures.

3 Vigilance plan

1 Preamble

Savencia Fromage & Dairy (the "Company") meets the criteria defined by French law n° 2017-399 dated March 27, 2017 (the "Law") on the duty of vigilance of parent companies and contracting undertakings.

As such, it must prepare and effectively implement a vigilance plan including measures defined to identify risks and prevent grave breaches of human rights and fundamental liberties, individual health and safety and the environment, resulting from:

- Its activities and those of the companies it controls;
- Activities of its subcontractors or suppliers with which it has ongoing commercial relationships and which activities are associated with that relationship.

The Group is covered by the Group's vigilance plan but, given the Company is a listed one, Group Management has decided to publish a specific vigilance plan for the Company. The present vigilance plan is thus a variant of the Group's vigilance plan limited so far as possible to the sole operations of the Company and its subsidiaries.

The risk analysis has been conducted at the level of the Group and numerous initiatives for the attenuation of the risks identified have been implemented globally for the benefit of all subsidiaries.

2 Presentation of the Company

21 General considerations

Savencia Fromage & Dairy is a global dairy player and # 1 for cheese specialties. It is present on the five continents with its subsidiaries which propose a portfolio of premium brands, and products and services aimed at foodservice and industrial markets such as agro-food, dietetics, healthcare etc.

Savencia Fromage & Dairy comprises enterprises of human scale united by a humanistic, family and entrepreneurial business culture. It relies on a decentralized management and its operating subsidiaries are the engine of its development. Shared structures provide administrative, industrial and commercial synergies.

22 Subsidiaries

Savencia Fromage & Dairy operates consolidated subsidiaries which are technically classified into four categories:

- Service & Holding Companies (holding of securities and real estate property, transversal service activities etc.);
- Industrial and Commercial Companies;
- Industrial Companies;
- Commercial Companies.

The subsidiaries are listed in note 35 to Savencia Fromage & Dairy's consolidated financial statements for 2019.

23 Culture and values

The Group has long considered that compliance with human rights and labor and environmental law, as well as with food security and combating corruption, is demanding and indispensable, compatible with the goal of optimal economic performance thus rendered sustainable.

The Group's commitment in these respects is reflected in particular in:

- Its Ethical Charter, "The Group and its Culture", which describes the Group's action principles and the rules of conduct which must inspire, guide and unite the actions of all Group employees;
- Its Oxygen approach to Corporate Social Responsibility (CSR) which embodies the Group's ambition of allying meaning and performance, together with all its stakeholders (employees, producers, customers, consumers, suppliers, investors and civil society), for the purposes of innovating in favor of a sustainable world (see § 2.5);
- Its adhesion to the UN's Global Compact. Each year since 2004, the Group has renewed its commitment to support and implement, in its area of influence, the compact's ten fundamental principles.

24 Implementation of the duty of vigilance within the Group

The preparation and deployment of the Group's and the Company's vigilance plans have been entrusted to the Group's Compliance Department which is also responsible for:

- The implementation of French Law n° 2016-1691 dated December 9, 2016 on transparency, combating corruption and modernizing the economy (the so-called "Sapin 2" law);

- The protection of personal data, governed in France by Law n° 78-17 dated January 6, 1978 (France's data protection law) and by European regulation n° 2016-679 dated April 27, 2016 known as the General Data Protection Regulation (GDPR).

The Compliance Department works on the duty of vigilance in close collaboration with:

- All those in charge of transversal Group functions and in particular purchasing, communication, CSR, finance, legal, operating and human resources;
- Other managers within the Group's specific organization (in charge of geographical markets, or of product categories or activities) and their main reports.

Concerning subsidiaries, the Compliance Department identifies the main actions already engaged, or contemplated locally, for the purpose of reducing impacts on people and the environment. The Department's objective is:

- To improve its knowledge of the stakeholders associated with each area of activity;
- To contribute to disseminating actions identified for the benefit of other subsidiaries engaging in comparable activitiesv;
- To envisage adopting certain actions at Group level, in order to coordinate and develop them.

2.5 *The Group's CSR approach*

The Group's Oxygen plan materializes its approach to Corporate Social Responsibility:

- It integrates Group stakeholders' stated expectations via materiality analysis;
- It reinforces the Group's CSR efforts by combining global ambition and local action engaged in by subsidiaries.

The actions of the Oxygen plan, organized into four main focuses for progress, are in line with the law on the duty of vigilance towards protecting people and the environment. Only those actions which contribute directly to reducing the most serious breaches are incorporated in the vigilance plan.

The duty of vigilance must be seen as a continuation of the Group's commitments and not merely as a compliance exercise.

The Group sees the duty of vigilance as a vector for the development of sustainable businesses and a driver for innovation and competitiveness.

3 The 2019 vigilance plan: a new approach

In 2018, the Group developed a macroscopic approach by raw material. Analysis of the value chains of the 5 principal raw materials processed by the Group (milk, cocoa, meat, dry fruits and fish) thus enabled:

- Identification of the holders of rights potentially impacted by the Group's activities;
- Identification of the risks generated for the holders of rights.

The result of that work is presented in appendix 1.

In 2019, it was decided to pursue that work:

- By adding to the horizontal classification of activities a vertical classification with three focuses (upstream external activity, internal production activity and internal sales activity);
- And by materializing the various categories of holders of rights.

With this new approach (see appendix 2), the vigilance plan's structure has evolved: in place of four chapters reflecting each of the measures imposed by the Law (risk mapping, attenuation and prevention plan, system for monitoring and assessment of measures, and process of evaluation of subsidiaries and suppliers), the 2019 plan includes a chapter for each focus of activity and each chapter includes the aforementioned measures when appropriate.

Upstream external activity

Upstream external activity comprises all the activity of the Group's suppliers and subcontractors. The term "supplier" includes both suppliers of raw materials (producers) and intermediaries present within the supply chain (processors, collectors, traders, carriers etc.).

The holders of rights relating to this activity are all external to the Group. Some, such as suppliers' employees, act within the supply chain. Others, such as the populations and environment potentially impacted by the suppliers' activities, are outside the supply chain.

Internal production activity

Internal production activity comprises all activities engaged in by Group subsidiaries prior to the sale of products: essentially activities of production or processing, plus certain upstream or downstream activities such as transport.

The identified holders of rights are:

- Internal to the Group: employees;
- External to the Group: the environment and neighborhood of subsidiaries' sites.

Internal sales activity

Internal sales activity:

- Business to consumer (BtoC) sales;
- Business to business (BtoB) sales.

The Group's vigilance plan devotes a specific chapter to the rights associated with consumers of the Group's products, wether obtained directly from a subsidiary or from a distributor/reseller.

NB :

- *Downstream external activity (transactions by distributors/resellers of the Group's products after delivery by subsidiaries) is not covered by the duty of vigilance, but the Group nevertheless pays close attention to the conditions in which such transactions are carried out, with regard to its own responsibilities towards the final customers (i.e. consumers);*
- *Certain Group subsidiaries supply other subsidiaries, so vigilance risk for any subsidiary is only analyzed once, when analyzing the internal activity.*

Remark on the classification of subsidiaries

After analyzing the activities of the various types of subsidiaries, the Group has determined that:

- The main risks are generated by Industrial and Industrial and Commercial subsidiaries. They are present at the level of the supply chain (upstream external activity), of internal production activity (with particular regard for the environment) and of consumers (mainly in terms of health);
- Purely Commercial subsidiaries essentially buy and sell the Group's products. Vigilance risk is therefore located:
  - Almost entirely at the level of the supply chain (upstream external activity, analyzed however as an internal activity when the Group's products are involved);
  - At the level of consumers;
- Service and Holding subsidiaries only generate a very low level of vigilance risk in comparison with other subsidiaries. They are therefore not the subject of particular measures.

4 The Group's upstream external activity

4.1 *Dairy procurement*

4.1.1 Practices in force

General remarks

Dairy supplies include purchases of milk (cow's, ewe's and goat's) and of cream.

The Group processes all milk purchased within the countries of purchase.

Dairy procurement is subject to short supply chains.

In France

All milk processed by the Group's French subsidiaries is purchased in France. The buyers have precise knowledge of the supply sector which represents a large part of the Group's worldwide dairy procurement:

- Farms and farmers are all members of a producer organization or cooperative;
- The supplying farms are located in 44 French departments.

The collection of milk from producers, its transport and its delivery to Group subsidiaries are managed internally:

- Either using the Group's own resources;
- Or using cooperatives' resources;
- Or by external service-providers who sign a transport safety agreement designed to ensure working and safety conditions compliant with French regulatory requirements.

In order to better meet its customers' questions with regard to the conditions of production of its milk, the Group has implemented an approach of responsible milk procurement including in particular:

- The Charter for Best Farming Practices developed by farmers. To adopt the charter, the farmer must comply with its 41 sections and following adoption, he or she is audited every two years and any shortfall with regard to the charter must be corrected within 6 months, failing which he or she forfeits accreditation and the Group suspends its purchasing (this is a contractual commitment);
- The possibility of performing a Sustainable Milk Production diagnosis covering ten drivers for improvement: the farmer's quality of life, carbon footprint, the herd's food autonomy, animal wellbeing, biodiversity, soil fertility and sustainable management of water resources as well as three efficiency criteria (management, financial autonomy and profitability). The diagnosis helps the farmer identify the strengths and points for improvement of the farm and define the focuses for progress that he or she wishes to develop with help from the Group's dairy resource technicians.

Outside France

Milk purchases outside France are made in countries where the Group has a local manufacturing plant.

In 2020, the Group will pursue work designed to deploy identical practices to those applied in France:

- The Charter for Best Farming Practices: in progress since the beginning of 2019;
- The Sustainable Milk Production diagnosis: the training of the technicians charged with performing the diagnoses is being finalized, and the diagnosis will soon begin, commencing so far as possible with the largest farms.

Soya and GMOs

In France, soya only represents a small part of the diet of cattle supplying milk to the Group (the rest mainly comprises products grown on the farm). The soya has been identified as mainly coming from South America, it generates deforestation and vehicles GMOs.

In 2019, the Group implemented a policy designed to increase the share of milk supply sourced from GMO-free herds, by supporting farmers in the replacement of GMO soya by:

- European soya, which does not generate deforestation and does not vehicle GMOs;
- Rape produced in Europe;
- Proteins produced on the farm.

Outside France, the feeding of the cattle supplying the Group's subsidiaries with milk will be better understood after performance of the Sustainable Milk Production diagnoses. Similar approaches to farming support in France are being deployed in Germany, Belgium, the Czech Republic and Slovakia.

4.1.2 Action plans and monitoring

Deployment of the Charter for Best Farming Practices

The first phase of the plan consisted in deploying the Charter in France. All the Group's milk suppliers in France have signed the Charter, which has been a contractual obligation for producers since 2012.

The second phase of deployment, outside France, reflects the objective of **full global deployment by 2025**. As of 12/31/2019 the overall global deployment has reached 80%, including 100% for France.

	2017	2018	2019	2025 Objective
Deployment of the Charter worldwide *(% milk volume collected)*	75,2 %	73,0 %	80,0 %	100 %

Deployment of the Sustainable Milk Production diagnosis

Deployment began in France in 2010 and will be continued abroad in 2020 after completion of training of the personnel required.

The current global objective is for **deployment with at least 50% of global milk suppliers, including France, by 2025**.

As of 12/31/2019 the overall global deployment has reached 19%, including 27% for France.

	2017	2018	2019	2025 Objective
Deployment of the Sustainable Milk Production diagnosis (% milk volume collected*)	14,8 %	16,4 %	19,0 %	50 %

* *The volume of milk collected subject to deployment of the Sustainable Milk Production diagnosis is estimated on the basis of the average milk volume per farm collected for the applicable scope.*

Charter for Responsible Milk Purchasing

In addition to the aforementioned plans, the preparation by the end of 2020 of a Group Charter for Responsible Milk Purchasing, similar to that existing for other purchases (see § 4.2), is envisaged.

4.2 *Non-milk purchases*

4.2.1 Practices in force

The Group's commitments

The Group's Ethical Charter "The Group and its Culture" (see § 2.3) underpins the Group's commitments and approach.

The Group has reinforced its commitments in the area of purchasing:

- By signing the Charter for Responsible Supplier Relationships on January 10, 2012;
- By implementing the Code of Conduct for Group Savencia Buyers, the latest version of which is dated 05/26/2020.

The commitment requested by the Group

The Group selects its suppliers based on quality, safety, service and competitiveness, and on their capacity to maintain a long-term relationship. It favors long-term collaboration and approaches its relationships with suppliers with a spirit of shared progress.

Since 2010, it has therefore requested its main suppliers to subscribe to its culture and values by signing its Charter for Responsible Purchasing which is consistent with the Group's Ethical Charter.

The overall supplier vigilance plan

In order to manage its purchases in compliance with the principles of transparency and of combating undeclared labor, corruption and breaches of human and environmental rights, the Group's Purchasing Department implemented in 2018 an overall supplier vigilance plan which consists in:

- Preparing internal supplier risk-mapping reflecting:
  - Country risk as perceived internally on the basis of the environmental, health, social, human rights and governance ratings attributed by the EcoVadis independent rating agency;
  - Purchase category risk as perceived internally on the basis of CSR and operating criteria;
- Obtaining assessments of the suppliers most at risk, also from EcoVadis since 2010;
- Engaging in continuous performance monitoring with suppliers;
- If necessary, auditing and/or monitoring the most sensitive or least perfoming suppliers.

Given their number, the selection and solicitation of the suppliers the Group wishes to assess are performed in successive waves, the timing and content of which reflect:

- The Group's Purchasing Department requirements (in line with its risk-mapping and purchase coverage objectives) and of those of other Group Departments (including Group Compliance as to the vigilance plan);
- The requirements expressed by subsidiaries.

4.2.2 Action plans and monitoring

Deployment of the Charter for Responsible Purchasing

Deployment of the Charter for Responsible Purchasing takes place:

- When requests for tender are issued;
- In successive waves supervised by Group Purchasing.

Regular assessment of rank 1 suppliers

Since 2010, and through 2019, the Group's main suppliers have been assessed by EcoVadis. The Group's ultimate objective is to cover 80% of its expenditure excluding agricultural raw materials.

The average score for suppliers assessed is 48.8 compared with an average of 42.4 per EcoVadis's Food & Beverage sector panel.

At year-end 2019, with the help of an outside firm, the Group launched a review of how best to engage in continuous formal supplier monitoring, and resolve issues such as:

- How to assess a supplier refusing to be assessed by EcoVadis?
- How to perform deeper investigation if a supplier obtains a poor EcoVadis score?
- How to go from a supplier's EcoVadis assessment to identification of the actual risks generated?
- How, and with the support of which stakeholders, to encourage a supplier to engage in improving its assessment and reducing the identified risks?

5 The Group's internal production activity

As indicated in § 3, this chapter addresses the risks generated by Group subsidiaries' productions. The holders of rights potentially impacted by this activity may be internal to the Group (employees) or external (the environment and neighborhood of subsidiaries' production sites).

5.1 Risks for internal holders of rights

5.1.1 Practices in force

The risks threatening Group employees by virtue of the Group's operations are all job-related (see appendix 1: classification of potential risks):

- Employees' health and safety;
- The legal framework, compensation, forced labor, work by migrants and child labor (setting aside matters of health and safety for the rest of this section).

The Group's framework for human resource management and administration is applied to all its subsidiaries. Group reporting includes all necessary indicators.

Risks for employee health and safety

Health and safety at work ("SST") is a priority focus for the Group, and a value shared with the partners intervening at its sites (service-providers and temporary employment agencies).

The SSR approach, deployed since 2009, was boosted in 2016 under the slogan "Safety is OUR business" designed to stress the importance of collective action and co-responsibility. It is jointly led at Group level by both Group HR and Operations.

It is supported by:

- A Health and Safety Charter co-signed by the Group's Chair and circulated at all subsidiaries. It supports the goal of reaching zero occupational injury;
- A Health and Safety Frame of Reference designed to implement, throughout the Group, a system for management of health and safety:
  - Applicable to all activities, functions and physical or psychological professional risks;
  - Applicable to all employees, subcontractors and visitors;
  - Favoring employees' professional and social wellbeing by improving their safety and offering working conditions respectful of their health;
  - Putting the accent on prevention in all areas, from new projects design to the performance of daily tasks;
- Transversal functions of management, leadership and monitoring;
- Occupational health and safety initiatives including:
  - The annual organization of the Worldwide Health and Safety Week involving all Group subsidiaries;
  - Training [(1)]:
  - Compulsory training on specific regulatory matters;
  - Training mandated by the Group in response to the Group or subsidiaries managerial requirements, or performed in the context of specific occupational health and safety plans;
  - Voluntary training in response to employee requests or performed during the Worldwide Health and Safety Week;
  - Awareness-raising, via a monthly information bulletin [(2)],
  - Internal occupational health and safety audits, to assess sites' compliance with the guidance and recommendations included in the Health and Safety Frame of Reference and implement any necessary corrective measures.

Risks other than for employee health and safety

The Group's annual social reporting enables it to monitor such matters as:

- Annual permanent and non-permanent employees and details of hires and departures;
- Employees' age;
- Gender equality and the employment and insertion of handicapped persons;
- Working hours and absenteeism;
- Training;
- Compensation and social contributions.

The data is subject to detailed analysis to measure the effectiveness of actions or policies and to determine any necessary corrective measures.

In parallel, the Group is greatly concerned with the quality of life at work and employee relations, which are the source of wellbeing and lasting performance. The promotion of social dialogue is encouraged via employee representation at all levels of the Group:

- Local representative bodies at subsidiary level;
- A Group Employee Representative Committee for France which meets twice per year;
- Joint employer/employee commissions in France which supervise agreements for providence, healthcare benefits and corporate retirement savings plans;
- A European Employee Representative Committee which meets once per year.

The Group listens to its employees and regularly performs, in coordination with its subsidiaries, an internal opinion survey using the Great Place To Work (GPTW) methodology.

(1) The training is applicable to both permanent and temporary employees (job station training in liaison with the temporary employment agencies)

(2) The bulletin is in two parts:

- A quantitative section presenting a summary of the indicators for accident frequency for both permanent and temporary employees (= number of accidents requiring time off x 1,000,000/number of hours worked) and accident gravity for permanent employees (= number of days off work following injury x 1,000/number of hours worked);

- A qualitative section with sharing of best practices and feedback on Group experimentation.

5.1.2 Action plans and monitoring

Residual risks for employees, excluding occupational health and safety

The risk of non-compliance by a subsidiary with local employment legislation, and the Group's HR policy, cannot be totally excluded, and is believed to be more significant:

- In industrial subsidiaries (given the types of job, employee numbers and the potentially significant recourse to seasonal or temporary workers);
- In countries with the lowest human rights and health/social EcoVadis scores (using the average of the two scores).

5.2 *Risks for external holders of rights*

5.2.1 General considerations

The risk of non-compliance by a subsidiary with local employment legislation, and the Group's HR policy, cannot be totally excluded, and is believed to be more significant:

- Defined 5 major focuses for action for the Oxygen environmental footprint:
  - Pollution Prevention;
  - Reduction of drawing of water from the natural environment;
  - Reduction of energy consumption;
  - Reduction of greenhouse gas emissions;
  - Reinforcement of sorting and recycling of waste,
- Deployed an organization to define, and implement the policy, and monitor its implementation.

The Group's vigilance plan details only the first two focuses which cover the risks considered most serious, in the short term.

The other focuses are detailed in the Group's Oxygen plan.

5.2.2 Practices in force

Guides to best practices (GBPs)

Best practice guides have been prepared for each industrial site. They enable them to optimize their processes and render their facilities safer and more efficient. The best practices adopted reflect industry practices as well as the Group's accumulated experience.

Special mention may be made of the CSR/industrial operations guide, the energy and water guide, and the permanent cleaning systems ("NEP") guide.

Best industrial practices are the subject of regular training organized for all the Group employees concerned, and in particular for managers by the Savencia Academy.

NB: *best practices are shared between all Group subsidiaries, but each subsidiary must still comply with the regulatory requirements of its country.*

Environmental meetings

Twice-yearly environmental meetings are organized for environmental correspondents to discuss specific subjects, as to new developments and/or Group requirements. They involve outside presentations, sharing of best practices and feedback, and situation reports on regulatory requirements, project progress and changes underway.

In 2019, two central themes were covered:

- Water and the treatment of effluents, with a focus on the issues of hydric stress;
- The preparation of our European sites for changes in European regulatory requirements.

Energy and raw material CSR meetings

Biennial meetings focus on CSR initiatives of the previous year and actions in progress in the current one.

Pollution Prevention

Considering the Group's subsidiaries areas of activity, the two most significant risks identified in terms of probability and/or impacts are:

- The release of chemicals to the environment in the event of an accidental spill;
- The release of non-compliant organic effluents into the natural environment, in particular into the hydrographic network surrounding industrial sites.

The release of chemicals to the environment in the event of an accidental spill;

The release of non-compliant organic effluents into the natural environment, in particular into the hydrographic network surrounding industrial sites:

- The production volumes planned;
- The age of installations and the audits performed of their condition;
- Measurement of COD (chemical oxygen demand).

In order to limit internal human causes, subsidiaries are responsible for implementing appropriate training plans.

Note on fire risk:

Fire risk is assessed at each industrial site. Each assessment produces a rating and a summary of measures needed to improve the rating if necessary, classified into two categories:

- *Measures of prevention including the implementation or development of best organizational or managerial practices;*
- *Measures of physical protection (fire extinguishers, fire hydrants, sprinkler networks, fireproof doors, use of specific materials etc.) requiring capital expenditures.*

Note on COD:

COD is measured by the Group:

- *On entry of raw effluents to the treatment system. Comparison with the site's volume of production held identify any incident within the facility (peak COD) or its deterioration (slow increase in COD);*
- *On post-treatment effluents, before their release into the natural environment, whenever the Group is responsible for the treatment. If the required COD level is exceeded, it must be rapidly analyzed and subject to corrective action.*

Note on other pollution:

The Group is also attentive to noise, smell and airborne pollution in the form of particles released into the atmosphere. The overall level of such pollution is limited and is treated on an individual basis.

Reduction of the drawing of water from the natural environment

Water plays an important role in several processes used by industrial subsidiaries:

- As a technological adjunct to product manufacture;
- For cleaning designed to ensure a high level of product hygiene and safety;
- As a heating or cooling fluid;
- As a component of fire prevention and firefighting.

The Group has implemented quite a few measures designed to reduce such drawing:

- Optimisation, renovation or even complete renewal of existing cleaning equipment;
- Training and awareness-raising for personnel involved in manual cleaning;
- Recovery, by evaporation or inverse osmosis, of part of the water contained in milk or whey which can then be used as a heating or cooling fluid or, after treatment, for external cleaning of facilities.

In parallel:

- The Group continues to reflect, at the level of France's dairy and cheese industries, on how to define more effective practices and technologies for water use;
- Every new renovation or renewal project within the Group's production infrastructure includes this issue.

Finally, each subsidiary analysis precisely and on a regular basis the quantities of water drawn from the natural environment, in order to:

- Identify any accidental excess consumption and deploy the necessary corrective action;
- Measure the long-term effectiveness of the measures deployed.

5.2.3 Action plans and monitoring

Pollution Prevention

In addition to its organizational measures, the Group engages in significant capital expenditures:

- In waste water treatment facilities, for which complete renovation was initiated at 5 major sites in 2019;
- In fire detection and prevention systems.

Reduction of the drawing of water from the natural environment

The Oxygen plan's objective is to reduce by 2025 water consumption at industrial sites, in m3 per ton produced, by 25%, compared to 2015.

	2016	2017	2018	2019	2025 Objective
Reduction of water consumption *(m^3/ton produced)*	0,2 %	1,4 %	2,8 %	0,8 %	-25 %

Note 1: *the indicator has been recalculated since 2015 and now includes cooling water at one of the sites.*

Note 2: *despite the measures of reduction engaged, the reinforcement of hygiene and food safety procedures, and the development of new product ranges using different milks and thus requiring more frequent cleaning, have resulted in a temporary increase in water consumption.*

(1) Excessive COD may be attributable to saturation of treatment capacity or to dysfunctioning of the treatment system.

6 Les consommateurs

Consumers are external holders of rights potentially impacted by the Company's activity either directly (direct sale by a subsidiary to the consumer) or indirectly (products acquired via resellers).

Their rights are as follows:

- Right to information about the products they consume;
- Right to food safety.

6.1 *Information provided to consumers*

All Group subsidiaries comply with the consumer information requirements applicable in the markets where their products are manufactured and distributed. The regulatory requirements are in two parts:

- Information on the safety of product consumption: declaration of allergens, conditions of conservation (in particular, conservation temperature) and "consume by" or minimum durability dates;
- Information on the features of products purchased: product name, list of ingredients, nutritional tables, quantity etc.

In addition to strict compliance with regulatory requirements, the Group is attentive to providing consumers with sincere and clear information, not suggesting inexistent or exaggerated product benefits and not deceiving the consumer as to products' features. A responsible communication is part of the Group's CSR commitments in the framework of its Oxygen plan.

Control over the regulatory compliance of any and all labels and other supports of communication to the consumer, and of compliance with the Group's commitments for a responsible communication, is performed by each subsidiary by regulatory compliance managers, quality managers or legal specialists in certain countries. They may receive support, when required, from the Group's Food Law Department which engages in the following missions:

- veille réglementaire ;
- Regulatory watch;
- Training;
- assistance to subsidiaries in the identification, interpretation and application of regulatory requirements;
- advice to other Group Departments on regulatory strategy, and the Group's representation within the regulatory commissions of industry federations;
- Leadership of the Group's regulatory community.

The Group believes that this organization and functioning enables it to avoid any serious breach of consumers' rights.

6.2 *Consumers' health (excluding nutritional aspects)*

6.2.1 Practices in force

The Group's Quality Department analyzes the risks to consumer health associated with the Group's activities and, in liaison with other Group players (Activity managers, Subsidiaries' managers, Plant managers and Experts), defines the prevention policy and implements risk reduction plans.

Risks to consumer health (excluding nutritional aspects) are mainly related to potential contamination of the Group's products by:

- Pathogenic micro-organisms responsible for food poisoning;
- Foreign bodies;
- Chemical contaminants such as pesticides;
- Food allergens (substances generating allergic reactions) identified by food regulations.

To reduce such risks, the Group has implemented procedures, best practices, control plans and a policy of certification.

Procedures

They are applicable in all production aspects within the Group:

- Control prior to product release: all Groupe Savencia product batches transferred outside the Group are tested for one or more microbiological food safety criteria, which condition their release;
- Specific approvals for new product launches, significant modification of an existing product or the transfer of product manufacture from one site to another.

Best practices

Best practices for management of the aforementioned risks are developed by capitalization of experience of both experts and operating personnel. Whether general in nature or specific to a business, they are deployed Groupwide and are subject to monitoring.

Policy of certification and management system for food safety

There exist several frames of reference for food safety certification:

- ISO 22000 (issued by the International Organization for Standardization);
- Private frames of reference, some of which meet the requirements of the GFSI (Global Food Safety Initiative), such as:
  - FSSC 22000 (Food Safety System Certification), based on ISO 22000;
  - The BRC (British Retail Consortium);
  - IFS (International Featured Standards);
- Country approvals mandated for certain export markets.

The Group's food safety certification policy, prepared in 2016, requires each production site to be certified on the basis of an international frame of reference recognized by the Group.

The Quality Department supports sites in implementing the requisite management systems and associated audits, as well as identifying all the certifications held or in the process of implementation.

Control over suppliers' food safety risks

The Group has developed audit procedures for its strategic suppliers of raw and other materials, consumables, additives and packaging. The audits are performed by purchase/quality teams on the basis of a matrix summarizing the Group's requirements. The audit results are monitored over time.

6.2.2 Action plans and monitoring

In 2020, the Group will pursue its policy of certification.

7 The Group's Internal Audit Department

The Group's Internal Audit Department reports to the Group Chairman and has regular contact with the Audit and Risks Committee of Savencia Fromage & Dairy's Board of Directors. By its proposals, it contributes to improving security and optimizing the organization's global performance.

Its missions are as follows:

- To identify and control the Group's risk exposures by a structured approach focusing on the issues confronted by the Group and its businesses in order to safeguard its assets;
- To evaluate controls over operating and functional processes and the performance of operations, as they relate to the organization's strategic, operational and financial preoccupations;
- To evaluate the relevancy and effectiveness of processes in terms of their compliance with the applicable rules, standards, procedures, laws and regulations;
- To verify the integrity, reliability, completeness and traceability of information produced by the Group;
- To propose focuses for improvement or progress for the organization by sharing best practices within the Group's various business lines;
- If and when needed, to provide assistance, in particular in acquisitions.

Within its functioning, Internal Audit thus has occasion to review the resources and controls deployed at Group subsidiaries in respect of the present Vigilance Plan. The work performed in that respect is:

- Complementary to the functional audits (security, occupational health and safety, insurance etc.), and to external audit;
- Transversal (applicable to several business cycles or topics);
- Periodical (each subsidiary is audited every 3-4 years).

8 The Group's alert mechanism

The Group's Compliance Department has deployed a unique technical system for alert and compliance whistleblowing comprising:

- A telephone number: + 33 1 34 58 64 14;
- An email address: compliance@savancia.com;
- A postal address:

The Director of Compliance
Groupe SAVENCIA
42 rue Rieussec
78223 Viroflay Cedex
FRANCE

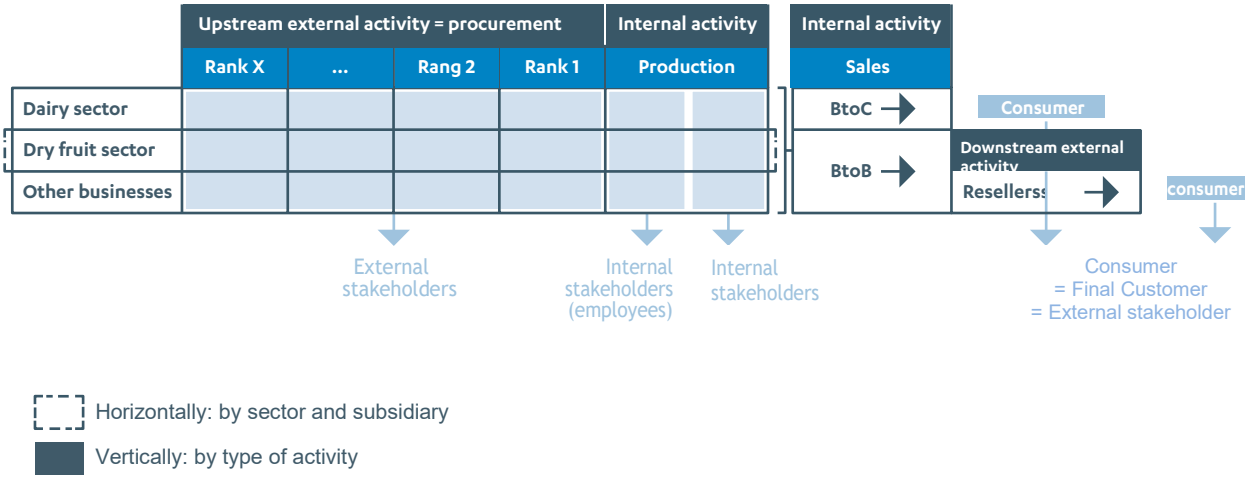
The processing modalities for any matter reported in respect of the duty of vigilance, transmitted via these channels by stakeholders either internal or external to the Group, are detailed in a procedure, updated at the beginning of 2020.

Appendix 1: Classification of potential risks

Classification of Vigilance risks potentially generated by the activity of Groupe Savencia

Catégories de risques		Exemples	Détenteurs des droits	Droits impactés
Employment	**Legal framework**	Absence of contract, excessive hours, no holiday etc.	Group employees and workers with suppliers, in particular: • Migrant, unqualified, temporary workers • Children • union representatives = Holders of rights **internal and external** to the Group	• Right to employment • Right to be free from forced labor • Right to fair and favorable compensation • Right to equal protection against all forms of discrimination • Right to fair and favorable working conditions (including the right to hygiene and safety at work) • Right to form unions and to join the union of one's choice • Right to rest, to periodic paid leave, to respect of working hours and to leisure time • Right to health, social security and social insurance cover • Right to education (children)
	Compensation	No payment, minimum wage not respected, pay imposed because of monopoly etc.		
	Forced labor	Intimidation, violence, retention of papers, denunciation to migratory authorities etc.		
Health and safety	**Workers**	Non-compliance with infrastructure standards, manipulation of chemicals, no safety equipment, no access to care in the event of accident etc.	= Holders of rights **internal and external** to the Group	• Right to fair and favorable working conditions (including the right to hygiene and safety at work) • Right to health and to access to healthcare • Right to social security • Right to information
	Consumers	Impact of products on health	= Holders of rights **external** to the Group	Right to health and to information on products consumed
The environment	**Pollution (air, water, ground)**	Pollution by discharge (industry, farming etc.) Pollution by use of chemicals (pesticides etc.)	Neighborhood residents and communities, indigenous populations = Holders of rights **external** to the Group	• Right to live in a healthy environment • Right to food • Right to water • Right to land • Right to health • Right to access to justice • Right to information
	Reduction of human and animal habitat	Deforestation Expropriation for extension of activity		
	Excessive use of resources	Deforestation Exhaustion of fish stocks Exhaustion of water resources		

Appendix 2: Risk-mapping methodology risques



ANNUAL SHAREHOLDERS MEETING APRIL 23, 2020

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1 Report of the Board of Directors on draft resolutions

Ladies and gentlemen,

We have convened this General Meeting to submit for your approval the draft resolutions we will present hereafter.

Before your vote, you will hear the reports of the statutory auditors, Mr. Jean-Charles Simon, representing KPMG Audit and Mrs. Amélie Wattel, representing PricewaterhouseCoopers Audit, on the draft resolutions.

The statutory auditors' reports have been placed at your disposal at the Company's registered office as provided for by law, to enable you to read them.

1.1 Resolutions within the competence of the Ordinary Shareholders Meeting

FIRST TO THIRD RESOLUTIONS

Approval of the statutory accounts and consolidated financial statements for the fiscal year ended December 31, 2019, result for the period and proposed appropriation

We request you to approve the statutory accounts and consolidated financial statements for the fiscal year ended December 31, 2019 as presented to you. Given the worldwide Covid-19 pandemic, the uncertainties affecting the economic climate and the recommendation of France's Minister of the Economy and Finance, we propose that no dividend be paid in respect of 2019. We therefore propose that the net income of €14,647,711.83 for the fiscal year ended December 31, 2019, together with the Company's retained earnings of €388,026,291.93, whence a total available amount of €402,674,003.76, be appropriated as follows:

In euro	
To retained earnings	402 674003.76
TOTAL	**402 674 003.76**

FOURTH AND FIFTH RESOLUTIONS

Approval of agreements and undertakings within the scope of articles L225-38 and following of the French code of commercial law

We request you to approve the new agreements and undertakings presented in the statutory auditors' special report prepared further to article L225-40 of the French code of commercial law and more particularly, the Company's commitment for the benefit of Mr. Jean-Paul Torris, Chief Executive Officer, in respect of the defined benefit pension plan of which he has the benefit.

SIXTH TO TWENTY-FIRST RESOLUTIONS

Composition of the Board of Directors

The appointments of all 15 Directors comprising the Board of Directors expire at the end of the forthcoming Ordinary Shareholders Meeting. We propose that you renew the appointments of the following Directors for a period of one year expiring at the end of the Ordinary General Meeting which will be called in 2021 to approve the accounts for the fiscal year ended December 31, 2020: Anne-Marie Cambourieu, Clare Chatfield, Dominique Damon, Martine Liautaud, Malika Haimeur, Alex Bongrain, Armand Bongrain, Xavier Govare, Christian Mouillon and Ignacio Osborne as well as Savencia Holding.

As Mrs. Béatrice Giraud and Messrs Pascal Breton, Jean-Yves Priest and Jean-Michel Strasser have informed us

of their decision not to continue in office, the following appointments as Director will be proposed:

Mrs. Annette Messemer (German): Mrs. Messemer began her career in 1994 in investment banking, with JP Morgan where she spent 12 years in New York, Frankfurt and London, developing her experience in the areas of finance, mergers and acquisitions and risk management. Then in 2006 she became the General Manager of the German subsidiary of Merrill Lynch before being appointed, in 2010, by Germany's Ministry of Finance to the Supervisory Board of WestLB for the purpose of supporting bank restructuring in Germany during the financial crisis. More recently, she joined Commerzbank AG with the function of Divisional General Manager Corporate Clients.

Mr. Vincenzo Picone (Italian) spent the greater part of his career with international corporations specializing in retail products (Procter & Gamble, PepsiCola and Palmera) in which he held very operational functions in Marketing and General Management. After 3 years with Bain Capital, he is a Partner with McKinsey & Co, since 2017. He has worked in France, Italy, England, the USA and Japan.

Mr. Robert Roeder (Franco-American): after law school in France and the USA, Mr. Roeder joined a US law firm before acting as General Counsel and Corporate Secretary for major international groups such as LaSource (mining and metals), Pathé SA or Impress plc. Since 2016, he is General Counsel and Corporate Secretary of Ledunfly Private Investment/Family Office.

Mr. François Wolfovski (French): a qualified professional accountant, Mr. Wolfovski worked for a few years as an auditor with Deloitte before joining Groupe Savencia in 1983, where he has spent all his professional career in financial, internal audit and information systems functions. In 2001 he joined the Executive Board of Savencia SA (at the time known as Bongrain SA) and became Deputy Managing Director in charge of finance in 2004. He acted as the Group's Chief Financial Officer from 2014 to 2019.

It will also be proposed that Mr. Pascal Breton be appointed as a non-voting Board member.

TWENTY-SECOND RESOLUTION

Determination of the compensation to be allocated to members of the Board of Directors

We request you to set the annual fixed sum attributable to Directors as compensation, for 2020 and the following years until otherwise determined, at a maximum of €900,000.

TWENTY-THIRD AND TWENTY-FOURTH RESOLUTIONS

Approval of the compensation policy for Directors, the Chairman of the Board, the Chief Executive Officer and the Deputy Managing Director

As provided for by the say on pay provisions of the French code of commercial law (article L225-37-2), we request you to approve the compensation policy for Directors, the Chairman of the Board, the Chief Executive Officer and the Deputy Managing Director with effect from 2020 as presented in the report on corporate governance.

TWENTY-FIFTH RESOLUTION

Approval of the information required by § I of article L225-37-3 of the French code of commercial law

As provided for by the say on pay provisions of the French code of commercial law (article L225-100-II), we request you to approve the information on each corporate officer required by article L225-37-3 I of the French code of commercial law as presented in the report on corporate governance.

TWENTY-SIXTH TO TWENTY-EIGHTH RESOLUTIONS

Approval of the fixed, variable and exceptional compensation and all benefits paid during or allocated in respect of the 2019 fiscal year to the Chairman of the Board, the Chief Executive Officer and the Deputy Managing Director

As provided for by the French code of commercial law (article L225-100 III), we request you to approve the fixed, variable and exceptional compensation and all benefits paid or allocated in respect of their appointments during the 2019 fiscal year to Messrs. Alex Bongrain, Chairman of the Board, Jean-Paul Torris, Chief Executive Officer and Robert Brzusczak, Deputy Managing Director, as presented in the report on corporate governance.

TWENTY-NINTH RESOLUTION

Authorization bestowed on the Board of Directors for the repurchase by the Company of its own shares

We request you to approve the renewal for 18 months of the authorization last bestowed on the Board by the Annual General Meeting held in 2019 to enable the Company to repurchase its own shares up to a cumulative maximum of 10% of the Company's share capital at the date of repurchase, taking account of purchases made in previous fiscal years.

Subject to compliance with the applicable regulatory requirements, repurchases may be made for the following purposes:

- As cover for stock options and/or free share plans (or similar plans) for the benefit of employees and/or corporate officers of the Group, for share allocations in respect of an individual company or Group corporate savings (or similar) plan, in the framework of profit-sharing, and/or for any other forms of allocation of shares to employees and/or corporate officers of the Group;
- As cover for securities providing rights to attribution of shares in the Company within the framework of the applicable regulatory requirements;
- Cancellation of all or part of the shares;
- Ensuring liquidity of the Company's shares under a liquidity contract administered by a provider of investment services acting in accordance with the applicable regulatory requirements;
- Conservation of the shares and subsequent remittance for purposes of exchange or payment in the framework of eventual acquisitions.

The maximum amount of funds devoted to the share buyback program would be €196,461,020 with a maximum share purchase price not exceeding €140 per share.

12 Resolutions within the competence of the Extraordinary Shareholders Meeting

THIRTIETH RESOLUTION

Authorization bestowed on the Board of Directors for the purpose of increasing the share capital by incorporation of reserves, retained earnings and/or other paid-in capital, duration of the authorization, maximum nominal amount of the share capital increase, outcome of fractional shares

We request you to renew the authorization bestowed on the Board of Directors for the purpose of increasing the share capital by incorporation of reserves, retained earnings and/or other paid-in capital subject to a limit of €5 million.

As provided for by law, the authorization would be bestowed on the Board of Directors for a period of 26 months.

THIRTY-FIRST RESOLUTION

Authorization bestowed on the Board of Directors for the purpose of issuing ordinary shares eventually providing access to other ordinary shares, or to the attribution of debt securities and/or other securities providing access to ordinary shares subject to maintenance of preferential rights of subscription, duration of the authorization, maximum nominal amount of the share capital increase, faculty of offering unsubscribed shares to the public

We request you to renew the authorization bestowed on the Board of Directors for the purpose of issuing ordinary shares and/or ordinary shares providing access to other ordinary shares and/or other securities providing access to ordinary shares to be issued, subject to a limit of €5 million of nominal share capital for shares to be issued and a nominal amount of €200 million for debt securities liable to be issued.

As provided for by law, the authorization would be bestowed on the Board of Directors for a period of 26 months.

THIRTY-SECOND RESOLUTION

Authorization bestowed on the Board of Directors for the purpose of increasing the share capital by issuing ordinary shares, and/or other securities providing access to the share capital, subject to suppression of preferential rights of subscription, for the benefit of subscribers to a corporate savings plan as provided for by articles L3332-18 and following of the French code of employment law, duration of the authorization, maximum nominal amount of the share capital increase, issue price, possibility of allocating free shares by application of article L3332-21 of the French code of employment law

In consequence of the presentation of the previous resolution, we request you to renew the authorization bestowed on the Board of Directors for the purpose of eventually deciding to open the Company's share capital to employees subscribing to an individual company or Group corporate savings plan created by the Company and/or its associated French or foreign companies, as defined by articles L225-180 of the French code of commercial law and L3344-1 and following of the French code of employment law, subject to a limit of 3% of the share capital on the date of issue.

As provided for by law, the authorization would be bestowed on the Board of Directors for a period of 26 months.

THIRTY-THIRD RESOLUTION

Harmonization of the Company's articles of association with the provisions in respect of Directors' compensation

France's so-called Pacte law dated May 22, 2019 made a change of terminology in respect of Directors' compensation. We propose that you modify the Company's articles of association to reflect that change of terminology.

2 Report of the Board of Directors on share purchase options and information on share subscription or purchase options granted and/or exercised in 2019

The authorization conferred on the Board of Directors by the Extraordinary General Meeting held on April 26, 2012 for the purpose of granting, on one or more occasions, options providing the right:

- Either to purchase shares previously repurchased in the market by the Company;
- Or to subscribe to new shares issued in the framework of a share capital increase;

expired during 2015 and was not renewed. In 2019, your Board of Directors did not therefore attribute any share purchase or subscription options.

Between December 1 and 31, 2019 a total of 4,300 options were exercised in respect of the plans created in 2009 and 2011.

Share purchase options granted to each corporate officer and exercise thereof	Number of options granted/ exercised	Price	Dates of maturity
Options granted during the period to each corporate officer by the issuer and any other Group company:	none		
TOTAL	**0**		
Options exercised during the period by each corporate officer	none		
TOTAL	**0**		

Share purchase options granted to the ten non-corporate officer employees receiving the most options and exercise thereof	Number of options granted/ exercised	Price	Dates of maturity
Options consented, during the period, by the issuer and by any company within the scope for attribution of the options, to the ten employees of the issuer, and/or of any company within that scope, receiving the most options	None		
Options in respect of the issuer and the aforementioned companies exercised during the period by the ten employees of the issuer, and/or of the aforementioned companies, having purchased or subscribed the most shares	1 000	€51.14	Dec. 17, 2019
	300	€46.87	Dec. 15, 2021
	1 000	€51.14	Dec. 17, 2019
	500	€46.87	Dec. 15, 2021
	500	€51.14	Dec. 17, 2019
	500	€51.14	Dec. 17, 2019
	500	€51.14	Dec. 17, 2019
TOTAL	**4 300**		

3 Reports of the statutory auditors

3.1 Statutory Auditors' special report on related-party agreements and commitments

Savencia SA
Registered office: 42, rue Rieussec - 78220 Viroflay
Share capital: €.14 032 930

Annual General Meeting for the approval of the financial statements for the year ended December 31, 2019

To the Shareholders,

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R. 225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements to be submitted for the approval of the annual general

In accordance with article L. 225-40 of the French Commercial Code, we were informed of the following agreements entered into during the year and authorized in advance by the Board of Directors.

- Person concerned:

Jean-Paul Torris, Chief Executive Officer of Savencia SA.

- Nature and purpose:

At its meeting on April 18, 2019, the Board of Directors authorized the pension commitment to Jean-Paul Torris, Chief Executive Officer. A supplementary pension plan governed by article 39 of the French Tax Code (Code général des impôts) was set up in 2002 providing for the payment to certain executives of a sum corresponding to 0.5% of their most recent compensation per year of service and capped at 2.5%, in addition to the basic pension plan. The supplementary plan was closed to potential new beneficiaries on December 31, 2006.

- Terms and conditions:

In accordance with the commitment undertaken by the Company, the potential pension annuity is updated every year based on changes in the reference compensation of the plan beneficiaries. The additional annuity generated by changes in compensation may be considered to represent an increase in rights within the meaning of the Macron Law and must be authorized by the Board of Directors.

AGREEMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements approved in previous years

a) that were implemented during the year

In accordance with article R. 225-30 of the French Commercial Code, we were informed of the following agreements, approved by the Annual General Meeting in previous years, which were implemented during the year.

Funding to Belgian company S.B.M.S. SA

- Nature and purpose:

In 2018, the Company granted a €200-million loan to Belgian company S.B.M.S. SA, maturing in five years and bearing interest at six-month Euribor plus a 0.875% mark-up.

- Terms and conditions:

The interest for 2019 came to €1,165,500.

- Nature and purpose:

In 2018, the Company granted a €50-million loan to Belgian company S.B.M.S. SA €50 million, maturing in five years and bearing interest at six-month Euribor plus a 0.875% mark-up.

- Terms and conditions:

The interest for 2019 came to €314,578.

b) that were not implemented during the year

As requested, we also inform you of the following pension plan that represented a related-party commitment under article L. 225-42-1 of the French Commercial Code until the adoption of French government Order No. 2019-1234 of November 27, 2019.

Supplementary pension plan

- Nature and purpose:

A pension plan governed by article 39 of the French Tax Code was set up in 2002 providing for the payment to certain executives of a sum corresponding to 0.5% of their most recent compensation per year of service and capped at 2.5%, in addition to the basic pension plan.

The statutory auditors,

Paris La Défense, March 30, 2020,

KPMG Audit
Department of KPMG SA

Jean-Charles Simon

Partner

Neuilly-sur-Seine, March 30, 2020,

PricewaterhouseCoopers Audit

Amélie Wattel

Partner

32 Statutory Auditors' Report on the issuance of ordinary and other securities of the Company with preferential subscription rights

Savencia SA
Registered office: 42, rue Rieussec - 78220 Viroflay
Share capital: €.14 032 930

Shareholders'Meeting of April 23, 2020 - 31nd resolution

To the Shareholders' Meeting of Savencia SA,

In our capacity as Statutory Auditors of your Company, and in compliance with article L. 228-92 of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegation of authorisation to the Board of Directors to carry out one or more issues of ordinary shares and/or other securities with preferential subscription rights to the ordinary shares of the Company. In compliance with article L.298 of the French Commercial Code, other securities with preferential subscription rights may give access to ordinary shares to be issued by any company which directly or indirectly owns more than half of the capital of the company or if such a company directly or indirectly owns more than half of the capital, for a maximum amount of 5 000 000 euros, which is the transaction submitted for your approval.

The maximum nominal amount of capital increases that may be carried out immediately or in the future, may not exceed 5 000 000 euros. The nominal amount of debt securities on the company likely to be issued may not exceed 200 000 000 euros.

Based on its report, your Board of Directors proposes that you delegate to it, for a period of 26 months, the authority to decide on the issuance of shares. The Board of Directors will set, if necessary, the final terms and conditions of the issue.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R.225-13 et seq. of the French Commercial Code. Our responsibility is to express an opinion on the fair presentation of the information extracted from the financial statements and on the proposed transaction, as well as certain other information relating to the transaction that is included in the report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this transaction and the methods used to set the issue price of the shares to be issued.

We inform you that the Board of Directors' report does not include the terms and conditions for setting the issue price provided for by regulation. In addition, we do not express an opinion on the final terms and conditions of the issue, as they have not yet been set.

In accordance with article R.225-116 of the French Commercial Code, we will issue an additional report, in the event that the Board of Directors uses this delegation of authority.

The Statutory Auditors,

French original signed by

Paris La Défense, March 30, 2020

KPMG Audit
Department de KPMG S.A.

Jean-Charles Simon
Partner

Neuilly-sur-Seine, March 30, 2020

PricewaterhouseCoopers Audit

Amélie Wattel
partner

33 Statutory Auditors' special report on the share increase reserved for members of an employee share purchase of the Company

Savencia SA
Registered office: 42, rue Rieussec - 78220 Viroflay
Share capital: €.14 032 930

Shareholders' Meeting, April 2020 - 32nd resolution

To the Shareholders' Meeting of Savencia SA,

In our capacity as statutory auditors of your Company, and pursuant to the provisions of articles L. 228-92 et L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the proposed authorisation of your Board of Directors to decide on the issue of shares of your Company, for up to a maximum amount of 3% of the share capital with cancellation of preferential subscription rights, which is reserved for members of one or more employees savings plans of your Company and their related entities as defined by article L. 225-180 of French Commercial Code, transaction upon which you are called to vote.

This proposed share capital increase is submitted to you for approval pursuant to article L.225-129-6 of the French Commercial Code and articles L.3332-18 et seq. of the French Labour Code (Code du travail).

Based on its report, your Board of Directors proposes that you grant, for a period of 26 months, the Board authority to decide on an increase in the share capital and to cancel the preferential subscription rights to ordinary shares. If applicable, it is the Board of Directors' responsibility to determine the final conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R. 225-113 and R. 225-114 of the French commercial code. Our responsibility is to express an opinion on the fair presentation of the information extracted from the financial statements and on the proposed cancellation of preferential subscription rights, as well as on certain other information relating to this transaction included in this report.

We have performed those procedures which we considered necessary to comply with professional guidance issued by the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted of verifying the information provided in the Board of Directors' report about this transaction and the terms and conditions used to determine the share issue price.

Regarding the Board of Directors' report, we have the following observation:

As to the methods used to determine the issue price, if necessary, the Board of Directors' report refers to the provisions of Article L. 3332-20 of the French Labour Code, without specifying which of the two options provided will be selected.

As a result, we do not express an opinion on the cancellation of preferential share subscription rights that the Board of Directors has proposed.

In accordance with article R. 225-116 of the French commercial code, we will issue a supplementary report, if necessary, when your Board of Directors exercises this use of this authority.

The Statutory Auditors

French original signed by,

Paris La Défense, March 30, 2020	Neuilly-sur-Seine, March 30, 2020
KPMG Audit **Department de KPMG S.A.**	**PricewaterhouseCoopers Audit**
Jean-Charles Simon Partner	Amélie Wattel partner

4 Draft resolutions presented to the Annual Shareholders Meeting of April 23, 2020

4.1 Resolutions within the competence of the Ordinary Shareholders Meeting

FIRST RESOLUTION

Approval of the statutory accounts for the fiscal year ended December 31, 2019

The Ordinary Shareholders Meeting, having taken note of the reports of the Board of Directors and of the statutory auditors, hereby approves the Company's statutory accounts (balance sheet, income statement and notes) as of December 31, 2019 disclosing net income of €14,647,711.83, as presented to it, as well as the transactions reflected in those accounts and summarized in those reports.

SECOND RESOLUTION

Approval of the consolidated financial statements for the fiscal year ended December 31, 2019

The Ordinary Shareholders Meeting, having taken note of the reports of the Board of Directors and of the statutory auditors, hereby approves the Company's consolidated financial statements (balance sheet, income statement and notes) as of December 31, 2019 disclosing a Group share of net income of €73,601,540, as presented to it, as well as the transactions reflected in those financial statements and summarized in those reports.

THIRD RESOLUTION

Appropriation of net income for the period and determination of the Company's dividend

The Ordinary Shareholders Meeting hereby decides to appropriate as follows the net income of €14,647,711.83 for the fiscal year ended December 31, 2019 which, together with the Company's retained earnings of €388,026,291.93, provides a total available amount of €402,674,003.76:

In euro	
To retained earnings	402 674 003.76
TOTAL	**402 674 003.76**

In accordance with the applicable legal requirements, it is noted that following dividends were paid to shareholders in respect of the three previous fiscal years:

The General Meeting notes that in 2019, the Company made no expenditure on luxuries as defined by article 223 quater of the French code of tax law.

Paid in	In respect of	Number of shares comprising the Company's share capital	Total Dividend [1]	Gross dividend per share	Tax allowance
2017	2016	14 032 930	22 223 742.00 €	1.60 €	40 %
2018	2017	14 032 930	19 493 943.00 €	1.40 €	40 %
2019	2018	14 032 930	13 783 566.00 €	1.00 €	40 %

(1) Excluding shares with no dividend entitlement.

FOURTH RESOLUTION

Statutory auditors' special report on regulated agreements and commitments – approval of said agreements and commitments

The Ordinary Shareholders Meeting, having taken note of the statutory auditors' special report on agreements and commitments within the scope of articles L225-38 and following of the French code of commercial law, hereby successively approves each of the new agreements and commitments mentioned in said report.

FIFTH RESOLUTION

Statutory auditors' special report under article L225-40 of the French code of commercial law – approval of the commitment made for the benefit of Mr. Jean-Paul TORRIS in respect of a defined benefit pension plan

The Ordinary Shareholders Meeting, having taken note of the statutory auditors' special report on agreements and commitments within the scope of articles L225-38 and following of the French code of commercial law, hereby approves the Company's commitment for the benefit of Mr. Jean-Paul Torris, Chief Executive Officer, in respect of the defined benefit pension plan mentioned in said report.

SIXTH RESOLUTION

Renewal of the appointment as a Director of Mr. Alex BONGRAIN

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mr. Alex BONGRAIN expires at the end of the present Shareholders Meeting, hereby decides to renew Mr. Alex BONGRAIN in his functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

SEVENTH RESOLUTION

Renewal of the appointment as a Director of Mr. Armand BONGRAIN

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mr. Armand BONGRAIN expires at the end of the present Shareholders Meeting, hereby decides to renew Mr. Armand BONGRAIN in his functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

EIGHTH RESOLUTION

Appointment of Mr. Vincenzo Picone as a Director in replacement of Mr. Pascal Breton

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mr. Pascal BRETON expires at the end of the present Shareholders Meeting, hereby decides to appoint Mr. Vincenzo PICONE as a Director in replacement of Mr. Pascal Breton for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

NINTH RESOLUTION

Renewal of the appointment as a Director of Mrs. Anne-Marie CAMBOURIEU

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mrs. Anne-Marie CAMBOURIEU expires at the end of the present Shareholders Meeting, hereby decides to renew Mrs. Anne-Marie CAMBOURIEU in her functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

TENTH RESOLUTION

Renewal of the appointment as a Director of Mrs. Clare CHATFIELD

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mrs. Clare CHATFIELD expires at the end of the present Shareholders Meeting, hereby decides to renew Mrs. Clare CHATFIELD in her functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

ELEVENTH RESOLUTION

Renewal of the appointment as a Director of Mrs. DominiqueDAMON

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mrs. Dominique DAMON

expires at the end of the present Shareholders Meeting, hereby decides to renew Mrs. Dominique DAMON in her functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

TWELFTH RESOLUTION

Renewal of the appointment as a Director of Mr. Xavier GOVARE

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mr. Xavier GOVARE expires at the end of the present Shareholders Meeting, hereby decides to renew Mr. Xavier GOVARE in his functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

THIRTEENTH RESOLUTION

Renewal of the appointment as a Director of Mrs. Maliqua HAIMEUR

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mrs. Maliqua HAIMEUR expires at the end of the present Shareholders Meeting, hereby decides to renew Mrs. Maliqua HAIMEUR in her functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

FOURTEENTH RESOLUTION

Appointment of Mrs. Annette MESSEMER as a Director in replacement of Mrs. Béatrice GIRAUD

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mrs. Béatrice Giraud expires at the end of the present Shareholders Meeting, hereby decides to appoint Mrs. Annette MESSEMER as a Director in replacement of Mrs. Béatrice GIRAUD for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

FIFTEENTH RESOLUTION

Renewal of the appointment as a Director of Mrs. Martine LIAUTAUD

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mrs. Martine LIAUTAUD expires at the end of the present Shareholders Meeting, hereby decides to renew Mrs. Martine LIAUTAUD in her functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

SIXTEENTH RESOLUTION

Renewal of the appointment as a Director of Mr. Christian MOUILLON

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mr. Christian MOUILLON expires at the end of the present Shareholders Meeting, hereby decides to renew Mr. Christian MOUILLON in his functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

SEVENTEENTH RESOLUTION

Renewal of the appointment as a Director of Mr. Ignacio OSBORNE

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mr. Ignacio OSBORNE expires at the end of the present Shareholders Meeting, hereby decides to renew Mr. Ignacio OSBORNE in his functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

EIGHTEENTH RESOLUTION

Appointment of Mr. Robert ROEDER as a Director in replacement of Mr. Jean-Michel STRASSER

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mr. Jean-Michel STRASSER expires at the end of the present Shareholders Meeting, hereby decides to appoint Mr. Robert ROEDER as a Director in replacement of Mr. Jean-Michel STRASSER for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

NINETEENTH RESOLUTION

Renewal of the appointment as a Director of SAVENCIA HOLDING

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Savencia Holding expires at the end of the present Shareholders Meeting, hereby decides to renew Savencia Holding in its functions as a Director for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

TWENTIETH RESOLUTION

Appointment of Mr. François WOLFOVSKI as a Director in replacement of Mr. Jean-Yves PRIEST

The Ordinary Shareholders Meeting, having noted that the appointment as a Director of Mr. Jean-Yves Priest expires at the end of the present Shareholders Meeting, hereby decides to appoint Mr. François WOLFOVSKI as a Director in replacement of Mr. Jean-Yves PRIEST for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

TWENTY-FIRST RESOLUTION

Appointment of Mr. Pascal BRETON as a non-voting member

The Ordinary Shareholders Meeting hereby decides to appoint Mr. Pascal BRETON as a non-voting member of the Board of Directors for a period of one year, so until the end of the Ordinary Shareholders Meeting called in 2021 to approve the accounts for the fiscal year ended December 31, 2020.

TWENTY-SECOND RESOLUTION

Determination of the compensation to be allocated to members of the Board of Directors

The Ordinary General Meeting hereby decides to set at a maximum of €900,000 the fixed annual sum to be attributed as compensation for Directors and for the 2020 and following fiscal years until otherwise decided.

TWENTY-THIRD RESOLUTION

Approval of the compensation policy for Directors

The Shareholders Meeting, acting pursuant to article L225-37-2 of the French code of commercial law, hereby approves with effect from the 2020 fiscal year the compensation policy for Directors presented in the report on corporate governance.

TWENTY-FOURTH RESOLUTION

Approval of the compensation policy for the Chairman of the Board, the Chief Executive Officer and the Deputy Managing Director

The Shareholders Meeting, acting pursuant to article L225-37-2 of the French code of commercial law, hereby approves with effect from the 2020 fiscal year the compensation policy for the Chairman of the Board, the Chief Executive Officer and the Deputy Managing Director presented in the report on corporate governance.

TWENTY-FIFTH RESOLUTION

Approval of the information mentioned under § I of article L225-37-3 of the French code of commercial law

The Shareholders Meeting, acting pursuant to article L225-100 II of the French code of commercial law, hereby approves the information mentioned under article L225-37-3 I of the French code of commercial law in respect of each corporate officer and presented in the report on corporate governance.

TWENTY-SIXTH RESOLUTION

Approval of the fixed, variable and exceptional compensation and all benefits paid during or allocated in respect of the 2019 fiscal year to Mr. Alex BONGRAIN, the Chairman of the Board

The Ordinary Shareholders Meeting, acting pursuant to article L.225-100 III of the French code of commercial law, hereby approves the fixed, variable and exceptional compensation and all benefits paid during or allocated in respect of the 2019 fiscal year by reason of his appointment to Mr. Alex BONGRAIN, Chairman of the Board, as presented in the report on corporate governance.

TWENTY-SEVENTH RESOLUTION

Approval of the fixed, variable and exceptional compensation and all benefits paid during or allocated in respect of the 2019 fiscal year to Mr. Jean-Paul TORRIS, the Chief Executive Officer

The Ordinary Shareholders Meeting, acting pursuant to article L.225-100 III of the French code of commercial law, hereby approves the fixed, variable and exceptional compensation and all benefits paid during or allocated in respect of the 2019 fiscal year by reason of his appointment to Mr. Jean-Paul TORRIS, Chief Executive Officer, as presented in the report on corporate governance.

TWENTY-EIGHTH RESOLUTIONRESOLUTION

Approval of the fixed, variable and exceptional compensation and all benefits paid during or allocated in respect of the 2019 fiscal year to Mr. Robert BRZUSCZAK, the Deputy Managing Director

The Ordinary Shareholders Meeting, acting pursuant to article L.225-100 III of the French code of commercial law, hereby approves the fixed, variable and exceptional compensation and all benefits paid during or allocated in respect of the 2019 fiscal year by reason of his appointment to Mr. Robert BRZUSCZAK, Deputy Managing Director, as presented in the report on corporate governance.

TWENTY-NINTH RESOLUTION

Authorization bestowed on the Board of Directors for the repurchase by the Company of its own shares as provided for by article L225-209 of the French code of commercial law, duration of the authorization, purposes, bases, limits

The Ordinary Shareholders Meeting, having taken note of the Board of Directors' report, authorizes the Board of Directors, in accordance with article L. 225-209 of the French code of commercial law, to make repurchases of shares up to a maximum of 10% of the Company's share capital at the date of performance of the purchases and taking into account shares already held at that date.

The Ordinary Shareholders Meeting hereby decides that the purposes of said repurchases shall be:

- As cover for stock options and/or free share plans (or similar plans) for the benefit of employees and/or corporate officers of the Group, for share allocations in respect of an individual company or Group corporate savings (or similar) plan, in the framework of profit-sharing, and/or for any other forms of allocation of shares to employees and/or corporate officers of the Group;
- As cover for securities providing rights to attribution of shares in the Company within the framework of the applicable regulatory requirements;
- Cancellation of all or part of the shares;
- Ensuring liquidity of the Company's shares under a liquidity contract administered by a provider of investment services acting in accordance with the applicable regulatory requirements;
- Conservation of the shares and subsequent remittance for purposes of exchange or payment in the framework of eventual acquisitions and within the limit of 10% of the Company's share capital.

The Ordinary Shareholders Meeting hereby decides that the maximum funds devoted to this program shall be €196,461,020, the maximum share purchase price shall not exceed €140 per share and the share price shall be adjusted to reflect any division or grouping of shares.

The Ordinary Shareholders Meeting hereby decides that the purchase, sale or other form of transfer by the Company of its own shares may be performed by any and all means in or outside the regulated market, on one or more occasions, and notably by the use of option mechanisms or derivative products, at any time and in any proportion.

The Ordinary Shareholders Meeting confers all requisite powers on the Board of Directors, with the faculty of subdelegation, notably for the purpose of issuing stock market orders, signing agreements, making returns (including to the tax authorities), engaging in other formalities and more generally doing all required for the application of the present authorization.

This authorization cancels and replaces the authorization for repurchase by the Company of its own shares previously conferred on the Board of Directors by the Annual Shareholders Meeting held on April 18, 2019.

The authorization shall be valid for a period of 18 months with effect from the present Shareholders Meeting.

4.2 Resolutions within the competence of the Extraordinary Shareholders Meeting

THIRTIETH RESOLUTION

Authorization bestowed on the Board of Directors for the purpose of increasing the share capital by incorporation of reserves, retained earnings and/or other paid-in capital, duration of the authorization, maximum nominal amount of the share capital increase, outcome of fractional shares

The Extraordinary Shareholders Meeting, having taken note of the Board of Directors' report and as provided for by articles L225-129-2 and L225-130 of the French code of commercial law:

1. Delegates to the Board of Directors its power to decide to increase the Company's share capital, on one or more occasions, at the times and on the bases the Board shall determine, by incorporation to the share capital of reserves, retained earnings, other paid-in capital or other sums whose capitalization is allowed, by the issue and free attribution of shares, by increasing the nominal amount of the existing shares or by any combination of those two bases;
2. Decides that in the event of use of the present delegation by the Board of Directors, and in accordance with the provisions of article L225-130 of the French code of commercial law, in the event of a share capital increase by means of the attribution of free shares, the rights representing fractional shares shall be neither tradable nor transferable but the corresponding shares shall be sold and their proceeds of sale shall be allocated to the rights holders within the timing provided for by the applicable regulations;
3. Sets the period of validity of the present delegation at twenty-six months with effect from the date of the present Shareholders Meeting;
4. Decides that the amount of share capital increase under the present resolution shall not exceed the nominal amount of €5 million before taking account of the nominal amount of share capital increase required to preserve, in accordance with the law and any contractual requirements for other adjustment, the rights of the holders of rights or securities providing access to the Company's share capital;

   It being noted that the present ceiling is independent of the ceilings provided by the other resolutions of the present Shareholders Meeting;
5. Confers on the Board of Directors all requisite powers for the purposes of implementation of the present resolution and, more generally, for taking any and all measures and engaging in any and all formalities required to perform each share capital increase, confirm its performance and modify the Company's articles of association in consequence;
6. Notes that the present delegation cancels, with effect from today and to the extent of any portion not already used, any previous delegation conferred for the same purpose.

THIRTY-FIRST RESOLUTION

Authorization bestowed on the Board of Directors for the purpose of issuing ordinary shares eventually providing access to other ordinary shares, or to the attribution of debt securities and/or other securities providing access to ordinary shares subject to maintenance of preferential rights of subscription, duration of the authorization, maximum nominal amount of the share capital increase, faculty of offering unsubscribed shares to the public,

The Extraordinary Shareholders Meeting, having taken note of the Board of Directors' report and of the statutory auditors' special report and in accordance with the provisions of the French code of commercial law and notably its articles L225-129-2, L228-92 and L225-132 and following:

1. Delegates to the Board of Directors its power to issue, on one or more occasions, to the extent and at the times the Board shall determine, in the French and/or international markets and either in euro, in foreign currency or in any other unit of account established on the basis of several currencies:
   - Ordinary shares;
   - And/or ordinary shares providing rights of attribution in respect of other ordinary shares or debt securities;
   - And/or securities providing access to ordinary shares to be issued subsequently.

   It being noted that as provided for by article L228-93 of the French code of commercial law, securities issued may provide access to the ordinary shares of any company directly or indirectly holding more than half the Company's share capital or of which the Company directly or indirectly holds more than half the share capital;
2. Sets the period of validity of the present delegation at twenty-six months with effect from the date of the present Shareholders Meeting;
3. Decides to set the following limits for the amounts of the issues authorized in the event of use by

the Board of Directors of the present delegation of power:

- The overall amount of ordinary shares liable to be issued under the present resolution shall not exceed the nominal amount of €5 million;
- That limit may be increased if necessary by the nominal amount of share capital increase required to preserve, in accordance with the law and any contractual requirements for other adjustment, the rights of the holders of rights or securities providing access to the Company's share capital;
- The nominal amount of debt securities of the Company liable to be issued under the present resolution shall not exceed €200 million;
- The present ceilings are independent of the ceilings provided by the other resolutions of the present Shareholders Meeting;

4. In the event of use by the Board of Directors of the present delegation of power in the framework of the issues mentioned at 1) above:

   a/ Hereby decides that any and all issues of ordinary shares or other securities providing access to the Company's share capital shall be reserved by preference for shareholders able to make irreducible subscriptions;

   b/ Hereby decides that if subscriptions on an irreducible basis, and eventually on a reducible basis, have not absorbed the totality of any issue under 1), the Board of Directors may make use of the following faculties:

   - Limit the amount of the issue to the subscriptions received subject to any limits provided by the applicable regulations;
   - Freely allot all or part of the securities not subscribed;
   - Offer all or part of the securities not subscribed to the public.

5. Decides that the Board of Directors shall dispose, within the aforementioned limits, of the necessary powers for the purpose notably of determining the bases of any issue and the issue price, confirming the performance of any resulting share capital increases, modifying the Company's articles of association in consequence, allocating at its sole initiative the expenses of any share capital increases against the amount of associated additional paid-in capital and deducting from that amount the sums required to increase the amount of the Company's legal reserve to a tenth of its new share capital following each share capital increase and, more generally, doing all required;

6. Notes that the present delegation cancels, to the extent of any portion not already used, any previous delegation conferred for the same purpose.

THIRTY-SECOND RESOLUTION

Authorization bestowed on the Board of Directors for the purpose of increasing the share capital by issuing ordinary shares, and/or other securities providing access to the share capital, subject to suppression of preferential rights of subscription, for the benefit of subscribers to a corporate savings plan as provided for by articles L3332-18 and following of the French code of employment law, duration of the authorization, maximum nominal amount of the share capital increase, issue price, possibility of allocating free shares by application of article L3332-21 of the French code of employment law

The Extraordinary Shareholders Meeting, having taken note of the Board of Directors' report and of the statutory auditors' special report and in accordance with the provisions of articles L225-129-6, L225-138-1 and L228-92 of the French code of commercial law and articles L3332-18 and following of the French code of employment law:

1. Delegates to the Board of Directors its power to increase the Company's share capital, on one or more occasions, by the issue of ordinary shares or securities providing access to ordinary shares to be issued subsequently for the benefit of employees subscribing to any individual company or Group corporate savings plan created by the Company and/or its associated French or foreign companies, as defined by articles L225-180 of the French code of commercial law and L3344-1 and following of the French code of employment law;
2. Suppresses for the benefit of said persons the preferential right of subscription to shares eventually issued by virtue of the present delegation;
3. Sets the period of validity of the present delegation at twenty-six months with effect from the date of the present Shareholders Meeting;
4. Limits the maximum nominal amount of any share capital increase performed by use of the present delegation to 3% of the share capital on the date of the decision to make the issue, said amount being

independent of any other limit provided for delegated share capital increases and before taking account of the nominal amount of share capital increase required to preserve, in accordance with the law and any contractual requirements for other adjustment, the rights of the holders of rights or securities providing access to the Company's share capital;

5 Confers all powers on the Board of Directors for, within the aforementioned limit, determining all bases and conditions applicable to any and all such transaction(s) in accordance with the law and the Company's articles of association;

6 Notes that the present delegation cancels, to the extent of any portion not already used, any previous delegation conferred for the same purpose.

The Board of Directors shall be free to implement, or refrain from implementing, the present delegation, to take all requisite measures and to undertake all requisite formalities.

THIRTY-THIRD RESOLUTION

Harmonization of the Company's articles of association with the provisions in respect of Directors' compensation

The Extraordinary Shareholders Meeting, having taken note of the Board of Directors' report, hereby decides to modify article 11.2.3 paragraph 1 of the Company's articles of association to align it on the new terminology relating to Directors' compensation. Article 11.2.3 paragraph 1 henceforth reads as follows:

"Article 11.2.3 Directors' compensation"

The General Meeting may allot to Directors, as compensation for their activity, a fixed annual amount determined by the General Meeting independently of any statutory requirements or prior decisions".

43 Resolution within the competence of the Ordinary Shareholders Meeting

THIRTY-FOURTH RESOLUTION

Powers for formalities

The Shareholders Meeting confers all requisite powers on the bearer of a copy or extract of the present document for the purpose of accomplishing all legal formalities.

SAVENCIA SA
Company with share capital of 14 032 930 €
Head Office : « L'Alliance » - 42, rue Rieussec - 78223 Viroflay Cedex (France)
Tél : +33 (0) 1 34 58 63 00 - RCS Versailles B 847 120 185

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