EXERCICE **2020**

COMBINED ORDINARY
AND EXTRAORDINARY
ANNUAL GENERAL MEETING
CONVENED ON APRIL 22, 2021

SAVENCIA
FROMAGE & DAIRY

CONTENTS

"SAVENCIA S.A., doing business as SAVENCIA Fromage & Dairy"

1

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. Management report

Effects of the Covid-19 pandemic

In the context of an unprecedented global crisis, SAVENCIA Fromage & Dairy's top priority has been to ensure the safety of all its employees, as well as all its partners, in order to serve its customers in all the countries where the Group operates.

The Group has thus demonstrated its responsiveness and resilience in the face of the Covid-19 crisis by ensuring the continuity of its activities, limiting the effects of this crisis by controlling its costs, managing its cash flow rigorously and securing its access to financing.

All the countries in which we operate have been affected successively and intensely.

The pandemic impacted the performance of the business in the opposite ways, with on one hand a shutdown of Food Service and deli, and on the other hand, an acceleration of sales inRetail. The two combined impacts and the Group's strong resilience led to a 0.6% at the end of December 2020. However, the sudden shutdown of the Food Service business resulted in additional costs: increased storage and logistics costs, increased inventory destruction and idepreciation following the order cancellations or a lower activity, increased customer risk in countries not covered by COFACE insurance and, thus, associated impairments. The impact was €15.7 million. The Group also participated in the solidarity effort by donating food to food banks, humanitarian associations, health workers and hospitals for €2.7 million.

In order to ensure its smooth operation, the Group launched a business continuity plan that has resulted in specific costs related to securing its staff and sites, in the amount of €13.8 million: Worldwide home office, redevelopment of production and logistics sites (secure access, widespread wearing of masks, social distancing, teams' duplication, recognition bonuses, etc.), the introduction of partial unemployment for directly impacted teams (sales force, traditional cheese production and specialized food service activities), this beeing however limited in terms of location and duration.

To meet these costs, savings plans have been deployed to significantly reduce non-essential fees and services, travel, seminars and training, media and advertising budgets. Finally, a hiring freeze was put in place.

All these costs and savings related to Covid-19 are booked as Current Operating Income in accordance with the recommendations of the professional instances.

At cash management level, the following measures were implemented: focusing investments on priority projects, and a rigorous monitoring of working capital.

Access to financing was also secured by good management of the treasury market and by the extension as to both the amount and duration of the syndicated loan.

Economic environment

The Group operated in 2020 in a dairy context impacted by the health crisis. Global dairy production was up from 2019 despite the slowdown in the second quarter caused by the pandemic. The price of milk is falling. All industrial product prices, which had fallen until the end of April, recovered at the end of the second quarter. In the second half of the year, the price of skimmed milk powder remained mostly stable in a context of limited European and American inventories and a seasonal low production. The decline in international trade and uncertainties about the development of the health crisis have impacted demand, leading to a slowdown in European exports due to lack of materials but also for lack of competitiveness.

The price of butter, after the fall observed with the beginning of the health crisis, recovered by year end, without ever returning to its pre-crisis level.

The European dairy market is still impacted by intense competition amongst Retailers. Finally, South America still faces excessively unstable and highly inflationary economies, particularly in Argentina.

1.1. Scope of consolidation and financial reporting standards

Pursuant to the October 4, 2019 Memorandum of Understanding with the Sodiaal Group, a new shareholders' agreement was signed on April 30, 2020 securing the takeover by SAVENCIA Fromage & Dairy of CF&R Management, which manages the operating company CF&R SCA. This has allowed CF&R, for its sustainable development, to fully benefit from Savencia's cheese specialties know-how and international network. CF&R's consolidation method was changed, from May 1st, 2020, from equivalency to global integration (*see note 1 of the consolidated financial statements*).

In addition, the Group acquired 100% of the Fromageries Papillon on July 26, 2019.

The Group applies the new texts which became mandatory as of January 1st 2020, and in particular the amendments to the references to the conceptual framework in IFRS standards, amendments to IAS 1 and IAS 8 in relation with the definition of the term "significant", the amendment to IFRS 3 on the definition of an activity, IFRS Amendment 16 on Covid-19-related rent relief, as well as amendments IFRS 9, IAS 39 and IFRS 7 in connection with the reform of benchmark interbank rates. These amendments have no impact on the December 31, 2020 accounts. Concerning the reform of IBOR rates at Group level, existing foreign currency loan contracts are fixed-rate with no indexation on an IBOR rate. Euro loan contracts are fixed-rate or indexed to the Euribor, not concerned by the reform. There have been no changes to contracts to date relative to this reform.

The Group does not apply other standards and interpretations not yet mandatory in 2020 but which could be applied in anticipation, including the 2018-2020 annual amendments relating to IFRS 9 and IFRS 16 and the amendments to IAS 37 - Contract Implementation Costs.

The Group, as it operates in Argentina, applies the IAS 29 standard "Financial information in hyperinflationary economies." IAS 29 standard. The principles and impacts on consolidated accounts are summarized in Note 9 of the notes to the Consolidated Financial Statements.

1.2. Activity and 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 S.A.) to mitigate as best as possible the cyclical hazards that may affect both the level of consumption and the various components of costs. Consumer demand does not behave in the same way in mature markets, and developing markets. It may vary depending on retail product type, and commercial action intensity. Changes in global industrial product prices do not normally affect "Cheese Products" and "Other Dairy Products" at the same time, with the same magnitude and in the same direction. Eventual derived price increases are based on the strength of brands and the often-innovative nature of the offers.

Other risk-related items can be found in the "financial situation" Section # 1.5.2.10. of the annex to the consolidated financial statements, in the extra-financial performance statement extract at the end of Part 1 of this management report pertaining to the Group's activity, and in the report on internal control, risk management and vigilance plan.

KEY FIGURES AS OF DECEMBER 31, 2020

Consolidated data *in € million*	Dec 2020	% sales	Dec 2019	% sales	Total	Scope	Exchange	Organic
Net sales	**5,160.4**		**5,007.3**		**+3.1%**	**+6.0%**	**-3.3%**	**+0.6%**
• Cheese Products	3,185.5	61.7%	2,911.5	58.1%	+9.4%	+10.5%	-2.7%	+1.7%
• Other Dairy Products	2,136.2	41.4%	2,243.6	44.8%	-4.8%	+0.0%	-4.2%	-0.7%
Current operating income	**211.4**		**192.1**		**+10.0%**	**+5.0%**	**-1.1%**	**+6.0%**
• Cheese Products	165.1	78.1%	139.3	72.5%	+18.6%	+6.8%	-1.7%	+13.0%
• Other Dairy Products	74.5	35.2%	76.0	39.6%	-2.1%	-0.5%	+0.5%	-2.0%
Operating margin rate	**4.1%**		**3.8%**					
• Cheese Products	5.2%		4.8%					
• Other Dairy Products	3.5%		3.4%					

SAVENCIA Fromage & Dairy's consolidated net sales amounted to **€5,160.4 million**, *versus* **€5,007.3 million** for 2019, an increase of +3.1%.

Like-for-like for scope (1) and foreign exchange (2), the trend was positive at +0.6%. The sales variance was negatively impacted by a significantly negative exchange rate effect of -3.3%, linked to the devaluation of almost all the world currencies vis-à-vis the euro, mostly that of the Southern and North American, Russian and Chinese currencies. The +6% structural effect was mainly due to the integration of CF&R as of May 1st, 2020. The growth in sales of SAVENCIA Fromage & Dairy in 2020 was mainly due to a sustained volume dynamic on major brands.

The percentage of sales outside of France decreased from 71.5% in 2019 to 68.5% in 2020.

Current operating income rose by 10% compared to 2019, to €211.4 million including a positive scope impact of +5% and a negative foreign exchange impact of -1.1%.

Like-for-like, current operating profit rose by +6%, reflecting:

- well oriented volume dynamics for major brands;
- a decrease in Food Service and export sales, partially offset by a shift in consumption to Retail products;
- a decline in promotional activity in some markets; and
- in general, all the cost saving measures implemented to deal with the extra costs induced by the health crisis; and
- the pursuance of rationalisation actions.

The Current operating margin improved slightly, to **4.1%**, from 3.8% in 2019.

1.2.1. Cheese Products

Net Sales for Cheese Products rose by +9.4% over 2019, **to €3,185.5 million**, 61.7% of SAVENCIA Fromage & Dairy's total consolidated net sales, *versus* 58.1% in 2019.

The change in sales breaks down into:

- organic growth of +1.7%;
- an unfavourable foreign exchange impact of -2.7% resulting from the depreciation of almost all currencies; and
- a structural impact of +10.5% with the overall integration of CF&R from May 2020 and the consolidation of the Fromageries Papillon at the end of July 2019.

Net sales benefited from a dynamic fourth quarter of +3.9%. The health crisis, together with the consequent restaurant closures, multiple curfews and confinements, as well as the rediscovery of the pleasure of cooking, have favored home consumption and the growth of sales in stores at the expense of Food Service. However, the decline in Food Service volumes were not fully offset by the increase in store sale volumes.

In Europe, the change in net sales results mainly from a volume-mix effect improvement, particularly on major brands.

Internationally, net sales were more impacted by the health crisis, especially in the USA and South America, particularly in Food Service and White Cream Cheese. Moreover, South America remains penalized by a still highly inflationary economy.

Current operating income was €165.1 million, an increase of €25.8 million *versus* 2019, or +18.6%. **The operating margin** increased from 4.8% **to 5.2% in 2020**. The sharp reduction in costs, the volume/mix improvements, and the deferral of consumption on retail products during confinement helped absorb the costs of securing employee safety and the abrupt activity stoppage during the pandemic.

(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.

1.2.2. Other Dairy Products

Net Sales of Other Dairy Products amounted **to €2,136.2 million, down -4.8%** *versus* 2019. They reprensented 41.4% of SAVENCIA Fromage & Dairy's total consolidated net sales, *versus* 44.8% in 2019.

The decrease included:

- a negative organic growth effect of -0.7% from:
  - a positive price effect in relation to inflation in Argentina and the evolution of world prices for industrial products, and
  - a negative volume effect resulting from the health crisis impacting sales in Food Service and limiting exports;
- an unfavourable exchange rate effect of -4.2% mainly due to the depreciation of the Argentina peso, but also of the US dollar and the Chinese yuan against the euro.

Current operating profit of "Other Dairy Products" **amounted to €74.5 million** *versus* €76 million in 2019, an decrease of -2.1%. **The Operating margin rose** from 3.4% in 2019 **to 3.5% in 2020**. The good performance in Retail helped mitigate the decline in Food Service and export. This sector is also sensitive to changes in global materials prices for industrial products.

1.2.3. Unallocated items

Current operating income from unallocated items amounted to -€28.2 million, *versus* -€23.2 million in 2019. It mainly represents the expenses of holding companies.

Non-recurring items amounted to **-€55.0 million**, *versus* -€54.7 million in 2019. They include net reorganization costs, mainly in France, for -€16.9 million and asset impairments for -€37.5 million, of which -€23.7 million for Russia and -€10.9 million for the closure of the Rambol plant in France.

Operating income was €156.4 million, up 13.7% from 2019.

SAVENCIA Fromage & Dairy's **net financial expenses** amounted **to -€18.0 million for the year 2020**, *versus* -21.3 million in 2019, with a more favorable foreign exchange result largely offsetting the increase in bank fees for the extension of the syndicated loan.

The monetary results of €3.6 million for the year 2020, *versus* 2.5 million in 2019, reflects the application of IAS 29 for countries in hyperinflation (Argentina).

The Group's share of net income was **€0.1 million** compared to €2.0 million in 2019, incorporating only the first four months of the profit share of CF&R in 2020.

Income tax amounted to **-€55.9 million**, up €10.2 million *versus* 2019. The effective rate is 39.3% *versus* 37.8% in 2019. This increase is mainly due to larger non-deductible impairments in 2020 than in 2019.

Net income from continued operations was **€86.3 million**, *versus* €75 million in 2019.

Net income from divested, divested or discontinued operations is nil.

The result for the year for SAVENCIA Fromage & Dairy shareholders amounted to **€78.8 million** (€73.6 million in 2019).

The result for the year for non-controlled investments amounted to **€7.4 million**, *versus* €1.4 million in 2019. This is mainly due to the consolidation by global integration of CF&R as of May 1st, 2020.

1.3. Capital expenditure

SAVENCIA Fromage & Dairy's tangible and intangible capital expenditures are down -8.9% from 2019, with the Group focusing on priority projects. They amounted to €199.3 million in 2020, *versus* €218.9 million in 2019.

Their breakdown by business segment was as follows:

- Cheese Products: 64.3%;
- Other Dairy Products: 29.9%;
- Unallocated: 5.8%.

As to external development, the Group acquired Fromageries Papillon in 2019.

1.4. Research and development

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

All research and development expenditure is booked in costs and according to their nature.

1.5. Employees

The Group employed on average (including temporary staff, and at fully consolidated entities) **21,021 employees in 2020**, *versus* 20,031 employees in 2019, a rise of +4.9%. Like-for-like, it was a decrease of -1.9%. The scope effect relates to the entries of CF&R as of May 1, 2020, and Fromageries Papillon at the end of July 2019.

Its breakdown by business segment is as follows:

- Cheese Products: 72.9%;
- Other Dairy Products: 22.6%; and
- Unallocated: 4.5%.

1.6. Financial position

The Group's **balance sheet** reflects a continuing healthy financial position.

Equity, at €1,551.6 million, growed by +€87.3 million *versus* December 31, 2019, or +5.9%.

Net debt [1], at -€446.3 million, decreased by €158.6 million. It represents 28.7% **of equity**, *versus* 41.3% at December 31, 2019.

The mandatory financial ratios in the Group's covenants are respected.

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

1.7. Events after the year-end

No significant events have occurred since the end of the year.

1.8. Outlook

The pandemic continues to evolve on all continents and creates an ever-uncertain environment. In this context, the Group shall continue to focus on its employees and partners safety, business continuity, customer proximity, and the adaptation of its offer to new market demands. SAVENCIA Fromage & Dairy shall continue to uphold its signed commitments, including under the EGAlim law, as well as its efforts of competitiveness and tranformation. Moreover, the Group's efforts to implement its Oxygen CSR plan have been recognised by its inclusion in the top 10 of the Gaia 2020 index (extra-financial rating index).

The SAVENCIA Fromage & Dairy Group thanks its employees for their exceptional worldwide mobilization in the face of this unprecedented crisis. This constant commitment is what made it possible to ensure their essential mission for the continuity of the food chain, in connection with the Group's vocation of the "Leading the way for better food".

(1) Net indebtedness is calculated excluding the amount of the call and sell options contracted with minority and non-rental bonds relating to the implementation in 2019 of IFRS 16 (confers Note 27 of the Appendix to the Consolidated Accounts).

2. Parent company

Your Company's statutory accounts for 2020 have been prepared on the basis of the same accounting policies as in 2019.

2.1. Activities and results

The Company's operating revenues for 2020, mainly comprising industrial and intangible property royalties paid by your subsidiaries, amounted to €29.8 million, *versus* €29.5 million in 2019.

Its operating expenses for 2020 amounted to €60.7 million, *versus* €47.2 million in 2019, due to costs related to the extension of medium-term credit lines on the one hand, restructuring costs and other related expenses on the other hand.

Net financial income was negative by -€0.4 million *versus* a €21 million profit in 2019, due to the decision by the French subsidiaries not to pay dividends in an environment heavily disrupted by the health crisis.

Net exceptional income shows a loss of -€3.7 million *versus* a €1.1 million profit in 2019, in connection with derogatory depreciation.

Income tax is impacted by the tax integration of your French subsidiaries, which are 95% or more owned. This integration neutralizes transactions within the Integrated Group and offsets taxable profits with tax losses.

Net income, taking into account depreciation, amortization and the effect of provisions, represents a loss of -€21.6 million *versus* a +€14.6 million profit in 2019.

Income statement *in millions of euros*	**2020**	**2019**
Operating revenue	29.8	29.5
Operating costs	-60.7	-47.2
Operating income	-30.9	-17.7
Net financial income	-0.4	21.0
Exceptional net income	-3.7	1.1
Income taxes	13.4	10.3
NET INCOME	**-21.6**	**14.6**

During the year, disbursed intangible investments, consisting mainly of software, amounted to €5 million *versus* €1.6 million in 2019. There were no Financial investments in 2020 compared to +€5 million in 2019.

The €55 million market securities portfolio, *versus* €26.2 million in 2019, consists of liquidity investments and self-held shares.

Summary balance sheet *in millions of euros*	**2020**	**2019**
Equity	-809	-828
Net financial debt *	-506	-495
Liabilities not included in net debt	-32	-15
Assets not included in net debt	1,347	1,338

* *The €11 million increase in net debt in 2020 is broken down in the cash flow chart below:*

Cash flow *in millions of euros*	**2020**	**2019**
Net cash from operating activities	-6	10
Net cash for investing activities	-5	-7
Dividends paid		-13
Net cash flow before financing *	**-11**	**-10**
Net cash flow from financing activities and other financial assets	-1	-197
NET CASH FLOW	**-12**	**-207**

Intercompany loans

In accordance with the provisions of France's monetary and financial law and the associated implementiation decree, stock companies are required to communicate the amount of loans with maturities of less than three (3) years granted to enterprises with which they entertain economic relationships justifying such financing. The information needs to be certified by the Company's statutory auditor as provided for by law. As of December 31, 2020, the Company had not granted any such intercompany loans.

Aging balance

In order to comply with the provisions of Section L. 441-6-1 of the French Commercial Code relating to terms of payment and aging balance, we inform you of the breakdown at year end, of the Company's supplier and customer balances:

	Article D441-4 of the French Code of commerce: Past due supplier invoices on hand at year-end					
Accounts payable - suppliers	**0 day (indicative)**	**1-30 days**	**31-60 days**	**61-90 days**	**≥91 days**	**Total**
(A) Aging balance						
Number of invoices	53					10
Total VAT-inclusive amount *in thousands of euros*	11,590		136	7	16	159
% Total VAT-inclusive invoices for the period	7.41%	0.00%	0.09%	0.00%	0.01%	0.10%
(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 commerce)						
Payment terms used to calculate payment delays	30 days ≤ contractual terms ≤ 45 days					

	Article D.441-4 of the French Code of commerce: Past due customer invoices outstanding at year-end					
Account receivable - Customers	**0 day (indicative)**	**1-30 days**	**31-60 days**	**61-90 days**	**≥91 days**	**Total**
(A) Aging balance						
Number of invoices	52					24
Total VAT-inclusive invoice amount *in thousands of euros*	4,472	186	70	49	87	392
% total VAT-inclusive invoices for the period	3.57%	0.15%	0.06%	0.04%	0.07%	0.31%
(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 commerce)						
Payment terms used to calculate payment delays	Contractual payment terms: ≤25 days from the end of the month of invoicing					

1

Review of agreements authorized in a previous fiscal year and continued in 2020

The Board of Directors has examined the following agreements authorized in previous years and pursued in 2020:

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

As authorized by the Board of Directors on September 6, 2018 a €200 million loan was 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 2020 financial year amounted to €886,322.

As authorized by the Board of Directors on December 13, 2018 a €50 million loan was 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 2020 amounts to €307,069.

- supplemental retirement plan:

A retirement benefit plan governed by article 39 of the French tax Code, providing for the payment to certain executives of a supplemental benefit of 0.5% of net salary per year of past service, capped at 2.5%, was implemented in 2002.

Result of the year and proposed appropriation

We ask you to approve the Company's statutory and consolidated financial statements for the fiscal year ended December 31, 2020, as presented to you, and propose to affect the loss for the year, amounting to EUR 21,618,760.89, which, imputed on the previous carry-forward of EUR 402,674,003.76, results in an available amount of EUR 381,055,242.87, as follows:

in euros

Shareholders a gross dividend of €1.5 per share	21,049,395.00 *
To retained earnings	360,005,847.87
TOTAL	**381,055,242.87**

* *Including the amount of the dividend corresponding to self-deed shares not paid and assigned to the deferred account again.*

The total gross dividend for each share would be set at 1.5 euro. It would be paid on May 19, 2021, with the coupon's release date set for May 17, 2021.

To comply with the legal requirements, it is recalled that the dividends paid to shareholders for the last three financial years are as follows:

Paid in	In respect of	Number of shares comprising the company's share capital	Total dividend (1)	Gross dividend per share	Tax allowance
2018	2017	14,032,930	€19,493,943.00	€1.40	40%
2019	2018	14,032,930	€13,783,566.00	€1.00	40%
2020	2019	14,032,930	0	0	na

(1) *Excluding shares with no dividend entitlement.*

We confirm that in 2020, the Company made no luxury expenditure, as defined by article 223 quater of the French tax law.

2.2. Information of the Company's share capital

SHARE CAPITAL BREAKDOWN AS OF DECEMBER 31, 2020

At December 31, 2020	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	78.78%	18,701,906	79.85%
Corporate savings plan (1)	3.36%	470,878	805,260	3.39%	805,260	3.44%
Treasury shares (2)	2.26%	317,904	317,904	1.34%	0	0%
public	27.74%	3,893,195	3,913,316	16.49%	3,913,316	16.71%
TOTAL	**100.00%**	**14 032 930**	**23 738 386**	**100.00%**	**23 420 482**	**100.0%**

(1) Employees 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 11, 2021, Northern Trust Corporation held 6.02% of your Company equity.

Since February 28, 2013, the company's share capital is made up of 14,032,930 shares with a par value of €1 per share.

Trading by the Company in its own shares

At the Ordinary shareholders meeting of April 23, 2020, the company's shareholders, acting with the provisions of Article L.225-209 of the French Code of commerce, authorized the Company to purchase its own shares in the market with a view to the 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:**
   - there were no purchases;
   - 750 shares were sold at an average price of €46.87.
2. **For the purpose of the Company's liquidity contract designed to create a market for its shares:**
   - 37,810 shares were purchased at an average price of €54.15;
   - 38,310 shares were sold at an average price of €55.28;
   - the trading fees amounted to €25,000.
3. **For the purpose of holding shares for conservation with a view to their subsequent remittance in the process of eventual acquisitions:**
   - 73,956 shares were purchased at an average price of €49.12;
   - the corresponding trading fees amounted to €18,165.

As at December 31, 2020, your company holds 317,904 of its own shares representing 2.27% of the share capital, for a purchase value of €18,061,900, representing a €317,904 nominal capital cake.

Taking account of treasury share movements from January 1, 2021 through February 5, 2021 it may be noted that your Company holds 319,126 treasury shares, representing 2.27% of its share capital, for a total purchase value of €18,145,754, or €319,126 of the nominal share capital.

2.3. Results of the last five years

Art. R225-81, R225-83 and R225-102 of the French Commercial Code.

In euros and units	2016	2017	2018	2019	2020
Financial position at 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 into shares					
Operations and results for the year					
Turnover excluding VAT.	25,680,011	26,187,613	27,726,437	28,867,056	29,639,110
Earnings before taxes, depreciation and amortization and provisions	29,148,789	11,473,614	11,611,593	9,021,250	-19,648,217
Income tax	-9,907,258	-8,073,363	-12,112,189	-10,353,177	-13,399,201
Profit after taxes, depreciation and provisions	40,222,684	19,081,687	22,320,802	14,647,712	-21,618,761
Amount of profits distributed	22,223,742	19,493,943	13,783,566		
Result of operations reduced to one share (€1 nominal)					
Profit after taxes but before depreciation and provisions	2,78	1,39	1,69	1,38	-0,45
Profit after taxes, depreciation and provisions	2,87	1,36	1,59	1,04	-1,54
Dividend paid to each share	1,60	1,40	1,00		
Employees					
Number of employees	2	2	2	2	2
Amount of payroll	283,582	313,327	389,759	346,579	354,812
Amount of benefits payments (social security, social works, etc.)	167,936	200,350	241,998	271,550	274,523

2

NON-FINANCIAL PERFORMANCE STATEMENT 2020

Business Model

Trends & 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 sustainable and quality food** meeting consumers’ new expectations and its **#PositiveFood** vision: a diversified diet combining pleasure and health, with natural and limited processed products. By reinforcing its competitiveness and innovation, and its CSR commitment towards its various stakeholders, the Group constantly adapts to the risks of its environment, volatility in dairy, changes in its markets worldwide and customers whether in retail or B to B professionals.

Resources

Human resources

21 021 employees*

...in **31** countries

60.5% of men
+**39.5%** of women

Subsidiaries in close touch with their local environment

Environmental and societal resources

18,1 million m³ of water

2,352 GWh of energy

4.8 billion liters of milk collected worldwide from dairy farms

Financial resources

The stability of a majority family shareholding

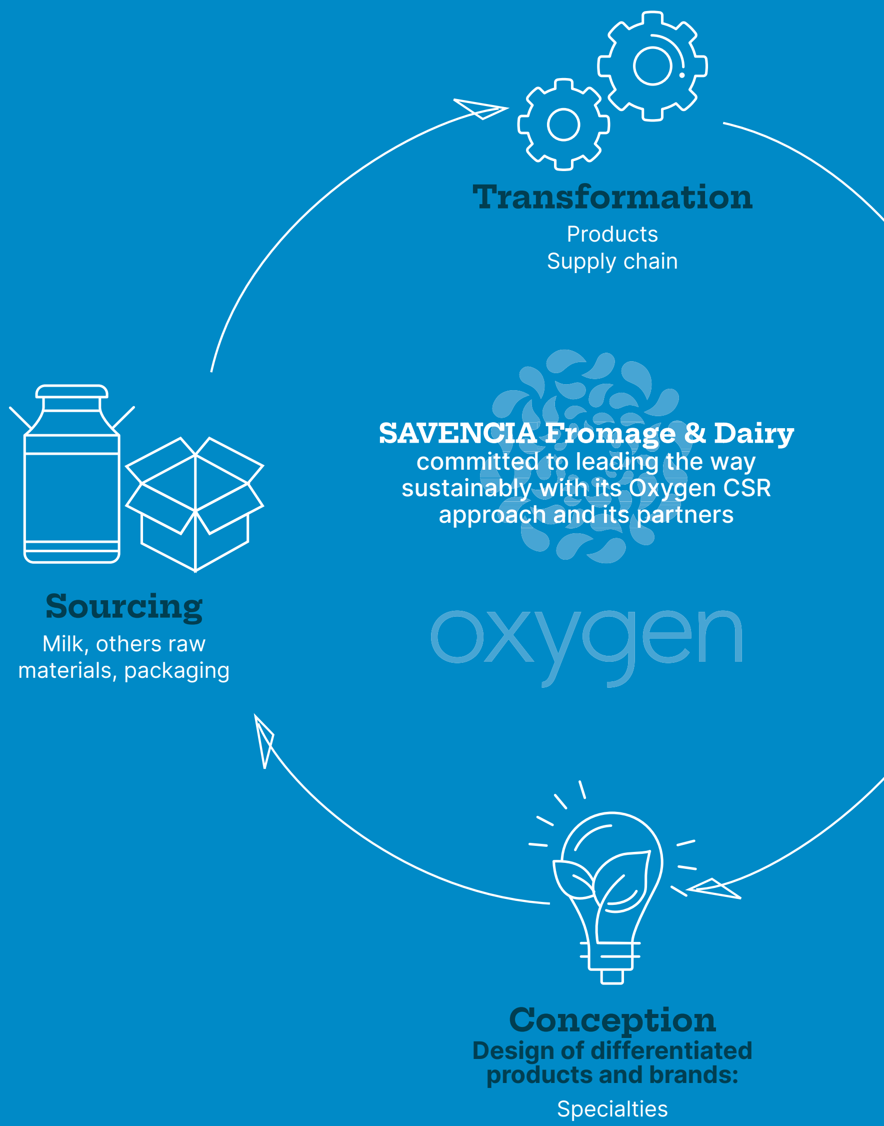
Equity: **€1,552 million**

Capital expenditures: **€199 million**

** Permanent and temporary employees (yearly average full-time equivalent).*

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,** SAVENCIA deploys a strategy of creating innovative and high-quality products and specialty brands. The **5th cheese group globally and 2nd cheese group in France, SAVENCIA Fromage & Dairy**



creation

manufactures and sells differentiated cheeses and other dairy products for retail and food service, as well as functional and nutritional 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,** serving a sustainable development.

Commercialization

Brands and solutions for our customers

Retail

Cheese Products

•

Butter, cream, infant formula

Food service

Cheese, cheese sauces

•

Butter, cream

Industry

Functional and nutritional dairy-based ingredients

•

Technical butters

Shared values

For people

Top Employer Europe 2020-2021

Payroll costs: **€1,013 million**

63.2% of employees received training in 2020

439 apprenticeship contracts in 2020

For the environment

Trend in greenhouse gas impact of milk collection: **-252,000 equivalent tons** of CO_2 between 2010 and 2020

Energy consumption: **+1%** per manufactured ton between 2015 and 2020

For society at large and local communities

SAVENCIA leader of the Top 10 groups in France for the 2020 revenue growth (source distributor panel)

Solidarity initiatives: **60.4%** of subsidiaries have made gifts of food

Purchases from suppliers and service-providers: **€3,656 million**

Dividends distributed in 2020: **€1 million**

Taxes: **€103 million**

Non-financial assessment: SAVENCIA Fromage & Dairy is included in the 2020 Gaïa Index

Presentation of main issues

Approach

The process employed by Groupe SAVENCIA for selecting its main non-financial objectives is identical to the process employed in 2019. It was, however, reviewed in 2020 based on:

- regulatory components:
  - the issues covered in the European Directive on the disclosure of non-financial information of October 22, 2014, transposed into French law and amending Articles L.225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code;
  - French Decree No. 2017-1265 of August 9, 2017: list of topics.
- additional items such as:
  - business model, business relationships and product features;
  - 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 diagnostics were performed, and a list of 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:

- 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;
- global environment: The world has been reeling from an unprecedented health crisis. SAVENCIA proved adaptable and agile with the implementation of effective measures aimed at keeping the food chain up and running while ensuring the safety of its employees. Thanks to its employees' dedication, SAVENCIA Fromage & Dairy was able to continue operating its milk sourcing, production and logistics activities. The Food Service subsidiaries were hit hard by restaurant closures in many countries. Innovative solutions have been developed to align with new consumer practices both in terms of products and e-commerce solutions, coupled with expanded drive-up services in France. We elected not to isolate this risk in our non-financial performance report, but instead to include it in the management of our activities.

Methodology

Our comprehensive analysis in 2020 did not uncover any additional issues compared to the previous fiscal year.

We identified 16 issues for which the Group's regulatory compliance was verified, ensuring coverage of the following points:

- the areas provided for by regulatory requirements: social – societal – environment – human rights – combating corruption – combating tax evasion;

- the other expected themes: consequences for climate change – circular economy and food waste – food insecurity – healthy and sustainable diet – animal well-being – collective agreements and actions in favor of diversity – disability.

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, these issues have been incorporated in the four major areas of focus, and performance indicators relevant to our business sector 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, used by rating agencies, are available in a specific document which may be consulted on our *savencia-fromagedairy.com* website.

OUR KEY ISSUES:

Issues	Risks	Contribution to UN Sustainable Development Goals
Healthy, delicious and responsible eating • Improve the nutritional quality and design of our products • Promote responsible consumption	• Potential risk of certain substances impacting consumer health • Over-eating risk	2 Zero Hunger 3 Good Health and Well-Being 12 Responsible Consumption and Production 17 Partnerships for the Goals
A sustainable agriculture • Codevelop a more sustainable sourcing with our suppliers of agricultural raw materials • Promote responsible purchasing	• Risk of poor animal husbandry or crop farming • Risk of breaching social and environmental rights via the supply chain	2 Zero Hunger 8 Decent Work and Economic Growth 13 Climate Action 15 Life on Land 17 Partnerships for the Goals
Environmental footprint • Reduce our greenhouse gas emissions • Control our water resources • Optimize waste management • Develop eco-design of our packaging	• Risk of climate deregulation impact • Risk of hydric stress • Pollution risk • Waste overproduction risk	6 Clean Water and Sanitation 12 Responsible Consumption and Production 13 Climate Action 17 Partnerships for the Goals
Employee well-being • Ensure the safety of our employees • Improve quality of life at work • Develop employee skills • Commit to diversity and inclusion • Encourage solidarity commitment	• Risk of adversely impacting the physical integrity and safety of employees • Risk of deterioration in working conditions and impact on employee well-being • Risk of inadequate skills • Discrimination risk • Risk of a lack of regional roots	2 Zero Hunger 5 Gender Equality 8 Decent Work and Economic Growth 17 Partnerships for the Goals
Society at large • Respect for human rights • Combating corruption • Combating tax evasion	• Risk of breaching basic human rights • Risk of unethical practices • Risk of damage to brand reputation	8 Decent Work and Economic Growth 16 Peace, Justice and Strong Institutions 17 Partnerships for the Goals

Healthy, delicious and responsible eating

1. Improve the nutritional quality and design of our products

Issue, risk and policy

In accordance with its "Leading the way to better food" program, Groupe SAVENCIA works to help achieve public health goals by offering high-quality natural products combining enjoyment and health, thus contributing to diversified, health and sustainable diets.

In response to growing consumer expectations in terms of food and given the potential risk of certain substances impacting their health, we are committed to developing high-quality products that go through very little processing and are as natural as possible.

Our teams design and build concrete, targeted plans for progress with the aim of continuously improving the nutritional quality and design of our products.

In 2020, the Group continued rolling out the SAVENCIA's Charter for Responsible Packaging Design defined in 2019.

The goals of the Charter are to:

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

The Charter has three parts:

- Responsible product design:
  - ensuring the best possible nutritional composition, in terms of the organoleptic quality and use of each product,
  - achieving, 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,
  - preserving the natural nutritional properties of the ingredients used (protein, calcium and vitamins in milk).
- 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 eat well, and attentiveness to the societal and environmental impact of our communication. These principles are applied to all forms of brand communication, whatever the targeted group (customers, consumers, users, etc.) and whatever the media used (packaging, audiovisual media, printed materials, point-of-sale advertising, etc.).

We have undertaken to implement a Clean Label approach on 100% of new branded products by 2025. The Clean Label approach calls for making continuous improvements to the composition of our products by improving the recipes and removing certain additives.

Actions implemented and results

- The Group Nutrition Department has organized meetings with the network of "nutrition correspondents", gathering R&D and marketing teams of the subsidiaries, since early 2020. The purpose of the meetings is to support them in formulating proposals and building concrete, targeted plans aimed at continuously improving the nutritional quality and design of our products.
- Additional indicators have been developed in the Group reporting tool for the purpose of keeping closer track of improvement plans.
- The Oxygen Steering Committee, in charge of packaging eco-design (see "Developing eco-designed packaging) and tracking the achievement of the established goals, met on a regularly basis during the year.
- Nutritional improvement plans were implemented by multiple brands in 2020 in a bid to optimize the nutritional profile of their products, including in particular:
  - reducing salt content:
    - by nearly 20% in all products in the Burgo de Arias range (Arias);
    - by 6% in Papillon roquefort cheese.

- reducing sugar content:
  - in Germany, for example, the Söbbeke brand initiated sugar reduction plans for some of its yogurts and dairy desserts and launched a lactose-free organic cheese.
- Clean Label improvement plans were also implemented:
  - a new generation of processed cheese without added phosphates, preservatives and aromas was launched under the Milkana Alpenpur brand. This innovation is available in a cheese spread and in portions with eco-friendly paper, aluminum-free wrappers.

Key performance indicators

In 2020, 65.5% of our new branded products adopted a Clean Label approach.

	2018	2019	2020	2025 Target
% of new branded products having adopted a Clean Label approach	Data unavailable *	64.0%	65.5%	100%

* Indicator created in 2019.

2. Promote responsible consumption

Issue, risk 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.

As a leader in the food sector, and in line with our commitment, we strive to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs). We place a premium on the food safety and nutritional value of our products. In response to over-eating risks, which can lead to weight gain, obesity and other chronic illnesses, our aim is to positively influence the public's diet by encouraging consumers and employees to adopt more responsible eating habits, consistent with healthy and sustainable diets.

An effective source for the development of a balanced and diversified diet is portion size. The Group has set a goal that, by 2025, 100% of its branded retail products will include per-portion nutrition labeling, thereby going above and beyond local regulatory requirements.

The official recommendations issued in many countries are based on frequency of consumption and portion sizes for each food category. By adding per-portion nutrition labeling for all its retail brands, the Group seeks to provide consumers with an improved understanding of the nutritional benefits of its products. For pre-portioned products such as cheese slices, or products including a visual guide to portion size, the actual unit size (on or more units) is indicated on the product label so that the consumer can identify the appropriate portion and adopt smart and well-informed eating habits.

For products that are not pre-portioned, the portion size is close to the recommended portion (30 grams of cheese) or the portion usually eaten as part of a balanced diet.

In addition to per-portion nutrition labeling, we have been using the Nudge methodology since 2016 to encourage smarter and healthier consumption of our products.

In an effort to limit food waste and combat food insecurity, Groupe SAVENCIA implements initiatives such as making donations to food banks or designing formats tailored to consumer needs (portions, re-closable packages, etc.).

Actions implemented and results

Encouraging consumers and employees to adopt smarter eating habits

- A per-portion nutrition labeling guide was prepared by the Group Nutrition Departement and made available to all subsidiaries to help them implement per-portion nutrition labeling for all relevant products.
- After Caprice des Dieux, other brands began using "nudge portions", adding visual guides in addition to per-portion nutrition labeling: the Saint Loup goat cheese log, Elle & Vire-brand butter and cream, and some of the Balade creams sold by our Belgian subsidiary.
- We continued rolling out the #PositiveFood approach launched in 2019, embodying our commitment to responsible diets combining both pleasure and health. #PositiveFood is synonymous with a diversified diet by proposing balanced menus featuring products that are natural or processed as little as possible. Our digital platform, quiveutdufromage.com, offers flexitarian recipes combining cheese and veggies and boasting a Nutri-Score rating of A or B for balanced meals.

- The roll-out of our “Fromage et Légumes” (meaning “Cheese and Veggies”) PoS nudge marketing campaign continued in 2020, particularly in digital form *via* our collaboration with Consumer Goods Forum (CGF). Vegetable-rich balanced recipes with a Nutri-Score rating of A or B were offered by the Lyon Carrefour drive-up service, building on the concept of “healthy product combos” encouraging customers to buy more vegetables along with their cheese. The “Collaboration for healthier lives” initiatives were presented in a CGF report, showcasing the effectiveness of the digital wave in increasing sales of fruits and veggies associated with Carrefour Drive recipes.

  (https://www.theconsumergoodsforum.com/wp-content/uploads/202007-CHL-France-Digital-Report.pdf).

  We also received a LSA award for our “Mes Petits Plats Fromages & Légumes” (meaning “My Small Cheese & Vegetable Dishes”) nudge marketing campaign carried out at Intermarché.
- In October 2020, SAVENCIA launched the Institute for Positive Food, a public-interest association that promotes a positive view of sustainable diets combining healthy pleasure, natural products and responsibility. With the support of a high-level multi-disciplinary science Board, and in line with the guidelines for healthy and sustainable diets published by the FAO (Food and Agriculture Organization) and the WHO (World Health Organization), the Institute’s mission is to popularize the use of scientific data to encourage positive diets combining well-being, healthy pleasure and responsibility.
- In 2020, we also stepped up the deployment of our nutrition policy. The Nutrition Team assists all Group brands in their approach to optimize the nutritional value of our products as part of a health, balanced diet. During lockdown, Group employees were asked to participate in digital workshops offering practical tips for healthy diets and exercise.
- We firmly believe that cooperation between producers and distributors is key success factor in improving the impact of initiatives aimed at promoting healthy, sustainable diets. To that end, in 2020 we incorporated the Carrefour’s Food Transition Compact to share best practices and engage in a collective effort to develop effective solutions meeting consumer needs as closely as possible.
- Mlekoprodukt, our subsidiary in Serbia, also included #PositiveFood in its CSR program (“Biser Nutry Academy”), which aims to raise awareness in children, parents and educators of the importance of a balanced healthy diet in a child’s development. The first online conference, featuring pediatricians and nutritionists as guest speakers, focused on problems associated with child obesity.
- In Germany, our subsidiary specializing in the manufacture of organic products participated in operation “Bio brotbox” providing local support to initiatives promoting healthy diets for children. The initiative offered children a breakfast made up of organic products, including a Söbbeke natural yogurt.
- The roll-out of the nutrition e-learning training module continued in 2020, with the aim of teaching the basic concepts of nutrition to Group employees. This year, the program was translated into five languages to provide better coverage of SAVENCIA subsidiaries worldwide. One of the modules is now available in English, French, Russian, Spanish, Portuguese and Chinese, and the entire program is available in French and Spanish. 49% (*vs*. 38% in 2019) of employees connected to the Learning@SAVENCIA platform completed the nutrition training program in 2020.

Combating food waste

As a responsible company aware of the global challenges in terms of access to food and preservation of resources, Groupe SAVENCIA combats food waste by implementing several types of initiatives aimed at:

- raise consumer awareness:
  - in 2020, SAVENCIA Fromage & Dairy undertook to reduce food waste by signing the best-by date compact launched in France by Too Good To Go and backed by the French Ministry for Agriculture and Food Ministry. The St Môret brand implemented this commitment by including an educational message on shelf life on its packaging;
  - in Romania, a digital anti-food waste campaign was conducted by Delaco.
- develop appropriate formats:
  - in France, the packaging of two Elle & Vire organic creams was designed to limit product waste: the packet can be completely rolled-up to make sure every last drop of cream gets used. With its re-closable top, pouring is easier and the product can be saved up to 15 days after opening.
- encourage donations to associations to combat food insecurity:
  - confirming its commitment to Food Banks, SAVENCIA joined Le Club des Entreprises Solidaires des Banques Alimentaires (made up of companies working in solidarity with Food Banks) in 2020. In line with our “Leading the way to better food” mission, this certification reflects our determination to combat food waste while helping disadvantaged members of society gain access to high-quality products. Multiple initiatives were conducted to support the Food Banks during the unprecedented Covid-19 health crisis:

- thanks to the support of our subsidiaries, 88 tons of products were donated to the Food Banks during the first lockdown, and 39.5 tons during the national collection drive;
- St Môret digitized its initiative to collect fruits and vegetables that went unsold on the markets during the crisis: 10,000 St Môret cups were donated to the Food Banks;
- additional operations took place across all our subsidiaries during the first wave of the pandemic: 320 tons of food products were distributed to various associations;
- Polenghi in Brazil donated 60 tons of products, including 10 tons of Polenguinho, to hospitals;
- in 2020, products made up 80.9% of the donations made by our production sites.

Key performance indicators

In 2020, 42.9% of our branded retail products included per-portion nutrition labeling.

	2018	2019	2020	2025 Target
% of branded retail products including per-portion nutrition labeling	35.0%	49.0%	42.9% *	100%

* *The decrease in this indicator can be attributed to the change in consolidation scope in 2020, with the consolidation of new subsidiaries. Initiatives implemented to step up the deployment of our nutrition policy will be expanded with these subsidiaries.*

A sustainable agriculture

1. Codevelop a more sustainable sourcing with our suppliers of agricultural raw materials

Issue, risk and policy

SAVENCIA Fromage & Dairy has opted for codevelopment, 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 well-being and the environment, and bring more value to the work performed by our producers, thus avoiding the risk of poor animal husbandry or crop farming increasing the risk of these activities.

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;
- the codevelopment of milk from herds benefiting from a GMO-free diet and sourced from Organic Farming.

Actions implemented and results

SAVENCIA Fromage & Dairy buys 4.8 billion liters of milk worldwide, from farms producing cow milk, ewe milk and goat milk.

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

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

Codevelopment 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 organization of producers.

In 2020, SAVENCIA Fromage & Dairy continued working to enhance the value of France's dairy industry, in accordance with the EGalim law.

Financial measures and special support mechanisms were also implemented, with the aim of:

- promoting investments in farms, the "Eleveur Laitier Demain" (future dairy farmers) program was created in conjunction with an association of producer organizations. The program supports projects conducted on farms through tangible investments (dairy machinery and livestock) and intangible investments (training, registration with the RDI which matches buyers and sellers of farming operations);
- helping young farmers get started in the industry. Young farmers are provided with a "getting started pack" entitling them to financial aid and a contractual commitment over the long term. The pack also includes technical support: performance of an individual diagnostic analysis, three-year follow-up and 10-day training program (farm management, environmental approach, etc.). 114 young farmers benefited from this program in 2020.

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.

The Charter contains six commitments: ensuring the traceability of animals on the farm – protecting the health of the herd – providing animals with a healthy, balanced and closely monitored diet – protecting the quality of milk through rigorous hygiene – overseeing the well-being of the animals and safety of employees working on the farm – helping to protect the environment.

In France, 100% of milk producers supplying Groupe SAVENCIA have signed the "Charter for Best Farming Practices", and in 2020, 83.1% of our global volumes already complied with the Charter.

To better answer 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.

Established in 2011, the analysis assesses the level of current practices in economic, social and environmental terms: farm profitability, sustainable management of water resource, carbon footprint, animal well-being, herd dietary self-sufficiency, biodiversity, soil fertility, producers' quality of life, outdoor access and herd health.

The animal well-being indicator is based on the Welfare Quality© method and was co-built with INRAE (French research institute for agriculture, food and the environment). It consists of around 20 questions used to assess an animal's five fundamental freedoms: 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 2020, 19.2% of our global milk volumes were sourced from farms having performed the sustainable milk production diagnostic analysis.

Promotion of value-enhancing sourcing

To encourage the creation of value, 31% of our global milk volumes collected in 2020 were sourced from so-called "differentiated" segments:

- goat milk and ewe milk;
- organic farming;
- herds benefiting from a GMO-free diet (VLOG certification);
- herds benefiting from Protected Designation of Origin.

Technical support from our Milk Collection Technicians, as well as financial measures, assist producers interested 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 2020, more than 420 days of training were 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. Improving traffic flows and access to milk tanks encourages an entirely safe milk collection process.

Our Milk Collection Technicians are in daily contact with producers to support them in changes to their practices. They visit the farms at least once a year to assess the quality of milk produced and offer technical support as needed. Numerous initiatives have been taken, including meetings, working groups, a website dedicated to producers, a quarterly bulletin, videos, corporate support for events, etc.

In order to contribute to the future of the industry and share its expertise, SAVENCIA Fromage & Dairy works with all the contributors in the value chain: the FNIL (French Federation of Milk Producers), the ATL (Milk Processing Association) and the ANIA (French Association of Food Industries). SAVENCIA Fromage & Dairy sits on the Board of Directors of the CNIEL (French interprofessional center for the cow's milk industry), the ANICAP (French interprofessional association for the goat's milk industry), France Brebis Lait (French interprofessional association for the ewe's milk industry) and their regional bodies.

SAVENCIA Fromage & Dairy is also an active member of the International Dairy Federation.

Promotion of biodiversity

Preserving biodiversity is a necessity for the development of a sustainable, eco-friendly farming model. In accordance with our corporate social responsibility policy and in a bid to develop sustainable agriculture, we are committed to preserving biodiversity and promoting its development.

Biodiversity is a source of added value for our ecosystems, and farmers play a major role in preserving biodiversity through their work. This is one of the areas for improvement identified in our Sustainable Milk Production diagnosis, offered on a volunteer basis to our milk suppliers, which is measured using the indicator developed by Céréopa (center for research on the animal production economy and industry). This indicator is used to identify the percentage of permanent pastures on the farm, environmentally significant areas (trees, hedges, waterways, etc.), and to observe if the farm contains a diverse range of animal and plant species. Once the diagnostic analysis is complete, solutions are offered to producers in order to:

- preserve soil fertility;
- save the natural habitat;
- adopt supportive farming practices.

Multiple initiatives have also been developed at our sites:

- the Tessier dairy plant, located in the Maine-et-Loire French department, initiated two projects through the signing of two agreements:
  - one with the SMBAA (Syndicat Mixte du Bassin de l'Authion et de ses Affluents, meaning Mixed Syndicate of the Authion Basin and its Tributaries) to conduct an environmental impact study and determine the size of a future reed bed and plan the creation of wetlands to serve as buffers outside wastewater purification stations. Reed beds are predominantly made up of reeds, which reduce pollution, while wetlands help preserve habitat biodiversity. The goal is to guarantee better water management, improve biodiversity and prevent flooding,
  - the other project calls for the plantation of poplar trees along the floodplains (trees and shrubs promoting biodiversity);
- multiple beehives have been installed at our sites:
  - in Belgium, at Corman in Goé,
  - in France:
    - 120kg of "Miel de NEL" honey harvested and stored in jars by the employees of Normandie Export Logistics in Honfleur. Roughly 15 beehives are installed on-site and managed on a volunteer basis by two employees who care for the hives during the winter, guard them against hornets, prepare them for spring and handle all the operations needed to keep them running smoothly,
    - in Condé sur Vire (in the Manche French department), at Elvir: 700 jars of honey distributed to staff,
    - eight beehives at our Vire logistics platform.
- a shelter was set up on the pond, located near our Illoud site in the Haute-Marne French department to promote the installation and nesting of wild aquatic birds;
- trees were planted, fallow fields adorned with flowers and planned management of green spaces set up at sites in France and abroad.

Key performance indicators

	2018	2019	2020	2025 Target
Expand the Charter for Best Farming Practices worldwide *(% milk volume collected)*	73.0%	80.0%	83.1%	100%
Deploy the Sustainable Milk Production diagnosis *(% volume milk collected *)*	16.4%	19.0%	19.2%	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. (with contractual milk supply from Compagnie des Fromages & RichesMonts - CF&R - at around 37%).*

2. Promote responsible purchasing

Issue, risk 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 develops long-term collaborations with its main suppliers, aiming to consistently move forward to promote responsible purchasing meet the various challenges facing society at large, and prevent the risk of breaching social and environmental rights *via* the supply chain.

The Group's suppliers are selected on criteria of quality, security, service, competitiveness and their ability to support the Group over the long term.

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: environment, labor, ethics and corruption, supplier relations and supply chain.

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

Ultimately, 80.0% of the Group's external expenditures overseen by the Purchasing function and carried out with major suppliers (exceeding €1 million per year) will be covered (excluding sourcing of agricultural raw materials).

Actions implemented and results

- The Group Purchasing Department conducted two EcoVadis evaluation campaigns in 2020.
- As reminder as to our deployment goals and a general update are prepared and communicated twice-yearly to our Group purchasers.

Key performance indicators

	2018	2019	2020	2025 Target
% of Group external expenditures overseen by the Purchasing function and carried out with major suppliers * under the Responsible Purchasing Charter	61.0%	63.0%	63.2%	80.0%
% of Group external expenditures overseen by the Purchasing function and carried out with major suppliers * under EcoVadis evaluations	68.0%	68.0%	68.7%	80.0%

* *Excluding Japan, India, Ukraine, Serbia, Romania, Poland and Russia, whose sourcing expenditures cannot yet be automatically consolidated.*

At December 31, 2020, more than 700 Responsible Purchasing Charters had been signed, covering 63.2% of Group expenditures overseen by the Purchasing function and carried out with major suppliers (exceeding €1 million per year) * (excluding agricultural raw materials).

The assessment of CSR risks by EcoVadis was performed for 610 suppliers. The EcoVadis evaluations cover 68.7% of Group expenditures overseen by the Purchasing function and carried out with major suppliers (exceeding €1 million per year) * (excluding agricultural raw materials).

The average score obtained was 51.3/100 *versus* 42.9/100 on average for the EcoVadis Food & Beverage Panel.

Environmental footprint

1. Reduce our greenhouse gas emissions

Issue, risk 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 in order to limit the risk of climate deregulation impact.

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.

One guide in particular, the "CSR Guide for Manufacturers", covers all the issues requiring attention and specifies the actions to be taken. This document is made available to all relevant parties by the Operations Department and is updated once a year.

At Group level, dedicated teams monitor and support our sites in accordance with the guiding policy defined by our Oxygen plan. Environmental correspondents are responsible for coordination and for managing initiatives at the local level.

Groupe SAVENCIA undertakes 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;
- increase its use of renewable energies;
- reduce the carbon footprint of the volume of milk collected by 300,000 tons of CO_2 equivalent by 2025 (compared to 2010).

Actions implemented and results

Reduction of energy consumption

- In France, multiple investment programs eligible for energy savings certificates were approved in 2020 with the aim of renovating some of our energy facilities and thus reducing our energy consumption and carbon footprint. In the Operation Department, with a dedicated team has been set up to implement and monitor these programs. Some of these projects were launched in 2020 and will be operational in 2021, including:
  - modernization of the cold production facility was initiated at one of our major sites, to improve energy efficiency and optimize performances;
  - a heat pump was installed, with distribution to the hot water network, and the cold-water facility was completely replaced.
- Our subsidiary Armor Protéines, specializing in milk fractionation, won the government's Plan France Relance award for "supporting and driving the reduction of greenhouse gas emissions in industry". The project presented by the Saint-Brice-En-Coglès site (in the Ille-et-Vilaine French department) was selected by Ademe (The French Agency for Ecological Transition) for its carbon reduction initiative: overhauling the processes used to produce its products with high nutritional value with the aim of increasing production capacities while reducing energy consumption. Ours was the only Grand-Ouest region company selected under this plan.
- Our Messageries Laitières logistics platform set up a heat recovery system in its refrigeration facility for the purpose of heating its offices and maintenance workshop.
- "CSR - Energies and Materials" meetings, and meetings with the on-site environmental correspondent, were continued in 2020, in digital format, to keep track of initiatives in progress. We also continued rolling out our Academy SAVENCIA training cursus.
- A second energy audit campaign was launched this year. The resulting reports identified potential sources of energy savings and served as a basis for launching the necessary initiatives.

Development of renewable energies

- SAVENCIA Fromage & Dairy is a member of the Club des Entrepreneurs pour le Climat, launched by the Orygeen Institute, a consortium of French family-owned businesses working to combat climate change.
- In France, 25% of the electricity used to power SAVENCIA Fromage & Dairy plants (excluding CF&R) is certified with a "guarantee of origin" (GO) as hydraulically sourced and produced in France, representing savings of more than 6,475 tons of CO_2 equivalent.
- The Perreault de Meslay-du-Maine cheese plant, located in the Mayenne French department, uses biogas. Supplied by a nearby biogas facility, this biogas meets up to 50% of the plant's fuel requirements.
- Our Edelweiss plant in Germany uses 100% renewable, locally-sourced electricity.
- The rooftop of our plant in Oregon (United States) is equipped with solar panels used to cover approximately 20% of the site's annual energy requirements. Recharge stations for electric cars are made available to staff and the company car is also electric.

Reduction of greenhouse gas emissions generated by transport

Multiple initiatives have been launched:

- surveys are being conducted to consider using alternative fuels to reduce the GHG emissions of the company's fleet of delivery trucks;
- based on data collected *via* the GPS navigation system, training courses on eco-driving were provided;
- in France, our logistics platform initiated a voluntary program to reduce the CO_2 emissions of its transport activities and, to that end, signed the "CO_2, Carriers Commit" Charter.

Other initiatives were undertaken directly with employees:

- mobility Week, launched in September, was extended to all Group subsidiaries this year as a challenge. Our sites proved their creativity in the variety of activities offered, while maintaining social distancing: walks, photo contest, hybrid car introductory sessions, provision of electric bicycles, selfie challenge with colleagues and family, eco-driving training courses, etc. As a result, around 20 subsidiaries took part worldwide despite the exceptional circumstances, and more than 35,000km were saved (in terms of driving in personal vehicles), *i.e.* the equivalent of five round trips from Paris to New York;
- the Green Pedal Power program set up by Rogue Creamery gives employees the opportunity to use more sustainable means of transport for their commute and thus earn a monthly bonus. Employees signed up for the program agree to make at least 45 sustainable commutes over a one-year period. They can also choose to receive a bicycle instead of a monthly bonus, and if they meet their goal after one year, the bike is theirs!

Reduction in the carbon footprint associated with our milk collection

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

We strive to keep our processing local: 97% of our milk is sourced within a 70km radius of our cheese plants and 72% within a 30km radius.

Our milk tanker fleets are committed to the "CO_2, Carriers Commit" approach certified by Ademe and our drivers receive regular training in eco-driving.

Working towards the use of alternative forms of energy, additional trials were performed in 2020 using trucks powered with biogas. The biogas is supplied *via* a partnership established with local biogas producers, with the aim of building a circular economy and reducing the environmental impact.

The reduction of our 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 under the Group's program for Sustainable and Responsible Milk Procurement.

In 2020, 252,000 tons of CO_2 equivalent were saved compared to 2010.

Key performance indicators

% change *versus* 2015

	2018	2019	2020	2025 Target
Reduction of energy consumption *(GWh/ton produced)*	-4.4%	-5.9%	1.0% *	-25%
GHG Reduction - Scopes 1 & 2 ** *(tons of CO_2 equiv./ton produced)*	-5.9%	-3.3%	-3.4%	-25%

* *The decrease in this indicator is attributed to the change in consolidation scope in 2020, with the consolidation of new subsidiaries.*

** *This indicator has been recalculated since 2015 to incorporate new emissions factors (Source of emissions factors: Ademe 2020).*

Direct emissions (Scope 1) include emissions associated with the combustion of fossil fuels used, with non-energy related processes (due to wastewater treatment) and refrigerant fluid leaks.

Indirect emissions (Scope 2) include emissions associated with the generation of electricity, steam, heat or cold purchased and used by the sites, as well as on-line losses.

This year, in the SAVENCIA Fromage & Dairy scope of operations, we began calculating our Scope 3 emissions (other indirect emissions) in order to refine the measurement of our environmental footprint.

Results: Messageries Laitières logistics platform	2018	2019	2020
Average consumption of company fleet *(l/100km)*	35.5	33.5	33.5
CO_2 emissions of company fleet *(in tons of CO_2 equiv.)*	2,923 *	2,888 *	2,712

* *This indicator has been recalculated since 2015 to incorporate new emissions factors (Source of emissions factors: Ademe 2020).*

	2018	2019	2020	2025 Target
Reducing the carbon footprint associated with our milk collection *(volume of milk collected, in total tons of CO_2 equiv. vs. 2010 in France)*	-191,000	-217,000	-252,000	-300,000

2. Control our water resources

Issue, risk and policy

Demographic growth and excessive use of water contribute to the increasing hydric stress experienced worldwide. Accordingly, in the interest of making a positive contribution to the preservation of increasingly scarce water resources, the Group implements responsible practices designed to minimize its own impact on water resources and thus reduce the risk of hydric stress.

Water plays an important role in our processes, notably to ensure a high level of hygiene and safety for our products, primarily through 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.

Face 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 of water from the natural environment, per ton of production, by 25% by 2025 (in comparison with 2015).

Actions implemented and results

- Two new waste water treatment plants were built at two major sites.
  - in Saint Brice en-Coglès (in the Ille-et-Vilaine French department), the new plant meets the dual goals of protecting the environment and developing the site's operations. The treatment capacity of the new facility was increased to 60,000 population equivalents (universal unit for comparing treatment capacities of water treatment plants). Organic treatment, which breaks down and eliminates organic pollution from run-off, uses bacteria and incorporates an energy-saving oxygenation system. The excess sludge produced by the breakdown of pollution is concentrated in order to limit the volume through the use of energy- and water-saving technology. Over the first six months, while the facility was operating partially, we determined that around 45% less power was used compared to the old system. The facility is scheduled to be fully up and running by April 2021.

- in Condé-sur-Vire (in the Manche French department), the total capacity of the new plant was doubled across the whole facility compared to the previous system. Once again, the goal is to improve the quality of run-off while reducing electricity consumption. Plans are also in the works to optimize the treatment of sludge produced. Once the projects are finalized and the facility is operational, the old plant will be destroyed and the space entirely replanted with plants endemic to the Normandy region.

- A working group focused on managing our water consumption will be created in 2021, with the aim of sharing best practices and defining areas for improvement. It will be made up of central in-house experts and operational staff, to ensure that we address the local problems encountered by our sites.
- To reduce their water consumption, many sites recover some of the water contained in milk to use for cleaning.
- Employee training and awareness-raising programs aimed at strengthening best practices in water usage were also continued.

Key performance indicators

% change *versus* 2015

	2018	2019	2020	2025 Target
Reduction of water consumption *(m^3/ton produced)*	2.8%	0.8%	2.3%	-25%

The decrease in this indicator is attributed to the change in consolidation scope in 2020, with the consolidation of new subsidiaries and the rise in cleaning operations due to the health crisis. The development of products from differentiated milk calls for more frequent cleaning and thus increases our water consumption.

3. Optimize waste management

Issue, risk and policy

Processing activities generate 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 the waste of natural resources and reduce waste treatment costs, the Group's policy is to reinforce the sorting and recovery of industrial waste by contributing to circular solutions in order to limit pollution risks.

Actions implemented and results

- An "anti-waste" working group, made up of subsidiary representatives and employees of corporate functions, was created to reduce the quantity of waste generated at the source and to optimize and identify new local recycling opportunities. Organic waste is being monitored more closely at the local level to find such opportunities.
- A virtuous organic waste recycling program has been implemented at the Rogue Creamery site where artisanal organic cheeses are made. The residue from the cheese manufacturing operation is separated and transformed into by-products, which are directly recycled into the dairy operations as bedding for cattle, or as a natural fertilizer for the pastures. The surplus is sold to local farmers to be used as soil conditioner, thus avoiding the use of chemical products.
- Elvir teamed up with its provider to recycle all biowaste previously earmarked for landfills. Most is used to produce energy *via* methanization. The rest of its organic waste is turned into compost and reused as a natural fertilizer on the farm.
- La Compagnie Fromagère de la Vallée de l'Ance installed a cardboard compactor in its packaging plant. Operators throw the boxes into the machine directly, thus optimizing the sorting process and reducing the dumpster rotation frequency while also raising employee awareness.
- A deposit system has been set up for cleaning product bottles and containers at some of our sites. Once empty, the containers go back to the supplier to be cleaned and re-used.

Key performance indicators

In 2020, 67.4% of our non-hazardous waste was collected for recycling *.

	2018	2019	2020
% of non-hazardous waste collected for recycling	71.6%	68.0%	67.4%

** Waste can be recycled in multiple ways: reuse of materials, organic recycling or energy recycling.*

The Group continued working with national operators to optimize on-site sorting and storage, in order to identify the best outlets for recovery and recycling, accordingly with our commitment.

4. Develop eco-design of our packaging

Issue, risk and policy

The Group clarified its packaging goals by undertaking to develop the eco-design for packaging and thus reduce waste overproduction risk.

The Charter for Responsible Design prepared in 2019 thus provides guidelines and focuses for the eco-design of packaging, including elements such as reduction measurements at the source and use of recycled materials to promote the transition to a circular packaging economy.

The Group has set a goal of 100% recyclable or biodegradable packaging for its branded products by 2025.

Actions implemented and results

- The Oxygen Steering Committee, dedicated to the eco-design of packaging and tasked with meeting the established target, met twice in 2020. Its goal is to maximize groupwide synergies and share cross-business ideas on the eco-design of packaging. Top priorities have been selected and purchasing/packaging developer pairs have been set up.
- The key performance indicator was clarified and has been included in our in-house new product approval procedures, while also being added to contractual clauses with certain suppliers.
- Eco-designed packaging projects, involving in particular the use of recyclable materials and reduction of the package weight, have been launched by all subsidiaries. 2020 achievements include:
  - Etorki: portion packaging re-designed, controversial materials eliminated and 70% less plastic used, *i.e.* -61 tons per year;
  - RichesMonts: variety tray redesigned with a 50% decrease in the package weight, *i.e.* -111 tons of wood and plastic per year, and optimization of upstream logistics keeping 39 trucks off the road over one year;
  - Perreault: variety tray packages redesigned: -24 tons of cardboard per year and 22% thinner private-label trays: -17 tons of plastic per year;
  - Corman: 11% thinner covers on butter products: -7.5 tons of aluminum per year.

Key performance indicators

Recyclable or biodegradable packaging made up 86.0% of all packaging in 2020.

	2018	2019	2020	2025 Target
% recyclable or biodegradable packaging	Data unavailable *	Data unavailable *	86.0%	Aim for 100%

* *Indicator created in 2020.*

Employee well-being

1. Ensure the safety of our employees

Issue, risk and policy

Groupe SAVENCIA brings together close-knit entities united by a strong business culture which guides its behavior and action. The well-being 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 in order to prevent the risk of adversely impacting the physical integrity and safety of employees.

Ten years ago, the Group initiated its focus on safety supported by the **"SAFETY is OUR business" program**. This program builds on our Health & Safety At Work Charter, co-signed by the Group's Chairman and Vice-Chairman, underscoring our objective of zero accident 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 staff on payroll and temporary employees. The health and safety of our temporary employees are monitored and subject to measures of prevention, as with staff on payroll. Workplace accidents for temporary employees resulting in time off are thus included in the Group's accident frequency rate, with those of staff on payroll.

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 Management and generally supported by an OH&S correspondent designated for each site.

The Group is committed to attaining zero workplace accident, whether affecting our staff on payroll or temporary employees.

Actions implemented and results

- In response to the health crisis, the Security program has been strengthened to protect all staff on payrol and temporary employees working for the Group. Continuity plans and health protocols were enacted to allow employees to keep working in safe conditions, by providing them with personal protection equipment, adjusting working hours and adapting workspaces.
- A new e-learning module, "Accueil SST SAVENCIA" was created and added to the new employee acclimation process. It will be implemented across France in 2021, then gradually rolled out to other countries. A SAVENCIA Security passport is issued once the training course is completed and the employee receives 100% correct answers on the quiz.
- Occupational health and safety training is performed at subsidiaries. In 2020, it amounted to 37.3% of the Group's total training.
- A series of operational rules geared towards preventing potentially serious accidents is being rolled out under the title "10 SAVENCIA Safety Essentials". Each Safety Essentials addresses a risk and covers four rules applicable to all employees in all circumstances. A deployment and coordination kit has been specially designed in all of the Group's operating languages to help set up the Safety Essentials in all countries of operation. The entire kit is now available on a digital platform open to all. The roll-out will continue in 2021.
- The "Autumn Safety Days" program, consisting of virtual workshops and events, was launched to help deploy 10 SAVENCIA Safety Essentials.
- Behavioral Safety Visits are also regularly conducted on-site or remotely. Fewer checks were carried out in 2020, due to the health measures in place, coming out at 15,413.
- The frequency of workplace accidents [(1)] for both staff on payroll and temporary employees amounted to 10.7 per million hours worked in 2020. 395 accidents resulting in time off were recorded during the year.

(1) Number of workplace accidents for staff on payroll and temporary employees resulting in time off x 1,000,000/number of hours worked by staff on payroll and temporary employees.

Key performance indicators

	2018	2019	2020
% of subsidiaries with no workplace accident resulting in time off (staff on payroll and temporary employees) during the year	40.7%	34.9%	42.9%

As a reminder, the Group has set a target of "zero" workplace accident.

2. Improve quality of life at work

Issue, risk and policy

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

The Group places great importance on quality of life at work and employee relations, as a source of personal fulfillment and lasting performance.

To that end, and in order to prevent the risk of deterioration in working conditions and impact on employee well-being, the Group strives to promote and maintain social dialog, internal communication and employee feedback. 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

- The next Great Place to Work survey will be conducted groupwide in 2022. Today, the priority is to complete the action plans prepared by each subsidiary.
- Telecommuting has been expanded across the Group for employees able to do their work remotely. In 2020, 21.8% of staff were able to telecommute.
- As of 2020, the personal protection insurance plan in France covers "serious illnesses", reinforcing the existing basic coverage by providing specific financial support for persons affected by serious illnesses as soon as they are diagnosed.
- In 2020, individual compensation and benefits report were distributed to 5,917 employees in France.
- Also in France, an agreement was signed with psychological support firm PSYA, setting up anonymous help sessions for any interested employees. A similar agreement was signed with Morneau Shepell covering 13 countries and 5,580 additional employees [(1)] worldwide.
- Operation "MERCI" was rolled out in 2020. Operation MERCI is a global plan to distribute a package of festive products during the holiday season to each staff on payroll and temporary employee having worked for SAVENCIA in 2020 to thank them for their dedication and efforts despite the health crisis. 13,000 packages were created and handed out in France. Groupwide, more than 25,000 packages were distributed.
- In 2020, average Group-wide seniority amounted to 13.4 years.

Key performance indicators

	2016-2018	2017-2019	2018-2020	2025 Target
% of subsidiaries having performed an internal employee survey in the last three years [(1)]	51%	98%	99%	100%

(1) Rates calculated over the last three years on a like-for-like basis (subsidiaries with at least 20 employees belonging to the Group from 01/01/2015 to 12/31/2018).

(1) Calculation based on headcount at December 31, 2019 (most recent consolidated headcount when program was deployed).

3. Develop employees skills

Issue, risk 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, building loyalty and maintaining the Group's competitiveness.

This strategy encourages the professional and social fulfillment 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, while preventing the risk of inadequate skills between the level of its employees and the Group's ambitions.

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 to advance in professional and behavioral terms, consistent with the Group's values.

To encourage employee 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 plans to continue developing employee competencies and has undertaken to double compared to 2015 the number of apprentices by 2025.

Actions implemented and results

- Development of the employer brand *via* Top Employer certification: in 2020, SAVENCIA received Top Employer Europe certification for the seventh year in a row in Germany, Belgium, Spain, France, Poland, Czech Republic and Slovakia. China received Top Employer certification for the second year running.
- Creation and deployment of the new Talent+ skills database for the purpose of spreading and teaching professional competencies specific to each business line as well as six leadership skills associated with Group values and culture.
- Implementation of an editorial policy and publication planning dedicated to the employer brand, followed by the launch of the #WeAreSavencia Ambassadors program, aimed at stepping up communication on social media *via* 200 ambassadors selected from all over the Group. A toolbox, including a good conduct guide and a content management platform, was also created.
- Roll-out of the Group's "500 Apprentices" campaign with the goal of recruiting 500 apprentices by September 2020.
- Implementation of the "SAVENCIA Management Trainee" program in Asia to recruit, develop and retain young talent. The program includes field training, daily coaching, and group training and work sessions.
- Many of the in-person training courses could not be held due to the health crisis. As a result, digital learning was stepped up and new training courses were posted to the e-learning platform, Learning@Savencia:
  - harassment training, with a completion rate of 90.3%;
  - "Accueil SST SAVENCIA" acclimation training and creation of an SST passport;
  - "CPF" (Compte Personnel de Formation) training account launched in June 2020;
  - nutrition training expanded groupwide.
- Next-gen hybrid-format training courses were developed with, for example, the Talent+ program combining e-learning and virtual classroom presentations.

Key performance indicators

	2018	2019	2020
% of employees trained during the year	69.5%	73.8%	63.2%

As a reminder, the Group's objective is to continue developing employee skills.

In 2020, the Group had to adjust to the health crisis and many in-person training courses had to be canceled, which is why this KPI declined.

	2018	2019	2020	2025 Target
Number of ongoing apprenticeship contracts	295	321	439	458

4. Commit to diversity and inclusion

Issue, risk and policy

Faithful to its values and in compliance with regulatory requirements, SAVENCIA promotes equal opportunity for all to avoid any discrimination risk. The Group's Ethical Charter recalls that "respect for people" and "equal opportunity" are cornerstones of our corporate culture. With that in mind, agreements are signed and initiatives taken to facilitate the integration of young people, the employment and continued employment of disabled persons and gender equality.

The Group strives to promote gender equality in terms of qualification, training, compensation 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/adapting sector.

Actions implemented and results

- On average, 61% of the women employed within the Group (all socio-professional categories combined) had the benefit of at least one training session in 2020.
- Communication of the Group's 2020 gender equality index in France: 86/100 [(1)] and identification of areas for improvement. For CF&R, the gender equality index stood at 83/100 in 2020.
- 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.
- Handicap Week was organized again this year by the subsidiaries, stressing the importance of being an "activator of progress". Virtual events helped raise awareness and inform employees about this issue.
- The Group is working to integrate handicapped persons by implementing recruitment processes, support and training, personalized acclimation, and adaptation of sites, jobs and working hours. Some subsidiaries have signed agreements committing to support employees in obtaining recognition of their disabled worker status.
- In 2020, Messageries Laitières was a partner of the crossing of the Mediterranean by Thierry Corbalan, aka the "Corsican Dolphin", a double-amputee propelled by monofin (180km from Calvi in Corsica to Mandelieu beach in six days).
- In France, appropriate measures and initiatives to counter age discrimination have been taken, involving tutoring, lifelong training, improvement of working conditions and prevention of arduous working conditions in particular for persons nearing retirement.
- The percentage of disabled employees was 3.1% in 2020.

Key performance indicators

	2018	2019	2020	2025 Target
% of women managers	40.8%	42.0%	42.4%	50.0%

(1) Weighted average based on companies with more than 50 employees able to calculate the index excluding CF&R.

5. Encourage solidarity commitment

Issue, risk and policy

Conscious of its economic and social impact in the territories in which it is implanted, and as a responsible and solidarity company, Groupe SAVENCIA encourages subsidiaries and their employees to support local initiatives. The Group's subsidiaries, often set in rural areas, play an active role in the employment and economic and social development of their territories, thus limiting the risk of a lack of regional roots.

Numerous initiatives 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, sponsorships, employee presentations at schools.

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

Actions implemented and results

- In solidarity with the Food Banks, SAVENCIA took part in the national food drive held at stores all across France in 2020. Thanks to the support of its subsidiaries, 39.5 tons of products were donated to the Food Banks (dairy products by Elvir, cheese by Berthaut and Fro').
- In 2020, the Group renewed its corporate sponsorship agreement with Planète Urgence, which allows volunteer employees to perform a two-week humanitarian assignment in the framework of a solidarity leave for the purpose of placing their competencies at the disposal of a local NGO in Africa, Asia or South America. This year, however, employees were unable to travel due to the health crisis. In the circumstances, a newsletter was published on the last solidarity mission, which took place in 2019, to share this humanitarian experience with all Group employees.
- Since 2011, the "Arrondi sur salaire" program enables volunteer employees to donate the cents portion of their net monthly pay. Groupe SAVENCIA matches the amount of their donation. The sums collected are distributed to four partner associations.
- 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.). For example, this year the fund helped Antenna France distribute survival food kits to underprivileged and malnourished families in three isolated communities of Madagascar.
- Locally, subsidiaries work together with cultural or solidarity-oriented associations such as Restos du Cœur or Food Banks. They give money or donate products from their subsidiary or collected by employees. One-time operations are conducted to help victims of natural disasters.
- Our SAVENCIA Fromage & Dairy subsidiary in Argentina launched a milk donation campaign to support the Santa Fe Food Bank in 2020. The subsidiary agreed to donate an equivalent amount for every liter of milk donated by employees. By the end of the two-month campaign, 14,000 liters of milk were donated.
- In Brazil, Polenghi funded the purchase of respirators for hospitals in the cities where its plants are established.
- Thanks to the solidarity of our subsidiaries, nearly 200,000 PPE units were distributed to medical and healthcare workers.
- In 2020, 17.6% of subsidiaries supported solidarity initiatives undertaken by employees.
- 35.2% of subsidiaries served as partners or organizers of solidarity initiatives or events.
- In 2020, 60.4% of our subsidiaries made donations to associations.

Key performance indicators

	2018	2019	2020	2025 Target
% of subsidiaries performing at least one action of solidarity in line with our mission of "Leading the way to better food".	Data unavailable *	15.1%	13.2%	100%

* *This KPI was created in 2019.*

Society at large

The issues, risks, policies and results associated with the societal issues of respect for human rights and combating corruption and tax evasion are presented below. Given their regulatory nature, specific objectives and key performance indicators have been defined, however these are not directly integrated into our Oxygen approach.

1. Respect for human rights

Issue, risk 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 dialog *via* employee representation.
- compliance with local laws and cultures with regard to age:
  - no child labor;
  - no age discrimination.

Having joined the UN Global Compact in 2003, 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, working conditions and the environment.

The Group's Responsible Purchasing Charter also addresses issues associated with the promotion and observation of human rights and labor rights. By calling on its suppliers to follow this Charter, the Group undertakes to promote its commitments in terms of human rights and thus avoid the risk of breaching basic human rights.

Actions implemented and results

- The Group Ethics and Culture Committee, created to set out policies and implement whistleblowing procedures, met twice in 2020. Its members are the Group's Chairman, Corporate Secretary, Compliance Director, Human Resources Director, Legal Director and CFO. During its bi-annual meetings, issues relating to compliance and culture are addressed, along with any alerts raised, where applicable. Special-purpose meetings may also be convened to cover any special matters that arise.
- Due diligence obligations are assigned to a dedicated Compliance Division function. The Group has thus confirmed its determination to promote human rights and fundamental freedoms to all parties in the value chain.
- Materials covering the implementation of due diligence obligations are made available to Group employees with an e-mail address, *via* the internal digital platform. All procedures, key documents and training materials are placed on the platform.
- Additional information is provided in the "Due Diligence" chapter.

Key performance indicators

The results of the deployment of the Charter for Responsible Purchasing are available under "Promote responsible purchaising".

More than 700 Responsible Purchasing Charters had been signed at end-December 2020, covering 63.2% of Group expenses managed by the Purchasing function and carried out with major suppliers.

2. Combating corruption

Issue, risk and policy

Fighting all forms of fraud and corruption is not only a regulatory requirement but a priority of the Group's corporate culture in a bid to prevent the risk of unethical practices.

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 system help prevent and detect all forms of corruption. The most vulnerable countries are subject to special 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 these values, *via* open and competitive bidding.

The Group's subsidiaries undertake to:

- comply with international anti-terrorism and anti-money laundering requirements;
- fight fraud and corruption;
- comply with the principles of fair 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 all new at-risk employees (as defined by Sapin II) are trained in ethics and fraud.

Actions implemented and results

- The Group continued rolling out anti-corruption training courses in 2020, offered in-person and remotely. A mandatory training course on ethics and corruption was also implemented in 2020.
- A whistleblowing procedure and an anti-corruption Code of Conduct translated into 19 languages have been deployed at all our subsidiaries.
- A Purchaising Code of Conduct sets out the rules for purchasers in their dealings with suppliers in the four major areas of ethics and integrity, communication and collaboration, performance and progress, and sustainable and responsible sourcing.
- The internal compliance whistleblowing system is operational with a special telephone number and e-mail address. To guarantee the confidentiality and security of information shared, only three members of the Compliance Division, including the Compliance Director, are authorized to receive calls and view e-mails from these systems. Alerts are then handled, if necessary, by the crisis unit for a prompt, measured response. In 2020, the informative poster for the Group internal whistleblowing system, reviewing the proper procedure to follow, was translated into 19 languages and posted at all our sites.
- The Data Protection Officer is in charge of implementing the General Data Protection Regulation (GDPR) and oversees its application throughout the Group. Digital training courses were rolled out to the Chief Executive Officers and GDPR officers at the subsidiaries. In 2020, 89.5% of affected employees took the GDPR training course.
- All the Group's compliance documents are available freely on an internal digital platform.

Key performance indicators

	2018	2019	2020	2025 Target
% of at-risk employees (as defined by so-called "Sapin II" law) having received training in ethics and fraud	93.4%	92.5%	84.9%	100%

3. Combating tax evasion

Issue, risk and policy

The Group, given the diversity of its geographic locations, could be affected by risks related to tax evasion; however, its exposure is limited given the very nature of its activity.

Tax evasion consists in artificially subtracting sums or assets from the company's tax liability by locating them in countries subject to little or no tax (such as the non-cooperative states and territories listed by the Council of the European Union, or countries charging little tax and not party to the OECD Convention on Mutual Administrative Assistance in Tax Matters).

In accordance with its values of honesty and fairness, Groupe SAVENCIA, a family group, develops responsible, measured and controlled tax and financial policies.

The Group ensures that its subsidiaries comply with local laws and maintains long-term, transparent relations with all partners.

Through its internal process, Groupe SAVENCIA ensures that it does not invest in any “non-cooperative states” *. All tax, legal and cash management departments are responsible for complying with any and all applicable regulations.

Actions implemented and results

- The Tax Department of the Finance Division also monitors and updates the list of non-cooperative states prepared by the Council of the European Union to ensure that the Group meets its obligations in this area.
- The Group’s internal audit teams ensure that the procedures defined by the Group are properly applied when they perform reviews at subsidiaries.
- The Group does not have a taxable base, nor assets in countries charging little tax and not party to the OECD Convention on Mutual Administrative Assistance in Tax Matters.
- The Group’s effective tax rate is higher than the weighted average of local tax rates incurred. In 2020, it stood at 39.3%.

Key performance indicators

	2018	2019	2020
Number of non-cooperative states and territories * in which the Group operates	0	0	0

As has been the case for many years, the Group is not established in any non-cooperative states or territories *.

2

Overview and outlook

Despite the multiple impacts of the global health crisis in 2020, the Group reaffirmed its commitment to CSR and continued rolling out its Oxygen plan with all subsidiaries.

SAVENCIA Fromage & Dairy ranks in the Top 10 corporations generating more than €500 million in revenue selected in the 2020 Gaia Index (non-financial rating index). With this listing, the Group has been recognized for its social, environmental and business ethics performance. It was also subject to an EcoVadis evaluation and received a Silver Medal for its CSR performance in 2020.

In 2021, the subsidiaries of Groupe SAVENCIA will continue rolling out plans aimed at improving security and quality of life at work for employees; Our #PositiveFood initiatives to promote natural, healthy, sustainable diets, will also be extended.

In accordance with the SAVENCIA Responsible Design Charter, our products are subject to ongoing improvements in terms of Clean Labels, nutrition, recyclable packaging and reduced use of plastic in packaging.

In line with its commitment to reduce its environmental footprint, the Group launched an investment program targeting the decarbonation of its manufacturing sites, which will be implemented in 2021, alongside a carbon neutrality approach.

In a world completely uprooted by the impact of the Covid-19 pandemic, the SAVENCIA teams have proved remarkably adaptable and capable of keeping our businesses up and running and maintaining our initiatives for progress for a sustainable, ethical and solidarity-oriented world.

* *List published in the Official Journal of the European Union (2020/C 331/03).*

Organization of reporting

Organization of reporting

Collection of Corporate Social Responsibility (CSR) indicators is monitored by the Group's business divisions for their respective areas. They are supported by their network of local experts who contribute the raw data.

The Group's CSR Department is the preferred contact for the Group's external auditors.

Scope

To ensure consistency with the financial scope, Compagnie des Fromages & RichesMonts was consolidated for 8/12th of the data in the "Employee well-being" and "Environmental footprint" categories.

Concerning Employee Well-being, performance data cover 100% of staff on payroll at year-end. 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 2020 include 100% of the Group's production sites;
- the data reported on the "Environmental footprint" cover 100% of production sites. In 2020, all of the Group's operational sites were consolidated in the report.

Reporting procedures and guides

Two guides to environmental and social reporting define the Group's environmental and social performance indicators. A methodology memorandum presents the selection process for the issues addressed 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 Commercial Code.

Reporting tools

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

An annual questionnaire, providing for collection of all required data, is distributed to and completed by all Group subsidiaries (including production, logistics and commercial sites) in the CSR scope.

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 checking for consistency and coherence.

To that end, consistency checks are performed and significant variances are identified and explained, in conjunction with the data 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 on the consolidated non-financial information statement included in the Group management report

For the year ended on the 31st of December 2020

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the SAVENCIA Fromage & Dairy annual general meeting,

In our capacity as Statutory Auditor of SAVENCIA Fromage & Dairy (hereinafter the "entity"), and following the request made to us, we hereby report to you on the non-financial information statement for the year ended on the 31st of December 2020 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for voluntarily preparing the Statement, including a presentation of the business model, a description of the principal nonfinancial 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 available on request from the entity's head office.

Independence and quality control

Our independence is defined by the provisions 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 the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor

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 provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225105 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 provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- The compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et *seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – *Assurance engagements* other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entity's activities, the description of the social and environmental risks associated with their activities and the impact of these activities on compliance with human rights and anticorruption and tax evasion legislation, as well as the resulting policies and their outcomes;

- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 2251021 III, as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anticorruption and tax evasion legislation;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entity's activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, 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 entities, namely CF&R's plants of Vire, Pacé and Vigneulles, Milkaut's plant of Franck, BG's plant of Le Tholy, Turek's plant of Turek, Sofivo's plant of Champdeniers, Thiérache's plant of Le Nouvion, and covers between 19% and 20% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, 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 ressources

Our work was carried out by a team of 5 people between November and mid-March and took a total of 5 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some forty interviews with the people responsible for preparing the Statement, representing the CSR reporting, human resources, health and safety, training, nutrition, compliance and purchasing departments.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, the 30th of March 2021

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Amélie Wattel	**Pascal Baranger**
Partner	Sustainable Development Director

APPENDIX: LIST OF THE INFORMATION WE CONSIDERED MOST IMPORTANT

Key performance indicators and other quantitative results:

- New branded products that have incorporated a Clean Label approach;
- Reduction of salt on Papillon Roquefort cheese;
- Branded products sold in supermarkets with nutritional labelling per portion;
- Employees who have taken the Nutrition training course;
- Milk producers adhering to the Charter for Best Farming Practices;
- Milk producers who have completed the sustainable milk production diagnosis;
- Training days given to milk suppliers in France;
- Young farmers who have benefited from the support program;
- Group's expenditure managed by the Purchasing organization and carried out with major suppliers under the Charter for Responsible Purchasing;
- Major suppliers assessed by EcoVadis (share of expenditure and number) and average score of evaluations;
- Water and energy consumption;
- Scopes 1 & 2 GHG emissions;
- Average consumption and CO_2 emissions of the company's own fleet;
- Decrease in electricity consumption of the new WWTP in Saint Brice en-Coglès;
- Non-hazardous waste collected for recycling;
- Rate of recyclable or biodegradable packaging;
- Tonnages saved on Petits Coraya and RichesMonts packaging;
- Subsidiaries with no workplace accident resulting in time off;
- Workplace accidents resulting in time off;
- Subsidiaries having performed an internal opinion survey during the last three years;
- Scope of coverage of the agreement with Morneau Shepell;
- Employees trained during the year;
- Employees who have taken harassment training;
- Women managers;
- Employees recognized as disabled;
- Subsidiaries performing at least one act of solidarity in line with our mission of "Leading the way to better food";
- Subsidiaries partnering/ organizing solidary actions or events;
- Group's employees at risk (as defined by the "Sapin II" law), trained in the concepts of ethics and fraud;
- Employees who have taken the GDPR training;
- Non-cooperative countries and territories in which the Group operates.

Qualitative information (actions and results):

- Meetings with the “nutrition relay” network;
- New indicators in the reporting tool;
- Launch of a new rillette recipe “La Végétale”;
- Participation in Carrefour’s Food Transition Pact;
- Signature of the pact on consumption dates;
- Launch of the Institute for a positive Food;
- Added translations to the nutrition training module;
- Continuing a transparent milk purchase price policy within the framework of the EGalim law;
- Progressive extension of the Charter for Best Farming Practices to all milk collection worldwide;
- EcoVadis evaluation campaigns conducted in 2020;
- Deployment of the Charter for Responsible Purchasing;
- Member of the Entrepreneurs for the Climate Club launched by the Orygeen Institute;
- Trials of trucks powered with biogas for milk collection;
- Wastewater treatment plant in Condé-sur-Vire;
- Implementation of a recovery process for cans and containers;
- Implementation of a new indicator on packaging;
- Meetings of the Oxygen Steering Committee dedicated to packaging eco-design;
- Deployment of a set of operational rules “the 10 SAVENCIA Safety Essentials”;
- New e-learning training module “SAVENCIA OH&S Welcome”;
- Implementation of an anonymous listening unit;
- Deployment of the Group’s “500 apprentices” campaign;
- All Top Employers certifications;
- The “progress activator” concept highlighted during handicap week;
- Messageries Laitières, partner of Thierry Corbalan’s crossing;
- Milk donation campaign conducted by the SAVENCIA Cheese & Dairy Argentina subsidiary;
- Renewal of the sponsorship agreement with Planète Urgence;
- Function dedicated to the Duty of Vigilance;
- Provision of information on due diligence and compliance on an internal digital platform;
- Implementation of mandatory training on ethics and corruption;
- Monitoring and updating by the Finance Department of the list of non-cooperative countries.

GRI - Grenelle II – Non Financial Performance Statement

GRI G4	Grenelle II - Decree of 24/04/2012 Data available on *savencia-fromagedairy.com*		Non-Financial Performance statement	Pages
I. SOCIAL INFORMATION				
	I.A)	**EMPLOYMENT**	Grenelle II data available on *savencia-fromagedairy.com*	
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 geographic area		
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	absenteeism		
	I.C)	**LABOR RELATIONS**		
LA4	I.c) 1	Organization of labor relations, information, negotiation and consultation procedures for employees	SOCIAL/Collective agreements and diversity	31
-	I.c) 2	Collective bargaining agreements		
	I.D)	**HEALTH AND SAFETY**		
LA5	I.d) 1	Conditions of health and safety at work	SOCIAL/Collective agreements and diversity	30 -31
LA8	I.d) 2	Agreements relating to health and safety at work signed with trade unions or employee's representative		
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	32 -33
LA9 HR2	I.e) 2	Hours of training		
	I.F)	**EQUALITY OF TREATMENT**		
LA3 LA12 LA13	I.f) 1	Equality of women and men	SOCIAL/Collective agreements and diversity actions/ Handicap	33
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 LABOUR ORGANIZATION (ILO) REQUIREMENTS**		
HR3 HR4 HR5 HR6	I.g) 1	Respect for freedom of association and the right to collective bargaining	SOCIAL/Collective agreements and diversity	31 -35
	I.g) 2	Elimination of employment discrimination		
	I.g) 3	Elimination of forced or obligatory work		
	I.g) 4	The effective abolition of child labour		

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

GRI G4	Grenelle II - Decree of 24/04/2012 Data available on *savencia-fromagedairy.com*		Non-Financial Performance statement	Pages
II. THE ENVIRONMENT				
	II.A)	**GENERAL ENVIRONMENTAL POLICY**		
G4-1	II.a) 1.1	Corportae organization in response to environmental issues	ENVIRONMENT	25
G4-EN32	II.a) 1.2	Environmental assessment or 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**		
IN 10 EN20 EN21 IN 22 EN24 IN 26	II.b) 1	Prevenion, limitation or remediation of discharges to air, water and soil affecting the environment	Grenelle II data available on *savencia-fromagedairy.com*	
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	ENVIRONMENT/ Circular economy and food waste	20 -28 -29
	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	ENVIRONMENT	25 -26 -27 -28
EN1 EN2	II.c) 2.2	Raw material consumption and improvement of efficiency/use of renewable energies		
EN3 EN4 EN6 EN7 *	II.c) 2.3	Energy consumption, measures taken to improve energy efficiency and the use of renewable energy		
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	ENVIRONMENT/ Climate change impacts	25 -26
-	II.d) 2	Adapting to the consequences of climate change		
	II.E)	**PROTECTING BIODIVERSITY**		
EN11 EN12 EN13 EN14 EN26	II.e) 1	Preserve or develop biodiversity		23
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	21 -22 -23 -34
EC6 EC7 EC8 EC9 HR8 SO1 SO2	III.a) 2	Local residents		

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

GRI G4	Grenelle II - Decree of 24/04/2012 Data available on *savencia-fromagedairy.com*		Non-Financial Performance statement	Pages
	III.B)	**RELATIONSHIPS WITH STAKEHOLDERS**		
G4 26 G4-37	III.b) 1	Dialogue	SOCIETAL	34
EC 7	III.b) 2	Partnership or Corporate patronage		
	III.C)	**SUBCONTRACTING AND SUPPLIERS**		
LA14 LA15 EN33 HR5 HR9 HR11 HR6	III.c) 1	Purchasing policy	SOCIETAL/Fighting corruption	24
LA14 LA15 G4-12 EN32 EN33 HR5 HR6 HR9 HR10 HR11 S09 S010	III.c) 2	importance of subcontracting and integration of Social and Environmental Responsibility		
	III.D)	**LOYALTY PRACTICES**		
G4-56 - G4-58 SO3 SO4 SO5	III.d) 1	Anti-corruption	SOCIETAL/Fighting corruption	35 -36
EN27 PR1 PR2 PR3 PR4 PR6 PR7 PR8 PR9	III.d) 2	Consumer health and safety	SOCIÉTAL/Healthy and sustainable food/Food waste	18 -19 -20
			SOCIETAL/Fighting tax evasion	36 -37
HR1 HR2 HR7 HR8 HR9 HR10 HR11 HR 12	**III.E)**	**OTHER ACTIONS IN FAVOR OF HUMAN RIGHTS**		35

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

3

CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2020

1. Consolidated financial statements at December 31, 2020

1.1. Consolidated income statement

In thousands of euros	Notes	12 months 2020	12 months 2019
NET SALES	2	5,160,377	5,007,294
Purchases adjusted for changes in inventories	3	-3,245,995	-3,238,024
Personnel costs	4	-1,013,213	-918,127
Depreciation and amortization	5	-184,150	-166,438
Other current operating income and expenses	6	-505,592	-492,579
CURRENT OPERATING PROFIT	2	211,427	192,126
Other operating income and expense	7	-55,017	-54,675
OPERATING PROFIT		156,410	137,451
Financial expenses	8	-33,629	-31,778
Financial income	8	15,593	10,466
Gain or loss on net monetary position	9	3,634	2,458
Group share of result of associates	10	127	2,032
PROFIT BEFORE TAX		142,135	120,629
Tax on income	11	-55,859	-45,617
Net income from continuing operations		**86,276**	**75,012**
NET INCOME		86,276	75,012
Net income attributable to equity holders of the parent company		78,812	73,602
Non-controlling interests	25	7,464	1,410
EARNINGS PER SHARE *(in euros)*			
Group share			
• basic	12	5.72	5.33
• diluted	12	5.68	5.27
From continuing operations			
• basic		5.72	5.33
• diluted		5.68	5.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Notes	12 months 2020	12 months 2019
NET INCOME		**86,276**	**75,012**
Other comprehensive income:			
Foreign exchange differences (1)		-105,985	11,837
Change in fair value of financial assets		133	-
Change in fair value of cash flow hedges (2)		4,109	-1,456
Currency basis spread (3)	23	352	432
Hyperinflation (4)		7,832	11,983
Other changes		-23	87
Share of associates and joint ventures in recyclable components		-100	306
Total recyclable components of other comprehensive income		**-93,682**	**23,189**
Actuarial gains and losses relating to employment benefit plans		-5,177	-10,766
Share of associates and joint ventures in non-recyclable components		-5	-296
Total non-recyclable components of other comprehensive income		**-5,182**	**-11,062**
Total other comprehensive income net of tax	**23**	**-98,864**	**12,127**
TOTAL COMPREHENSIVE INCOME NET OF TAX		**-12,588**	**87,139**
Group share		-19,432	86,321
Non-controlling interests	25	6,844	818

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

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

1.2. Consolidated balance sheet

ASSETS

In thousands of euros	Notes	At December 31, 2020	At December 31, 2019
Intangible assets	13	575,176	560,100
Property, plant and equipment	14	1,189,995	1,084,050
Rights of use assets for lease contracts	15	65,908	63,598
Other non-current financial assets	16	25,698	30,136
Investments in associates	10	25,342	134,761
Non-current derivative financial instruments	20	23,154	22,479
Deferred tax assets	17	44,588	49,916
TOTAL NON-CURRENT ASSETS		**1,949,861**	**1,945,040**
Inventories and work in progress	18	612,656	565,746
Trade and other receivables	19	965,199	886,052
Tax receivables		47,674	44,521
Current derivative financial instruments	20	6,404	4,819
Other current financial assets	21	17,096	11,449
Cash and cash equivalents	22	583,543	465,896
Assets for operations discontinued or in process of sale		-	1,550
TOTAL CURRENT ASSETS		**2,232,572**	**1,980,033**
ASSETS		**4,182,433**	**3,925,073**

EQUITY AND LIABILITIES

In thousands of euros	Notes	At December 31, 2020	At December 31, 2019
Paid-in capital	**24**	**77,051**	**80,563**
Reserves	24	-199,505	-93,449
Retained earnings		1,462,110	1,376,305
GROUP SHARE OF EQUITY		**1,339,656**	**1,363,419**
Non-controlling interests	25	211,897	100,918
TOTAL EQUITY		**1,551,553**	**1,464,337**
Provisions	26	156,880	138,587
Non-current financial borrowings	27	301,776	323,292
Non-current lease liabilities	15	44,345	42,985
Other non-current liabilities	28	29,108	15,865
Non-current derivative financial instruments	30	25,667	20,230
Deferred tax liabilities	17	64,734	55,846
TOTAL NON-CURRENT LIABILITIES		**622,510**	**596,805**
Trade and other payables	29	1,196,619	1,053,649
Tax payable		22,543	11,096
Current derivative financial instruments	30	3,343	3,997
Bank borrowings	27	763,638	773,960
Current lease liabilities	15	22,227	21,229
TOTAL CURRENT LIABILITIES		**2,008,370**	**1,863,931**
LIABILITIES		**2,630,880**	**2,460,736**
EQUITY AND LIABILITIES		**4,182,433**	**3,925,073**

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

1.3. Consolidated cash flow statement

		12 months	
In thousands of euros	Notes	2020	2019
Net income from continuing operations		**86,276**	**75,012**
Income tax expense	11	55,859	45,617
Amortization and provisions	5	184,150	166,438
Gains and losses on disposal of assets		4,866	1,014
Group share of results of associates	10	-127	-2,032
Net financial expense		11,585	13,715
Other non-cash expenses and income (1)		35,073	21,187
Gross operating margin		**377,682**	**320,951**
Interest paid (2)		-21,358	-22,095
Interest received		10,220	8,526
Income tax paid		-42,026	-50,545
Change in working capital	31	60,691	-6,908
NET CASH FLOW FROM OPERATING ACTIVITIES		**385,209**	**249,929**
Acquisition of subsidiaries, operating units and non-controlling interests (3)	1	5,850	-34,123
Disposals of activities net of transferred cash		124	-
Purchase of tangible and intangible non-current assets	2	-199,303	-218,942
Proceeds from disposal of assets		4,534	5,225
Acquisition/disposal of financial assets and changes in other current financial assets		-12,120	-3,050
Dividends received (including dividends received from associates)		216	11
NET CASH USED IN INVESTING ACTIVITIES		**-200,699**	**-250,879**
Net cash flow from financing activities		-3,512	-8,727
Capital increase received from minority shareholders		-828	-
Purchase and sales of treasury shares	27	79,935	108,332
Proceed of borrowings	27	-23,147	-46,832
Repayment of borrowings	15	-26,229	-25,782
Dividends paid		-1,290	-16,225
NET CASH FLOWS FROM FINANCING ACTIVITIES		**24,929**	**10,766**
Impact of foreign exchange differences		-14,831	1,420
Net change in cash and cash equivalents		**194,608**	**11,236**
OPENING CASH BALANCE	**22**	**329,997**	**318,762**
CLOSING CASH BALANCE	**22**	**524,605**	**329,997**

(1) *Including the impact of provisions for contingencies and charges (34.1 million euros in 2020, 23.7 million euros of which on the Russia CGU, compared with 12.2 million euros in 2019) and the impact of the restatement for Argentina's hyperinflation (+0.3 million euros in 2020 against 4.5 million euros in 2019).*
(2) *Including 2.2 million euros in 2020 of interest paid in respect of lease obligations, against 3.1 million euros in 2019.*
(3) *Exclusively the opening cash balance of CF&R.*

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

1.4. Consolidated statement of changes in equity

In thousands of euros	Paid-in capital (note 24)	Other reserves (note 24)	Retained earnings	Total Group share of equity	Non-controlling interests (note 25)	Total consolidated equity
	Equity attributable to the company's shareholders					
EQUITY AT JANUARY 1, 2019	**89,288**	**-94,115**	**1,296,678**	**1,291,851**	**104,468**	**1,396,319**
Dividends distributed			-13,783	-13,783	-2,442	-16,225
Total comprehensive income at December 31, 2019		**666**	**85,655**	**86,321**	**818**	**87,139**
Stock purchase option plans:						
• Sale of treasury shares	-			-	-	-
Treasury shares repurchased	-8,725			-8,725	-2	-8,727
Change in share capital	-	-	-	-	-	-
Changes in reporting scope:						
• Repurchase of non-controlling interests			-	-	-	-
• Put options granted to non-controlling interests			8,025	8,025	-1,148	6,877
• Increase further to acquisitions			-	-	-	-
• Change in percentage of equity			-270	-270	-776	-1,046
Other	-	-	-	-	-	-
EQUITY AT DECEMBER 31, 2019	**80,563**	**-93,449**	**1,376,305**	**1,363,419**	**100,918**	**1,464,337**
Dividends distributed			-	-	-1,290	-1,290
Total comprehensive income at December 31, 2020		**-106,056**	**86,624**	**-19,432**	**6,844**	**-12,588**
Stock purchase option plans:						
• Sale of treasury shares						
Treasury shares repurchased	-3,512			-3,512	-	-3,512
Change in share capital	-	-	-	-	-	-
Changes in reporting scope:						
• Repurchase of non-controlling interests			-	-	-	-
• Put options granted to non-controlling interests			-824	-824	-201	-1,025
• Increase further to acquisitions			-	-	105,631	105,631
• Change in percentage of equity			5	5	-5	-
Other	-	-	-	-	-	-
EQUITY AT DECEMBER 31, 2020	**77,051**	**-199,505**	**1,462,110**	**1,339,656**	**211,897**	**1,551,553**

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

1.5. Notes to the consolidated financial statements

SAVENCIA S.A. 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 S.A. 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 signed off by the Board of Directors on March 04, 2021. 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 22, 2021.

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, 2020 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 (IFRS) published by the International Accounting Standards Board (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 compliance with IFRS guidelines 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, granted stock purchase option plans have been recognized and accounted for as part of personnel costs.

The Group necessarily applies the applicable texts January 1, 2020, in particular the amendments to the conceptual framework in IFRS, the amendments to IAS 1 and IAS 8 regarding the definition of the term "significant", the amendment to IFRS 3 on the definition of a business, the amendment to IFRS 16 concerning rent concessions related to Covid-19, as well as amendments to IFRS 9, IAS 39 and IFRS 7 in connection with interest rate benchmark reform. These amendments have no impact on the accounts as of December 31, 2020. In particular, as regards the reform of IBOR rates at Group level, existing contracts in foreign currencies are fixed-rate and not index-linked to an IBOR rate. Contracts in euros are fixed-rate or index-linked to Euribor and are not affected by the reform. There have been no changes to contracts to date relating to this reform.

The Group has not applied other non-mandatory standards and interpretations in 2020 that may be applied in anticipation in the period, in particular the annual 2018-2020 amendments concerning IFRS 9 and IFRS 16 and the modifications of IAS 37- Cost of fulfilling a contract.

1.5.2. Consolidation methods

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 by the Group in exchange for the acquired control, excluding any element remunerating transactions distinct from the acquisition of control. The consideration transferred (acquisition price) includes:

- assets transferred;
- 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:

- their share of the acquiree's identifiable net assets measured at fair value at the acquisition date, *i.e.* not including goodwill in respect of non-controlling interests (the partial goodwill method);
- or their fair value at the acquisition date, consequently including recognition of goodwill both for the group share and for non-controlling interests (full goodwill method).

On these bases, the amount of goodwill recognized at the date of control is thus the difference between:

- the consideration transferred, plus where applicable the value of any non-controlling interests, and for step-by-step acquisitions, the fair value at the acquisition date of any non-controlling interests previously held;
- the net identifiable assets and liabilities acquired, usually measured at fair value on the date of acquisition.

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.

1.5.2.2. 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.

1.5.2.3. 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 equity method. 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.

1.5.2.4. Elimination of intercompany 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.

1.5.2.5. 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. These assets or groups of assets are presented separately from other assets under "Assets of operations discontinued or in the process of being sold". The assets, measured at the lower of their carrying amount or estimated net sales proceed, are presented separately from other assets in the consolidated statement of financial position as are the associated liabilities.

A divested operation or one in the process of being divested is defined as a component of the company that is either sold or classified as assets discontinued on in the process of being sold, that:

- 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-maker, for the purposes of assessing the performance of each operating segment and allocating resources. The segments are specified in accordance with IFRS 8. Segment results represent the operating results for each segment after appropriate allocation of head office overhead and research and development costs.

The assets per activity include all non-current assets. Head office assets used by operating segments are reallocated to the segments concerned. Interests in equity-method companies are allocated to the segments to which the latter are attached.

1.5.2.8. Income statement

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

1.5.2.9. Measurement methods 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 that such transactions correspond to retail sales, they are performed on a short-term basis. They are measured at the fair value of the consideration received or receivable. 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. Purchases adjusted for changes in inventories

Purchases adjusted for changes in inventories include all raw and direct materials, other materials not held in inventory and sales of surpluses, exchanges of milk and sales of derived products.

French regulations require Savencia to purchase all the milk it collects in one milk collection area. Surpluses are thus intrinsic to manufacturing activity. Furthermore, milk is quickly perishable and difficult to transport. Accordingly, milk is exchanged between dairy manufacturers. For accounting purposes such exchanges are treated as inventory management or optimization costs.

Certain suppliers who are processors may need milk to supply their own production plant or to resell to their own customers. In this context, Savencia does not purchase the inventory, and all the responsibilities (meeting delivery deadlines, volumes, milk quality, etc.) are assumed by the supplier. Furthermore, Savencia does not set the resale price. These services are classified as Goods and direct materials.

With regard to sales of surpluses, Savencia is considered an agent, as the following conditions are met:

- delivery concerns full-cream milk that has not been processed by Savencia;
- Savencia is not responsible for delivery of the milk to the customer (meeting delivery deadlines, volumes, milk quality, etc.);
- Savencia does not bear the risk of possession of stocks of milk destined for the customer, whether prior to transfer of the milk to the plant, or in the event of returns;
- Savencia does not set the price of the milk invoiced to the customer.

The margin is insignificant at Group level and is not treated as revenue. This is because the sale of surpluses is governed by regulations, is not a stand-alone business and it does not aim to make a profit.

1.5.2.9.3. 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 balance sheet. Lease charges thus only include those concerning short-term leases or leases of low-value underlying items, as well as variable lease payments not index-linked to an index or rate.

IFRS 16, "Leases" introduces a unique balance sheet accounting model for lessees, Who must recognize a "right of use" asset, representing the right to use the underlying asset, and a lease liability in respect of their obligation 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 any cumulative loss, eventually adjusted to reflect certain revaluations of the lease liability.

The lease liability is initially measured at the present value of lease payments due and not yet made at the starting date of the contract. The lease payments debt is then increased by the interest expense and decreased 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;
- 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 borrowing which is this rate is 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 the publication on December 16, 2019 of the IFRS Interpretations Committee's final decision on the duration of leases including options for cancellation or renewal, the Group has identified the leases potentially concerned and estimated the potential impacts for the duration of leases; consequently, on December 31, 2020 it recognized an additional 2.9 million euros for the value of the Group's rights of use 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) or leases of assets of low value (not exceeding $5,000) are excluded from this accounting treatment and recognized as lease expenses. In the consolidated statement of cash flows, the repayment of principal is classified within financing cash flows. The related interest payments are classified within operating cash flows.

1.5.2.9.4. Current operating profit

Current operating profit is defined in accordance with CNC recommendation 2009-R.03. Operating profit components not included in Current operating profit are "Other operating expenses" and "Other operating income" resulting from unusual or abnormal events that only occur infrequently.

1.5.2.9.5. 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. Other operating income and expenses 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.

1.5.2.9.6. Financial income and expenses

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

Financial income includes both the interest receivables 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.

1.5.2.9.7. 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. On the basis of the substance over French research tax credit (CIR in French) is treated as an operating grant in accordance with 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. An 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.

Under IFRIC 23 "Uncertainty over Income Tax Treatments" applying since 2019, which includes provisions relating to the recognition of taxes on income in the event of uncertainty over tax treatments in accordance with IAS 12 "Income Taxes", the Group exercises 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 relevant tax authority, so the interpretation has had no effect on its financial statements.

1.5.2.9.8. 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 20 years
Tooling, furniture, computer equipment and miscellaneous items	3 to 15 years
Vehicles	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 also recognized as grants under IAS 20, on the basis that in substance they are grants in kind from the government under a scheme aimed at encouraging investments producing energy savings.

1.5.2.9.9. 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 surplus 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.

Purchase intangible assets are recognized at historical cost and are 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 rights of use (based on 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.

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. Software maintenance costs are recognized as expenses as and when they are 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 to make it 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. The entity must demonstrate the existence among other things 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.

1.5.2.9.10. Amortization of non-financial asset

Intangible assets with indefinite useful lives are not depreciated but are subject to annual impairment testing. Amortized intangibles are tested for impairment losses if events or special circumstances suggest that recovering their carrying amounts is doubtful. The recoverable value of an asset is its fair value less the costs of sale or its value in use, if the latter is higher. The said assets are recognized as other cash-generating units, which are the lowest level generating separate cash flows.

CGUs are impairment-tested by comparing the recoverable amount of these assets or cash-generating units with their carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. These calculations are performed using future cash flow projections based on generally three-year financial forecasts approved by Management, except in the particular case of CGUs that have made very significant investments, in which case the forecast horizon can be extended to 5 years. Beyond that, future cash flows are extrapolated on the basis of the last year of long-term growth. Expected net future cash flows are discounted at the weighted average cost of the capital, adjusted by the specific geographical risk inherent in the assets and by inflation. If the CGU's recoverable amount is its fair value net of the costs of sale, the assets are measured by an external appraiser.

Depreciation (charged as a priority to goodwill) is recognized as other operating expenses up to the asset's surplus carrying amount over its recoverable amount.

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.

1.5.2.9.11. 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.

1.5.2.9.12. 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. 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.

1.5.2.9.13. 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 hedged may be subject to impairment for the amount of the expected losses at maturity 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 expense.

1.5.2.9.14. 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 the financial markets authority (AMF) dated November 27, 2018 and giving effect, to the new European regulation (EU) 2017/1131 on money market funds. Cash and cash equivalents comprise cash, bank deposits and other fixed-rate investments 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. Unrealized gains or losses are recognized in profit or loss.

Negotiable securities held with a view to short-term gain are measured at their fair value. Changes in their fair value are 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.

1.5.2.9.15. 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. Hedge accounting may also be applied to derivatives hedging against a specific risk associated with a recognized asset or liability or a highly probable future transaction, or as a hedge on 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 immediately in profit or loss. The hedged item is adjusted in the balance sheet by factoring in the hedged risk, and changes in the fair value of the hedged risk are also immediately 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. The ineffective portion of such gains or losses is recognized immediately 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. Derivatives acquired in order to achieve targeted returns on investment portfolios are included in this category of derivatives. Changes in the fair value of such derivatives are recognized in profit or loss.

1.5.2.9.16. 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.

1.5.2.9.17. Short, medium and long-term borrowings

Interest-bearing debts are initially recognized at their fair value net of transaction costs incurred. They are subsequently measured using the amortized cost method. The difference between fair value on issue and the repaid amount is amortized over the duration of the debt or commitment on the basis of the effective interest rate. 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.

1.5.2.9.18. 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, as their amount is deemed significant at Group level (see IAS 1.58).

1.5.2.9.19. 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 (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, commitments are measured using the actuarial projected unit credit method. On the basis of actuarial assumptions, this method factors in mortality rates, staff turnover and projected salary increases, as well as assumptions specific to each plan and regulatory requirements.

Discount rates are determined by reference to market yields on the date of measurement, high quality corporate bonds (or government bonds if there is no representative market in corporate bonds) with the same maturity and currency as those of the obligations.

Expected returns are measured using the same discount rate.

Actuarial gains and losses arising from changes in actuarial assumptions or improved experience are recognized directly in other comprehensive income as they arise. They 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 amount to recognize (the commitment net of the value of hedged assets and deferred items) is a net liability, the amount is recognized under "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 medals. The cost of such benefits is estimated on an actuarial basis and recognized in profit or loss over the applicable service period. 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 against equity. The total expense recognized over the period of acquisition of rights equates with the fair value of the options granted as of the date of allocation. At each closing date, the entity reassesses the number of options liable to be exercised.

If necessary, it recognizes the impact of its revised estimates with 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.

1.5.2.9.20. 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 are a great many similar obligations, the probability that an outflow will be required to settle them is determined by considering this set of obligations as a whole. Even if the likelihood of outflow for each of these elements in question is low, an outflow of resources may be needed to settle this set of obligations as a whole. If such is the case, a provision is recognized.

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation, discounted 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. Its management of such risks aims to minimize their potentially unfavorable impact on the Group's financial performance. Derivative financial instruments are used to hedge certain exposures.

Risk management is carried out in accordance with policies approved by the Board of Directors. Financial risks are identified, measured and hedged in close cooperation with the Group's operating units. For each category of transactions, specific procedures specify the instruments that may be used, the maximum authorized amounts, the possible counterparts and the controls to be performed.

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 changes in future cash flows. 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 19)*, investments *(see note 16)* and derivative financial instrument with asset balances (see note 20).

The Group does not have material exposure to credit risk. It has implemented policies that enable it to ensure that customers purchasing its products present appropriate credit credentials. A bank counterparties policy is defined. It aims to spread its invested funds and derivatives in a targeted manner, with first-class banks and financial institutions. It aims to avoid being exposed to significant concentrations of financial risks.

The allowance for expected losses on trade receivables is measured using the aged trial balance, an assessment of the credit risk and credit insurance policies.

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. Fair value estimates

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 estimates and judgments

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 3.36% 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 to the Group's capital management policy in financial year 2020.

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

NOTE 1. SIGNIFICANT EVENTS IN THE PERIOD

Effects of the Covid-19 epidemic

Faced with this crisis, the SAVENCIA Fromage & Dairy Group's absolute priority has been to ensure the safety of its staff all over the world, as well as that of its partners, in order to service continuity for its customers in all the countries where the Group operates. All the countries in which we operate have been affected successively and in varying degrees.

The epidemic has adversely affected some activities with the shutdown of the Food Service and cheese sold loose; conversely it has accelerated retail sales. These combined impacts and the Group's strong resilience have resulted in 0.6% organic growth in revenue at the end of December 2020.

However, the sudden shutdown of the Food Service has generated cost overruns: increases in storage and logistics costs, a rise in inventory destructions and obsolescence due to canceled orders or downturns in business, a higher customer risk for non-COFACE covered countries and thus the attendant impairments. The overall cost of all these factors amounts to 15.7 million euros (3.6 million euros for additional transport costs, 8.4 million euros for inventory destruction and obsolescence and 3.7 million euros for higher customer risk). The Group has also shown solidarity by donating 2.7 million euros' worth of foodstuffs to food banks, humanitarian associations, healthcare staff and hospitals.

To ensure its smooth running, the Group has implemented a business continuity plan, which has entailed special costs relating to staff safety totaling 13.8 million euros, including 7.4 million euros of recognition awards and 6.4 million euros of other costs such as widespread home-working worldwide, the reorganization of production and logistics sites: safe access controls, mask wearing by everyone, social distancing, doubling teams up, instituting furloughs for teams directly affected (sales force, production of traditional cheeses and specialized Food Service activities), a nonetheless very limited measure in terms of location and duration.

To meet these costs, savings plans have been rolled out to significantly cut fees and unessential services, travel, seminars and training sessions, media costs and the advertising budget. These expenses are recognized as "Other operating income and expenses". Lastly, recruitment has been frozen.

All these costs and savings measures related to Covid-19 are classified as current operating profit in line with the recommendations of professional bodies.

With regard to cash management, the following measures have been taken:

- steering investment towards priority projects;
- closer monitoring of changes in working capital requirement.

Furthermore, the Group's access to financial resources has been secured through continuous access to the commercial paper market and its existing liquidity lines (syndicated and bilateral). Lastly, in order to ensure greater flexibility, the Group has guaranteed its future liquidity through an extension of its syndicated loan agreement in terms of amount and duration (see notes 8 and 27).

Changes in consolidation scope

In financial year 2020, the main change was the following:

- further to the memorandum of agreement signed on October 4, 2019 with the Sodiaal group, a new shareholders' agreement was signed on April 30, 2020 giving SAVENCIA Fromage & Dairy the control of company CF&R Gestion the company responsible for the operational management of CF&R SCA. This transaction asset-backs CF&R with Savencia's cheese specialties know-how and international network to ensure the sustainable development of CF&R.

In accordance with IFRS 3, the Group valued CF&R at its fair value as of the date of the transaction. The accounting treatment resulted in a disposal of 50% of the previously held shares, generating an insignificant holding loss and acquisition of control from May 1st, 2020, generating goodwill of 4.5 million euros. This goodwill may be allocated within one year from the date of the transaction. In the consolidated financial statements, CF&R is thus recognized by the equity method until April 30, 2020 then fully consolidated from that date.

On the date of acquisition, assets totaled 385 million euros, including intangible assets for 189.2 million euros and 5.8 million euros of liquid assets. Current and non-current liabilities amount to 173.8 million euros. Equity totals 211.2 million euros, 105.6 million of which are the Group's share.

The impact of CF&R on the Group's 2020 revenue since the acquisition date is 300.7 million euros and the Group's share of net income is 2.6 million euros. Integration on January 1st, 2020 would have had an impact of 440 million euros on consolidated revenue and the Group's share of net income would have been 2.1 million euros.

- further to the acquisition of Fromageries Papillon SAS, SCI du Bousquet, SNC Fromageries du Levezou, SNC Saveurs de France and SNC Force Plus on July 26, 2019, the Group has finalized the allocation of the provisional goodwill of 11.8 million euros, which is thus adjusted to 7.1 million euros after allocation of 6.9 million euros to tangible assets, which have been valued by an third party valuation specialist and the recognition of 2.2 million euros' deferred tax liability.
  - These transactions concern the "Cheese Products" operating segment

Sale of the 20% stake in Premium Lab, generating an insignificant gain of 0.1 million euros.

- This transaction concerns the "Other Dairy Products" operating segment

In financial year 2019, the main change in reporting scope was as follows:

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 of 31.9 million euros. Fromageries Papillon is one of the historical manufacturers of the Roquefort Protected Designation 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 carried out and may be adjusted during the 12 months following the date of acquisition. Tangible fixed assets will be professionally valued. The preliminary fair value evaluation has led to the recognition in particular of:

intangible assets: Papillon brand for 13.4 million euros;

- 0.3 million euros of inventory revaluation;
- 1.3 million euros of provisions for post-employment benefits;
- 4.3 million euros of deferred tax liabilities on these items;
- 11.8 million euros of provisional goodwill.

The impact of this transaction on the Group's cash flows was -33.1 million euros including the impact of the opening net cash acquired.

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

- This transaction concerns the "Cheese Products" operating segment.

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:

Cheese Products: this segment manufactures and distributes branded cheeses and cheese specialties in most markets.

Other Dairy Products: this segment manufactures and distributes 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.

It also includes 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		Total	
In thousands of euros	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net sales by segment	3,185,482	2,911,499	2,136,231	2,243,574	91,394	82,114	5,413,107	5,237,187
Inter-segment revenue	-130,305	-127,633	-51,862	-41,329	-70,563	-60,931	-252,730	-229,893
Third party net sales	**3,055,177**	**2,783,866**	**2,084,369**	**2,202,245**	**20,831**	**21,183**	**5,160,377**	**5,007,294**
Charges for amortization, impairment and provisions	-117,174	-100,278	-58,514	-54,817	-8,462	-11,343	-184,150	-166,438
Current operating profit(loss)	**165,145**	**139,280**	**74,466**	**76,045**	**-28,184**	**-23,199**	**211,427**	**192,126**
Current operating profit margin (1)	**5.2%**	**4.8%**	**3.5%**	**3.4%**			**4.1%**	**3.8%**
Reorganization costs	-8,877	-8,400	-410	-3,536	-7,650	-11,737	-16,937	-23,673
Asset impairments (2)	-33,456	-14,099	-4,084	-11,767	-	-	-37,540	-25,866
SEGMENT PROFIT/(LOSS)	**122,812**	**116,781**	**69,972**	**60,742**	**-35,834**	**-34,936**	**156,950**	**142,587**

(1) The calculation of operating profit margin (current operating profit/revenue ratio) 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		Total	
In thousands of euros	**At December 31, 2020**	**December 31, 2019**	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2020**	**At December 31, 2019**
Net intangible and tangible assets	1,200,346	1,079,968	466,413	469,563	164,320	158,217	1,831,079	1,707,748
Financial assets	4,726	6,320	3,465	3,804	17,507	20,012	25,698	30,136
Investments in associates	24,461	134,008	881	753	-	-	25,342	134,761
TOTAL NON-CURRENT ASSETS (*)	**1,229,533**	**1,220,296**	**470,759**	**474,120**	**181,827**	**178,229**	**1,882,119**	**1,872,645**

(*) According to the definition in IFRS 8-24b, non-current assets exclude financial instruments, deferred tax assets, net defined benefits assets and benefits stemming from insurance contracts.

Cash flows from investing activities by operating segment may be reconciled to the Group's figures as follows:

	12 months							
	Cheese Products		Other Dairy Products		Other		Total	
In thousands of euros	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Investment in tangible and intangible non-current assets	128,056	143,708	59,580	63,700	11,667	11,534	199,303	218,942

Reconciliation of segment profit to net income for the year:

In thousands of euros	12 months 2020	12 months 2019
Segment profit/(loss)	**156,950**	**142,587**
Other operating income and expense (*)	-540	-5,136
Operating profit	**156,410**	**137,451**
Finance charges	-33,629	-31,778
Financial income	15,593	10,466
Result on net monetary position	3,634	2,458
Group share of associates' net income	127	2,032
Earnings before tax	**142,135**	**120,629**
Income tax expense	-55,859	-45,617
Profit or loss for the financial year	**86,276**	**75,012**

(*) Includes among other things capital gains or losses, disputes and the "Other" item (see note 7).

Revenue, investment in tangible and intangible non-current assets by geographical segment:

In thousands of euros	2020 Revenue	2020 Investment in tangible and intangible non-current assets	2020 Total non-current assets	2019 Revenue	2019 Investment in tangible and intangible non-current assets	2019 Total non-current assets
France	1,625,845	114,407	1,018,077	1,429,273	111,247	925,642
Rest of Europe (1)	2,078,739	35,165	532,491	1,997,961	53,109	594,576
Rest of the world	1,455,793	49,731	331,551	1,580,060	54,586	352,427
TOTAL	**5,160,377**	**199,303**	**1,882,119**	**5,007,294**	**218,942**	**1,872,645**

(1) Germany is the only country accounting for more than 10% of Group revenue outside France; 673 million euros in 2020 against 618 million euros in 2019. No further details can be given without compromising trade secrets and the company's interests.

NOTE 3. PURCHASES ADJUSTED FOR CHANGES IN INVENTORIES

In thousands of euro	12 months 2020	12 months 2019
Raw materials and goods consumed (*)	-3,263,685	-3,382,860
Other consumption	-232,098	-222,783
Sales of surpluses and by-products and exchanges of milk (*)	249,788	367,619
	-3,245,995	**-3,238,024**

(*) Sales to dairy manufacturers and suppliers that were previously reported as sales of surpluses have been reclassified as deductions from raw materials and goods consumed, for 84 million euros in 2020 against 95 million euros in 2019.

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 euros	12 months 2020	12 months 2019
Gross remuneration	-643,879	-591,433
Social contributions	-259,838	-236,682
Profit-sharing (*)	-27,654	-20,547
Temporary personnel	-82,184	-69,676
Grants received	342	211
	-1,013,213	**-918,127**

(*) Including an exceptional profit-sharing bonus in 2020.

The Group had an average of 21,021 employees (including temporary employees) in 2020 (compared with 20,031 in 2019). This headcount breaks down as follows: 9,398 in France, 6,499 in Europe (excluding France) and 5,124 in other countries. Of employees working in France 18% were employed as managers, 32% as technicians or supervisors and 49% as operatives.

NOTE 5. DEPRECIATION, AMORTIZATION AND PROVISIONS

In thousands of euros	12 months 2020	12 months 2019
Depreciation and amortization (*)	-182,442	-164,793
Movements on operating provisions	-1,708	-1,645
	-184,150	**-166,438**

(*) Including in 2020, 11.3 million euros of amortization expenses further to the integration of CF&R on May 1st, 2020. Including amortization of the rights of use relating to IFRS 16 leases (see note 15).

NOTE 6. OTHER OPERATING INCOME AND EXPENSES

In thousands of euros	12 months 2020	12 months 2019
Purchased services (1)	-464,730	-464,087
Taxes other than taxes on income	-47,178	-44,366
Other net operating income (2)	6,316	15,874
	-505,592	**-492,579**

(1) This line item excludes the 2020 acquisition expenses (0.1 million euros in 2019).
(2) Other operating income among other things includes 3.3 million euros of investment tax credit (3.1 million euros in 2019) and 5 million euros of insurance proceeds in 2019.

Purchased external services include 2 million euros of auditors' fees in 2020 (2.2 million euros in 2019), 1 million euros for KPMG SA and 1 million euros for PwC Audit. Other services rendered totaled 0.2 million euros (0.2 million euros in 2019), 0.1 million euros for PWC Audit and 0.1 million euros for KPMG SA. These sums essentially concern attest reports and agreed procedures.

NOTE 7. OTHER OPERATING INCOME AND EXPENSES

	12 months	
In thousands of euros	**2020**	**2019**
Reorganization [(1)]	-16,937	-23,673
impairment of Assets (note 13)	-37,540	-25,866
Litigation and compensation	2,787	-963
Gains and losses on disposal of fixed assets	-2,120	-973
Other [(2)]	-1,207	-3,201
	-55,017	**-54,675**

(1) Mainly including the ongoing reorganization in France in 2020 as in 2019.
(2) In 2019, the recall of Modilac-branded products led to the recognition of an additional net expense of 2.7 million euros.

In 2020, this item includes 10.9 million euros for the cost of closure of the Rambol plant (including 6.5 million euros of reorganization cost and 4.4 million euros of asset impairments).

In 2019, this item included 19.7 million euros for the cost of closure of the Saint Saviol plant (7.3 million euros of reorganization cost and 12.4 million euros of asset impairments).

NOTE 8. FINANCIAL RESULT

	12 months	
In thousands of euros	**2020**	**2019**
Financial interest expenses [(1)]	-11,591	-13,141
Bank commissions (*)	-9,012	-4,591
Interest on lease obligations [(2)]	-2,216	-3,063
Other net financial expenses (**)	-10,810	-6,725
Net change	-	-4,258
FINANCE CHARGES	**-33,629**	**-31,778**
Financial income [(3)]	10,698	9,384
Net outcome of interest rate hedging [(4)]	72	1,082
Net change	4,823	-
FINANCIAL INCOME	**15,593**	**10,466**
NET FINANCIAL EXPENSES	**-18,036**	**-21,312**
Including interest expenses, net [(1)+(2)+(3)+(4)]	-3,037	-5,738

(*) Including 4.4 million euros of banking commissions, primarily for an amendment extending the syndicated bank facility.
(**) Including 2.9 million euros of impairment of financial assets concerning Financière Louis.

NOTE 9. RESULT ON NET MONETARY POSITION

Hyperinflation

Argentina is generally considered to have become a hyperinflationary economy 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 have thus been adjusted for inflation since January 1, 2018 as if Argentina had always been hyperinflationary, to reflect changes in purchasing power at the reporting date. 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 do not need to be restated, as they already reflect purchasing power at the reporting date. Adjustments for non-monetary assets and liabilities are recognized in profit or loss as *"gain or loss on net monetary position"*.

In the Group's consolidated financial statements, the financial statements for each applicable entity are then converted into euros at the applicable closing exchange rate with the result that all their assets, liabilities, equity, income and expenses are measured on the basis of the year-end closing exchange rate.

CHANGES IN THE PRICE INDEX IN ARGENTINA

	2011 (*)	Dec 2017	Dec 2018	Dec 2019	Dec 2020
Closing index	457.7	1,656.62	2,459.85	3,782.82	5,122.21
Change on 2011		262%	437%	726%	1,019%
Change on N-1			48%	54%	35%

(*) Date of takeover of Milkaut by the Group.

We use the official index published by the Argentinian government (IPC NACIONAL EMPALME IPIM).

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

INCOME STATEMENT

	12 months	
In millions of euros	**2020**	**2019**
Net sales	20.3	27.7
Purchases adjusted for changes in inventories	-17.1	-25.4
Personnel costs	-4.5	-5.3
Depreciation and amortization	-2.3	-2.6
Other operating income and expenses	-2.4	-3.4
CURRENT OPERATING PROFIT	**-6.0**	**-9.0**
Other operating expenses	-	-0.1
Other operating income	0.1	0.1
OPERATING PROFIT	**-5.9**	**-9.0**
Net financial income (expense)	0.3	0.1
Result on net monetary position	3.6	2.5
EARNINGS BEFORE TAX	**-2.0**	**-6.4**
Income tax expense	-0.6	-0.8
Net income from continuing operations	-2.6	-7.2
PROFIT OR LOSS FOR THE FINANCIAL YEAR	**-2.6**	**-7.2**

BALANCE SHEET

In millions of euros	At December 31, 2020	At December 31, 2019
ASSETS		
Intangible assets and property, plant and equipment	14.5	12.7
TOTAL NON-CURRENT ASSETS	**14.5**	**12.7**
Inventories and work in progress	0.6	0.6
TOTAL CURRENT ASSETS	**0.6**	**0.6**
ASSETS	**15.1**	**13.3**

	At December 31, 2020	At December 31, 2019
EQUITY AND LIABILITIES		
Other reserves	13.9	16.5
Retained earnings	-2.6	-7.2
GROUP SHARE OF EQUITY	**11.3**	**9.3**
TOTAL SHAREHOLDERS'EQUITY	**11.3**	**9.3**
Deferred tax liabilities	3.8	4.0
TOTAL NON-CURRENT LIABILITIES	**3.8**	**4.0**
LIABILITIES	**3.8**	**4.0**
EQUITY AND LIABILITIES	**15.1**	**13.3**

NOTE 10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's main joint ventures up to April 30, 2020 were Compagnie des Fromages et RichesMonts (CF&R) in France and its subsidiary Sodiaal Gmbh in Germany, both 50% owned.

From that date, the Group only retains interests in a few joint ventures and associates, which taken individually are insignificant.

	12 months	
In thousands of euros	**2020**	**2019**
Group share in pre-tax results	244	3,686
Group share of income tax	-117	-1,654
NET GROUP SHARE	**127**	**2,032**

At December 31, 2020 the change in investments in joint ventures and associates is accounted for as follows:

In thousands of euros	At December 31, 2020	At December 31, 2019
At January 1, 2020	**134,761**	**132,729**
Change in reporting scope (1)	-110,012	-
Result for the period	127	2,032
Dividends distributed	-216	-10
Other (2)	785	-296
Impact of foreign exchange differences	-103	306
CLOSING BALANCE	**25,342**	**134,761**

(1) Mainly the divestment of CF&R.
(2) The partner's acquisition of a stake in Compagnie Fromagère de Tunisie in all essentials.

NOTE 11. INCOME TAX EXPENSE

The Income tax expense breaks down as follows:

In thousands of euros	12 months 2020	12 months 2019
Current tax	-56,698	-48,564
Deferred taxes	839	2,947
	-55,859	**-45,617**

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

In thousands of euros	12 months 2020	12 months 2019
Earnings before tax	142,135	120,628
Theoretical tax based on the current tax rate in France	**45,516**	**41,536**
Difference between foreign and French tax rates (1)	-4,335	-12,133
● restatement of tax for associates	-24	-810
● non-taxable profits and non-deductible expenses (2)	5,613	3,522
● current and deferred tax resulting from the analysis of France's CVAE as a tax on income	8,668	6,790
● tax credits	-1,396	-1,397
● use of tax losses not previously recognized and impairment of net deferred tax assets (3)	-634	5,512
● tax rate changes affecting deferred tax (4)	-866	-548
● other (5)	3,317	3,145
Income tax charge	**55,859**	**45,617**
Weighted average tax rate	39.30%	37.82%

(1) As foreign tax rates are often lower than in France.

(2) Including the 5.4 million-euro impact of impaired goodwill in 2020 against 3.5 million euros in 2019.

(3) Tax losses activated to the extent that their recovery appears probable. In 2020, the Group's forecast taxable profits for the three coming years have required the recognition of a net impairment reversal of 0.6 million euros, against a net impairment of 5.5 million euros in 2019.

(4) Taking into account of tax rate changes planned in France on deferred taxes.

(5) Including the impact of adjustment for hyperinflation in Argentina for 1.6 million in 2020 and 2.7 million in 2019. Excluding this effect, the weighted average rate would be 38.2% in 2020 compared with 35.5% in 2019.

In 2020, one subsidiary was notified of a tax adjustment totaling 19.5 million euros in principal and interest. The subsidiary totally refutes the alleged facts and has thus not recognized any liability in that respect. If the tax reassessment is confirmed in 2021, an appeal will be lodged. This case has no repercussions on the Group's consolidated financial statements.

NOTE 12. EARNINGS AND DIVIDEND PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to equity holders of SAVENCIA S.A. by the weighted average number of shares outstanding during each period, excluding treasury shares held by the parent company *(see note 24)*.

	2020	2019
Net income attributable to equity holders of SAVENCIA S.A. *(in thousands of euros)*	**78,812**	**73,602**
Weighted average number of shares in circulation	13,777,689	13,821,300
Basic earnings per share (€)	**5.72**	**5.33**

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.

	2020	2019
Net income attributable to equity holders of SAVENCIA S.A. *(in thousands of euros)*	**78,812**	**73,602**
Weighted average number of shares in circulation	13,777,689	13,821,300
Dilutive effect of share purchase options	105,469	133,852
Adjusted weighted average number of shares	13,883,158	13,955,152
Diluted earnings per share (€)	**5.68**	**5.27**

Under its policy of prudent management given the context, the Group did not pay out any dividends in 2020. Dividends paid out in 2019 amounted to 1 euro per share. At the Annual General meeting on April 22, the Board of Directors will propose distribution of a dividend of 1.5 euros per share in respect of the fiscal year ended December 31, 2020.

NOTE 13. INTANGIBLE ASSETS

In thousands of euros		Goodwill (1)	Intellectual property rights and Brands (2)	Other rights of use	Total
At 12/31/2018					
Gross value		372,106	259,864	36,972	668,942
Cumulative depreciation, amortization and impairment		-7,149	-107,158	-22,099	-136,406
NET CARRYING AMOUNT		**364,957**	**152,706**	**14,873**	**532,536**
2019					
NET OPENING CARRYING AMOUNT		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
Reclassifications (4)		-	1,099	-1,099	-
Impact of hyperinflation (5)		-	-2	-	-2
Amortization		-	-7,709	-686	-8,395
Impact of operations in process of sale		-	-	-	-
NET CARRYING AMOUNT		**379,197**	**162,559**	**18,344**	**560,100**
At 12/31/2019					
Gross value		395,410	273,930	40,286	709,626
Cumulative depreciation, amortization and impairment		-16,213	-111,371	-21,942	-149,526
NET CARRYING AMOUNT		**379,197**	**162,559**	**18,344**	**560,100**
2020					
NET OPENING CARRYING AMOUNT		379,197	162,559	18,344	560,100
Foreign exchange differences		-23,633	-253	-335	-24,221
Acquisitions		-	4,434	4,827	9,261
Disposals		-	-578	-1,311	-1,889
Impairment		-27,030	5	-36	-27,061
Change in consolidation scope (3)	(Note 1)	28,013	38,945	48	67,006
Reclassifications (4)		-	2,883	-2,971	-88
Impact of hyperinflation (5)		-	-	-	-
Amortization		-	-7,548	-384	-7,932
Impact of operations in process of sale		-	-	-	-
NET CARRYING AMOUNT		**356,547**	**200,447**	**18,182**	**575,176**
At 12/31/2020					
Gross value		396,495	318,378	37,956	752,829
Cumulative depreciation, amortization and impairment		-39,948	-117,931	-19,774	-177,653
NET CARRYING AMOUNT		**356,547**	**200,447**	**18,182**	**575,176**

(1) Net goodwill for "Cheese Products" reporting segment totaled 174.4 million euros, against 196.4 million euros at December 31, 2019. Net goodwill for "Other Dairy Products" reporting segment totaled 182 million euros against 182.8 million euros at December 31, 2019.
(2) The net carrying amount for "Cheese Products" reporting segment brands was 142.3 million euros against 103.6 million euros in 2019, and the net carrying amount for "Other Dairy Products" reporting segment brands was 33.7 million euros against 33.7 million euros in 2019.
(3) In 2020, full consolidation of CF&R (+71.6 million euros) and allocation of Papillon goodwill (-4.6 million euros). In 2019, acquisition of Fromageries Papillon.
(4) Activation of intangible assets in progress.
(5) Impact of hyperinflation in Argentina.

Intangible assets with indefinite lives had a carrying amount of 532.5 million euros at December 31, 2020 compared with 516.5 million euros at December 31, 2019. They comprise goodwill and brands.

IMPAIRMENT TESTS:

The impairment losses recognized in 2020 and 2019 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 determining 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 rate and interest rate;
- 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. They also reflect a size premium and inflation rates are fixed in the medium term. 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

	Carrying amounts of goodwill and brands		Carrying amount of other intangibles and tangibles assets (*)		Discount rate		Long-term growth rate	
In millions of euros	At December 31, 2020	At December 31, 2019	At December 31, 2020	At December 31, 2019	At December 31, 2020	At December 31, 2019	At December 31, 2020	At December 31, 2019
CHEESE PRODUCTS								
WESTERN EUROPE	133.01	137.70	391.51	386.24	7.0%	6% à 6.5%	1.0%	1.0%
CF&R	71.38	-	108.09	-	7.0%	-	1.0%	-
SOUTH EUROPE	5.87	5.87	19.00	17.70	8% à 8.5%	7.5% à 8%	1.0%	1.0%
CENT. EUR. (EU)	13.33	13.40	69.04	71.81	7% à 10%	7% à 9.5%	1.0%	1.0%
RUMANIA	15.99	16.28	3.10	3.39	10.0%	9.0%	1.0%	1.0%
UKRAINE	-	-	0.88	0.83	17.5%	17.0%	1.0%	1.0%
RUSSIA	54.26	98.95	38.09	48.79	11.0%	11.0%	2.0%	2.0%
SERBIA	-	-	0.59	1.10	12.0%	11.0%	1.0%	1.0%
USA: Cheese	16.26	17.76	50.33	53.91	7.0%	6.5%	1.0%	1.0%
USA: Palace Industries	-	3.40	5.47	7.30	7.0%	6.5%	1,0%	1.0%
BRAZIL/URUGUAY	-	-	36.95	33.36	11.0%	13.00%	2.0%	2.0%
CHILE	0.47	0.48	2.74	2.91	8.5%	8.0%	2.0%	2.0%
BSI	-	-	63.12	66.25	8.0%	8.0%	2.0%	2.0%
INDIA	-	-	1.79	2.30	11.0%	10.0%	2.0%	2.0%
JAPAN	-	-	4.55	4.57	6.0%	6.0%	1.0%	1.0%
EGYPT	-	-	0.31	0.78	19.0%	18.0%	1.0%	1.0%
OTHER DAIRY PRODUCTS								
FRANCE MILK ZONES	123.78	123.78	200.05	191.54	7.0%	6.5%	1.0%	1.0%
SODILAC	25.93	25.93	0.44	0.48	7.0%	6.5%	1.0%	1.0%
POLAND: Paslek	-	-	23.19	25.00	8.0%	8.0%	1.0%	1.0%
AFP-USA	1.93	2.11	59.50	65.17	7.0%	6.5%	1.0%	1.0%
CORMAN	23.14	23.14	44.68	44.56	7.0%	6.0%	1.0%	1.0%
SINODIS-CHINA	25.16	25.81	1.30	1.62	8.0%	8.0%	2.0%	2.0%
MILKAUT-ARGENTINA	-	-	23.03	20.39	38.0%	28.0%	2.0%	2.0%
BAKE PLUS - KOREA	10.11	10.11	3.48	3.60	7.0%	6.5%	2.0%	2.0%
Other	11.90	11.77	81.42	74.01	7.0%	6% à 6.5%	1.0%	1.0%
TOTAL	**532.52**	**516.49**	**1,232.65**	**1,127.61**				

(*) excluding IFRS 16 rights of use.

In 2020, the forecasts of the Group's long-term plan take into account changes in the markets and competition, the difficult economic situation of certain countries not expected to exit the economic crisis in the near future, and the specific structural situations facing certain entities. These have led to the recognition of net impairment losses on tangible fixed assets of 37.5 million euros *(see table below)*, including 23.7 million euros for BMK (Russia), 4.6 million euros for Paslek (Poland), the long-term plans of these two CGUs being impacted by delays in implementing development projects, 4.5 million euros for Palace Industries (United States), whose business has been badly affected by the health crisis, 4.4 million euros for the closure of the Rambol site and 0.3 million euros net of reversals for the other CGUs.

	Intangible assets			Tangible assets					Total
In millions of euros	Goodwill	Other	Total intangible assets	Land	Buildings, fixtures and fittings	Plant, machinery and equipment	Other	Total tangible assets	Total 2020
Rambol					0.5	2.1	1.8	4.4	4.4
RUSSIA	23.7		23.7					0.0	23.7
USA: Palace Industries	3.3		3.3	1.2				1.2	4.5
POLAND: Paslek					3.6	1.0		4.6	4.6
Other						0.3		0.3	0.3
TOTAL	**27.0**	**0.0**	**27.0**	**1.2**	**4.1**	**3.4**	**1.8**	**10.5**	**37.5**

In 2019, the forecasts of the Group's long-term plan led to the recognition of total net impairment losses of 25.9 million euros for tangible assets, including 12.4 million euros for the closure of the Saint Saviol site, 9.8 million euros for Sodilac, 5.6 million euros for the Brazil/Uruguay CGU, offset by a reversed impairment of 0.8 million euros for the Central and Eastern Europe CGU, and 1.1 million euros for the other CGUs.

At the end of December 2020, cumulative asset impairment losses totaled 89.7 million euros, primarily including 22.1 million for the CGUs of Eastern Europe, 21.4 million euros for Russia, 16.6 million euros for Brazil/Uruguay, 12.1 million for Southern Europe, 10.4 million euros for France, 4.2 million euros for the United States and 2.9 million euros for Egypt.

Sensitivity analysis:

The recoverable amounts determined by impairment tests underwent sensitivity tests with an increased discount rate of 0.5%, a reduced indefinite growth rate of 0.5%, and a 10% reduction in the current operating profit margin. For a number of cash-generating units, these variations led to identifying lower recoverable amounts than the net carrying amount of the cash-generating unit, adjusted where applicable by the period's impairments:

	Amount of additional impairment in case of variation in assumptions		
	Discount rate +0.5%	Current operating margin rate decreased by 10% (*)	Long-term growth rate decreased by 0.5% (*)
In millions of euros	At December 31, 2020	At December 31, 2020	At December 31, 2020
CHEESE PRODUCTS			
CF&R	8.2	10.6	5.6
RUSSIA: B.M.K.	8.1	14.4	5.6
USA: PALACE INDUSTRIES	0.5	0.6	-
OTHER DAIRY PRODUCTS			
POLAND: PASLEK	2.3	3.7	1.8
TOTAL	**19.2**	**29.3**	**13.1**

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

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros		Land	Buildings, fixtures and fittings	Plant, equipment and tooling	Other	Total
At 12/31/2018						
Gross value		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
NET CARRYING AMOUNT		**53,717**	**266,226**	**502,984**	**199,659**	**1,022,586**
2019						
NET OPENING CARRYING AMOUNT		53,717	266,226	502,984	199,659	1,022,586
Transfer of IAS 17 contracts to "Right-of-use assets" as 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
Reclassifications (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
NET CARRYING AMOUNT		**52,082**	**275,951**	**501,653**	**254,364**	**1,084,050**
At 12/31/2019						
Gross value		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
NET CARRYING AMOUNT		**52,082**	**275,951**	**501,653**	**254,364**	**1,084,050**
2020						
NET OPENING CARRYING AMOUNT		52,082	275,951	501,653	254,364	1,084,050
Foreign exchange differences		-1,371	-15,078	-18,290	-12,444	-47,183
Acquisitions		125	13,335	29,886	150,453	193,799
Disposals		-168	-2,844	-3,367	-541	-6,920
Impairment		-1,160	-4,519	-4,468	-1,861	-12,008
Reversal of impairment		41	1,450	1,341	39	2,871
Change in consolidation scope (1)	(note 1)	2,458	28,010	68,551	14,045	113,064
Reclassifications (2)		23	42,848	85,703	-128,465	109
Impact of hyperinflation (3)		750	2,757	2,483	218	6,208
Depreciation and amortization		-	-28,662	-96,556	-20,266	-145,484
Impact of operations in process of sale		167	1,324	-2	-	1,489
NET CARRYING AMOUNT		**52,947**	**314,572**	**566,934**	**255,542**	**1,189,995**
At 12/31/2020						
Gross value		55,381	893,912	2,186,684	452,117	3,588,094
Cumulative depreciation, amortization and impairment		-2,434	-579,340	-1,619,750	-196,575	-2,398,099
NET CARRYING AMOUNT		**52,947**	**314,572**	**566,934**	**255,542**	**1,189,995**

(1) In 2020, full consolidation of CF&R, and acquisition of Fromageries Papillon in 2019.
(2) Entry into service of tangible assets under construction.
(3) Impact of hyperinflation in Argentina.

In 2020, investment grants of 8.8 million euros were deducted from the cost of the assets concerned (6.4 million euros in 2019). Items of property, plant and equipment under construction in the "Other" item totaled 176 million euros in 2020 against 176 million euros in 2019, an increase in line with the projected development of production capacities for certain activities.

NOTE 15. LEASES ACCOUNTED FOR IN ACCORDANCE WITH IFRS 16

At December 31, 2020 the main impacts of IFRS 16 on the financial statements are as follows:

IMPACTS ON THE CONSOLIDATED INCOME STATEMENT:

	12 months	
In thousands of euros	**2020**	**2019**
Credits to and reversals of operating provisions	-26,946	-26,940
Other operating income and expenses	28,445	28,845
CURRENT OPERATING INCOME	**1,499**	**1,905**
Other operating income and expense	-242	-
OPERATING INCOME	**1,257**	**1,905**
Interest expenses on lease obligations	-2,216	-3,063
Net foreign exchange impact	-666	-607
EARNINGS BEFORE TAX	**-1,625**	**-1,765**
Deferred taxes	99	451
PROFIT OR LOSS FOR THE FINANCIAL YEAR	**-1,526**	**-1,314**

Impacts on the balance sheet

ASSETS

In thousands of euros	**At December 31, 2020**	**At December 31, 2019**
Right-of-use assets for lease contracts	65,908	63,598
Deferred tax assets	18,680	18,465
ASSETS	**84,588**	**82,063**

EQUITY AND LIABILITIES

In thousands of euros	**At December 31, 2020**	**At December 31, 2019**
Retained earnings	-2,863	-1,314
EQUITY	**-2,863**	**-1,314**
Non-current lease liabilities	44,345	42,985
Deferred tax liabilities	18,266	18,306
TOTAL NON-CURRENT LIABILITIES	**62,611**	**61,291**
Trade and other payables	2,613	857
Current lease liabilities	22,227	21,229
TOTAL CURRENT LIABILITIES	**24,840**	**22,086**
EQUITY AND LIABILITIES	**84,588**	**82,063**

Detailed impact on right-of use assets and lease obligations

RIGHT-OF-USE ASSETS

In thousands of euros	Land	Buildings, fixtures and fittings	Plant, equipment and tooling	Other [4]	TOTAL
Gross value	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	-	-	-	-	-
NET OPENING CARRYING AMOUNT	**5,656**	**28,422**	**12,541**	**16,979**	**63,598**
Application of IFRS IC [3]	236	2681	-1	-1	2,917
Change in consolidation scope [1]	-	6,874	3,275	386	10,535
Foreign exchange differences	16	-1,219	-138	-782	-2,123
New assets recognized	-	10,542	5,030	9,873	25,445
Amortization	-108	-10,806	-7,204	-8,654	-26,772
Modifications of contracts [2]	-5,323	-1,896	126	-563	-7,656
Reclassification	-	-19	-16	13	-22
Hyperinflation	-	-1	-24	11	-14
NET CARRYING AMOUNT AT CLOSING	**477**	**34,578**	**13,589**	**17,264**	**65,908**
Gross value	568	53,852	24,874	29,470	108,764
Accumulated amortization and depreciation	-91	-19,274	-11,285	-12,206	-42,856
Accumulated impairment	-	-	-	-	-

(1) Full consolidation of CF&R.
(2) Including discontinuation of a contract for 5.6 million euros.
(3) Changes resulting from the IFRS IC decision of December 16, 2019 concerning the term of leases and the link between the enforceable term of a lease and the amortization period for fixtures in the leased property apply retrospectively. The impact is 2.9 million euros on rights of use and 2.9 million euros on lease obligations. The impact on equity is insignificant.
(4) Leases essentially for handling equipment and motor vehicles.

LEASE OBLIGATIONS

In thousands of euros	At December 31, 2020	Current	Non-current
OPENING BALANCE	**64,214**	**21,229**	**42,985**
Application of IFRS IC [3]	2,950		
Increase	25,551		
Repayment	-26,229		
Foreign exchange differences	-2,242		
Change in consolidation scope [1]	10,640		
Modifications of contracts [2]	-8,312		
CLOSING BALANCE	**66,572**	**22,227**	**44,345**

(1) Full consolidation of CF&R.
(2) Including discontinuation of a contract for 5.8 million euros.
(3) Impact of clarification of IFRS IC of December 16, 2019.

	At December 31, 2020	At December 31, 2019
Within one year	22,227	21,229
In year 2 to 5	33,561	31,278
After the 5th year	10,784	11,707

Other disclosures

LEASE AMOUNTS NOT RESTATED UNDER IFRS 16

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

	12 months	
In thousands of euros	**At December 31, 2020**	**At December 31, 2019**
Low-value lease payments (< or = €5,000)	-1,875	-2,520
Short-term leases (< or = 12 months)	-2,821	-2,734
Variable lease payments	-5,235	-3,631
Non-deductible VAT	-709	-383
Other(*)	-1,895	-1,683
	-12,535	**-10,951**

(*) *Leases not eligible for other reasons.*

ADDITIONAL INFORMATION

	12 months
In thousands of euros	**At December 31, 2020**
Lease payments for leases not covered by IFRS 16	13,835

Any service component in leases is excluded from the lease expense.

NOTE 16. OTHER NON-CURRENT FINANCIAL ASSETS

In thousands of euros	At December 31, 2020	At December 31, 2019
Loans and receivables	15,709	17,547
Long-term investments measured at fair value through profit or loss (> 1 year)	12,415	12,589
Impairments (1)	-2,427	-
	25,698	**30,136**

(1) *Impairment of the loan granted to Financière Louis.*

Financial assets more particularly include 2.9 million euros of Horizon Agroalimentaire convertible bonds, 2.4 million euros of LFO shares and 1.9 million euros of Cathay III securities. Other investments are insignificant.

NOTE 17. DEFERRED TAXES

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, for which tax deductibility is deferred to the actual date of payment thereof and of unused deficits. Tax losses are usable for the most part after 5 years.

Unrecognized deferred tax assets totaled 47.7 million euros at December 31, 2020 and 56.4 million euros at December 31, 2019. They mainly concern unused deficits, including 12 million euros for South America, 10.8 million euros for France, 5.5 million euros for Spain, 4 million euros for Luxembourg, 5.4 million euros for Poland, 3.3 million euros for Egypt and 6.7 million euros 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 deferred income tax benefit in the period totals 0.8 million euros, essentially due to the activation of unused tax losses.

Deferred taxes of 1.3 million euros were recognized in other comprehensive income in financial year 2020. It mainly includes deferred tax on the evolution of financial instruments' fair value, actuarial gains and losses and hyperinflation adjustments.

3

Further to tax reforms more particularly in France, deferred tax assets and liabilities are measured on the basis of newly adopted tax rates, account taken of the collection schedule. The net impact of these reforms in 2020 is a deferred tax expense of 0.8 million euros compared with 0.7 million euros in 2019.

In thousands of euros	**At January 1, 2020**	**Expenses/ income**	**Change in fair value**	**Actuarial gains/ losses**	**Impact of hyper-inflation**	**Change in consolidation scope (*)**	**Other**	**Exchange gains or losses**	**At December 31, 2020**
Intangible assets and property, plant and equipment	-104,636	3,983	-	-	-536	-23,296	2,147	839	-121,499
Lease under IFRS 16	159	99	-	-	10	-30	263	-87	414
Provisions	29,051	-808	-	-	-	2,390	1,528	-1,059	31,102
Provisions for employee benefits	27,262	988	-	2,197	-	290	-800	-192	29,745
Financial instruments	-639	3,486	-334	-	-	-	-4,033	10	-1,510
Tax losses	89,031	-7,329	-	-	-	397	-	-2,492	79,607
Other deferred tax	10,231	-2,393	-	-	-	1,177	1,116	-472	9,659
Total deferred tax	**50,459**	**-1,974**	**-334**	**2,197**	**-526**	**-19,072**	**221**	**-3,453**	**27,518**
Impairment of deferred tax assets	-56,389	2,813	-	-	-	-	-	5,912	-47,664
NET DEFERRED TAX	**-5,930**	**839**	**-334**	**2,197**	**-526**	**-19,072**	**221**	**2,459**	**-20,146**
Of which:									
Deferred tax assets	49,916								44,588
Deferred tax liabilities	55,846								64,734

(*) Full consolidation of CF&R.

NOTE 18. INVENTORIES AND WORK IN PROGRESS

In thousands of euros	At December 31, 2020	At December 31, 2019
Raw materials, work in progress and miscellaneous items (*)	258,948	222,147
Goods purchased for resale	44,290	34,863
Finished products	356,161	343,285
Impairment losses	-46,743	-34,549
	612,656	**565,746**

(*) Inventories have been affected by the fall in the prices of materials and by changes in the trading prices of manufactured products.

Inventories increased by 47 million euros compared with December 31, 2019, including a reporting scope effect of +52 million euros further to the full consolidation of CF&R and -24 million euros of foreign exchange losses.

The impairment losses relate essentially to inventories of intermediate and finished products. In 2020, an allowance of 9.6 million euros was recognized for inventory obsolescence against 2.5 million euros in 2019, due to changes in the trading prices of manufactured product and a limited impact of the Covid-19 crisis on export sales.

NOTE 19. TRADE AND OTHER RECEIVABLES

In thousands of euros	At December 31, 2020	At December 31, 2019
Trade receivables	807,862	740,595
Payroll and tax receivables (excluding taxes on income)	107,548	98,405
Miscellaneous receivables	51,281	48,615
Prepayments and other miscellaneous items	20,745	18,012
Impairment losses	-22,237	-19,575
	965,199	**886,052**

The Group has little exposure to credit risk in respect of its trade receivables. Firstly, our products are essentially sold to supermarket chains. Secondly, credit risk may be hedged by specific insurance policies. Only risks not so hedged may be subject to impairment. Unsecured receivables, which have been due for more than six months and are not fully funded at 100%, amounted to 2.7 million euros at December 31, 2020, compared to 2.6 million euros at December 31, 2019.

In 2020 a write-down of trade receivables of 3.7 million euros was recognized, primarily for Food Service customers in the USA and Asia due to the health crisis, compared with an impairment of 1.5 million euros in 2019.

Prepayments mainly comprise insurance.

PROVISIONS FOR IMPAIRMENT OF TRADE RECEIVABLES BY MATURITY

	Unsecured trade receivables		Impairment		Average rate of impairment	
In million of euros	At December 31, 2020	At December 31, 2019	At December 31, 2020	At December 31, 2019	At December 31, 2020	At December 31, 2019
Not yet due	233.2	226.6	-3.1	-0.5	1.3%	0.2%
Overdue by 1 to 3 months	31.8	37.6	-1.7	-0.5	5.3%	1.3%
Overdue by 3 to 6 months	1.9	2.2	-0.7	-0.9	36.8%	40.9%
Overdue by more than 6 months	12.1	12.7	-9.4	-10.1	77.7%	79.5%
	279.0	**279.1**	**-14.9**	**-12.0**		

NOTE 20. DERIVATIVE FINANCIAL INSTRUMENTS - ASSETS

In thousands of euros	At December 31, 2020		Maturity in 2021		Maturity > 2021	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Commodity derivatives	-	-	-	-	-	-
Interest rate swaps [1]	9,228	91,680	1,057	8,150	8,171	83,530
Currency derivatives	-	-	-	-	-	-
Instruments held for trading						
Currency derivatives	5,233	182,087	5,233	182,087	-	-
Interest rate derivatives [2]	14,983	100,000	-	-	14,983	100,000
Commodity derivatives	114	-	114	-	-	-
	29,558	**-**	**6,404**	**-**	**23,154**	-
Of which: classified as current	6,404	-	6,404	-	-	-
Of which: classified as non-current	23,154	-	-	-	23,154	-

(1) Maturity in 2021 (8,150), 2022 to 2024 (8,149 per year), 2025 (42,784) and 2026 (16,299).
(2) Maturity in 2027 (100,000).

In thousands of euros	At December 31, 2019		Maturity in 2020		Maturity > 2020	
	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
Interest rate options	-	-	-	-	-	-
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 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 for the counterparty and the Group with regard to the fair value of swaps that is not reflected in the change in fair value of the hedged cash flows attributable to changes in interest rates and to timing differences between the rate refixing dates of the swaps and loans.
- for foreign exchange hedging, the risk for the counterparties and the Group with regard to the fair value of forward currency contracts that is not reflected in the change in fair value of the hedged cash flows 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 and open-end investment funds and other securities that, albeit maturing in under one year, do not meet all the requisite criteria to qualify as cash equivalents. The criteria are tested on the basis of the information provided in each fund's prospectus a review of the historical changes in their net asset values.

NOTE 22. CASH AND CASH EQUIVALENTS

In thousands of euros	At December 31, 2020	At December 31, 2019
Cash	361,756	184,952
Cash equivalents	221,787	280,944
CASH AND CASH EQUIVALENTS	**583,543**	**465,896**

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 with the consolidated statements of financial position as follows.

In thousands of euros	At December 31, 2020	At December 31, 2019
Cash and cash equivalents	583,543	465,896
Bank overdrafts and financial current accounts	-58,938	-135,899
NET CASH POSITION	**524,605**	**329,997**

NOTE 23. DETAILS OF OTHER COMPONENTS OF COMPREHENSIVE INCOME BY NATURE

	12 months					
	2020			2019		
In thousands of euros	Pre-tax amount	Tax effect	Amount net of tax	Pre-tax amount	Tax effect	Amount net of tax
Foreign exchange differences	-105,985	-	-105,985	11,837	-	11,837
Change in fair value of financial assets	-	133	133	-	-	-
Change in fair value of cash flow hedges	4,461	-352	4,109	-840	-616	-1,456
Currency basis spread	467	-115	352	658	-226	432
Hyperinflation	8,368	-536	7,832	14,053	-2,070	11,983
Other transactions	-33	10	-23	87	-	87
Share of associates and joint ventures in recyclable components	-100	-	-100	306	-	306
Total recyclable components of other comprehensive income	**-92,822**	**-860**	**-93,682**	**26,101**	**-2,912**	**23,189**
Actuarial gains and losses on post-employment benefit plans	-7,374	2,197	-5,177	-14,854	4,088	-10,766
Other transactions	-	-	-	-	-	-
Share of associates and joint ventures in non-recyclable components	-	-5	-5	-410	114	-296
Total non-recyclable components of other comprehensive income	**-7,374**	**2,192**	**-5,182**	**-15,264**	**4,202**	**-11,062**
OTHER COMPONENTS OF COMPREHENSIVE INCOME	**-100,196**	**1,332**	**-98,864**	**10,837**	**1,290**	**12,127**

NOTE 24. EQUITY

In thousands of euros	Evolution of paid-in capital				
	Number of shares outstanding	**Ordinary shares**	**Share premiums**	**Treasury shares**	**Total**
BALANCE AT JANUARY 1, 2019	**13,934,992**	**14,033**	**81,478**	**-6,223**	**89,288**
Share purchase option plan					-
• Value of services rendered			-		-
• Sale of treasury shares	4,300	-	-	-	-
• Purchase of treasury shares	-151,560			-8,725	-8,725
BALANCE AT DECEMBER 31, 2019	**13,787,732**	**14,033**	**81,478**	**-14,948**	**80,563**
Share purchase option plan					
• Value of services rendered	-	-	-	-	-
• Sale of treasury shares	750	-	-	-	-
• Purchase of treasury shares	-73,456	-	-	-3,512	-3,512
BALANCE AT DECEMBER 31, 2020	**13,715,026**	**14,033**	**81,478**	**-18,460**	**77,051**

In thousands of euros	**Hedging reserves**	**Financial assets at fair value recognized in OCI**	**Actuarial gains and losses**	**Translation differences**	**Total**
BALANCE AT JANUARY 1, 2019	**-10,803**	**2,742**	**-16,739**	**-69,315**	**-94,115**
Cash flow hedges					-
• Changes in fair value in the period	-182				-182
• Tax on fair value losses	-842				-842
Actuarial gains and losses – gross			-13,978		-13,978
Actuarial gains and losses – tax effect			3,866		3,866
Foreign exchange differences					-
• Group				11,751	11,751
• Associates			-254	306	52
Other	-	-	-	-1	-1
BALANCE AT DECEMBER 31, 2019	**-11,827**	**2,742**	**-27,105**	**-57,259**	**-93,449**
Revaluation – tax effect		133			133
Cash flow hedges					-
• Changes in fair value in the period	4,928				4,928
• Tax on fair value losses	-467				-467
Actuarial gains and losses – gross			-7,308		-7,308
Actuarial gains and losses – tax effect			2,220		2,220
Foreign exchange differences					-
• Group				-105,458	-105,458
• Associates			-4	-100	-104
Other	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	**-7,366**	**2,875**	**-32,197**	**-162,817**	**-199,505**

The company's share capital, fully paid-up at December 31, 2020, comprises 14,032,930 shares with a par value of 1 euro per share.

A double voting right is attributed to shares registered in the name of the same shareholder for at least 6 years.

As of December 31,2020, SAVENCIA S.A. held 317,904 treasury shares (245,198 on December 31, 2019), 6,491 of which are held under the Group's liquidity contract (6,991 in 2019). The Group's share purchase option plans represented 51,100 shares at December 31, 2020 (106,100 at December 31, 2019). Additional paid-in capital totaling 81,479 thousand euros at December 31, 2020 includes the French legal reserve (1,613 thousand euros), share and merger premiums (73,610 thousand euros) and share purchase options (6,256 thousand euros).

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 within ten years from their dates of issue, after a 12-month vesting period. From the 2006 plan, the vesting period is 4 years and disposals are only possible after year 6. The last share options plan dates from 2011.

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

	2020		2019	
	Weighted average exercise (euros per share)	Options	Weighted average exercise (euros per share)	Options
At January 1	50.31	106,100	42.20	134,900
Granted	46.87	-750	50.35	-4,300
Expired	57.11	-54,250	5.62	-24,500
At December 31	**43.15**	**51,100**	**50.31**	**106,100**

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	
		2020	2019
December 16, 2020 (*)	57.11	-	54,250
December 15, 2021 (*)	46.87	51,100	51,850
		51,100	**106,100**

(*) Expiry date.

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

Non-controlling interests break down as follows:

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

	Compagnie Laitière Européenne (excluding CF&R)		CF&R		Other		Total	
	12 months		12 months		12 months		12 months	
In thousands of euros	2020	2019	2020	2019	2020	2019	2020	2019
% voting rights	14.14%	14.14%	50%	50%	-	-	-	-
% economic interest	14.14%	14.14%	57.07%	57.07%	-	-	-	-
Share of net income	2,382	60	3,430	405	1,652	945	7,464	1,410
Share of other comprehensive income	-164	-319	15	-42	-471	-231	-620	-592
Share of total comprehensive income	2,218	-259	3,445	363	1,181	714	6,844	818
Cumulative non-controlling interests	67,161	65,830	115,007	5,937	29,729	29,151	211,897	100,918
Dividends paid to non-controlling interests	893	994	-	-	397	1,448	1,290	2,442

IFRS-compliant financial information (100% interest) before internal transactions:

BALANCE SHEET

	Compagnie Laitière Européenne	
In thousands of euros	At December 31, 2020	At December 31, 2019
Current assets	870,320	675,423
Non-current assets	652,219	572,444
ASSETS	**1,522,539**	**1,247,867**
Equity	555,513	424,858
Current liabilities	697,236	582,096
Non-current liabilities	269,790	240,913
EQUITY AND LIABILITIES	**1,522,539**	**1,247,867**

INCOME STATEMENT

	12 months	
In thousands of euros	2020	2019
Net sales	2,055,326	1,762,921
Net Income	26,076	-3,733
Net income (loss) for the period	25,919	-5,845

NOTE 26. PROVISIONS

In thousands of euros	Pensions, other retirement benefits and long-service benefits	Reorganization	Other risks and charges	Total
At January 1, 2019	**85,172**	**29,912**	**15,829**	**130,913**
Foreign exchange differences	-1	29	-339	-311
Provisions (1)	9,619	8,051	5,037	22,707
Uses	-5,051	-13,507	-11,890	-30,448
Change in scope of consolidation	1,430	-	-	1,430
Change in actuarial gains and losses	14,854	-	-	14,854
Other variations	-558	-	-	-558
At December 31, 2019	**105,465**	**24,485**	**8,637**	**138,587**
Foreign exchange differences	-85	-55	-399	-539
Provisions (1)	9,564	8,439	7,649	25,652
Uses (2)	-5,293	-13,923	-4,874	-24,090
Change in scope of consolidation (3)	7,920	1,303	509	9,732
Changes in actuarial gains and losses (4)	7,374	-	-	7,374
Other variations	164	-	-	164
At December 31, 2020	**125,109**	**20,249**	**11,522**	**156,880**

(1) In 2020, 8.4 million euros of provisions were allocated for reorganization, in particular 6.4 million euros for the plan to close the Rambol plant and 7.6 million euros of provisions for other risks and charges, 5.8 million euro of litigations and 1.8 million euro of contingencies.
In 2019, the allocations for provisions for reorganization concerned in particular a plan to close the St Saviol site undertaken in France.

(2) Reversals of provisions for reorganization total 13.9 million euros, including 9.4 million euros of provisions used and 4.5 million euros of provisions no longer required.
The reversals of provisions for other risks and contingencies total 4.9 million euros, including 2.5 million euros of provisions used and 2.4 million euros of provisions no longer required.

(3) Full consolidation of CF&R – including a 1.3 million-euro provision for the closure of the Coutances site.

(4) The change essentially reflects the change in 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. In connection with an asset disposal, a subsidiary in the United States is confronted with unjustified claims on the part of the partner. The subsidiary totally refutes the claims and has thus not recognized any provision for litigation in that respect.

At December 31, 2020 the principal contingencies and disputes covered by provisions concerned 20.2 million euros for reorganization (December 2019: 24.5 million euros), 7.1 million euros for social disputes (December 2019: 4.4 million euros), 1 million euros for commercial risks and disputes (December 2019: 0.8 million euros), and 3.5 million euros for other risks (December 2019: 3.4 million euros).

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. These plans release the employer from any future obligation, as the pension fund pays the employees the sums owing to them. The plans' expenses are the contributions paid during the reference period.

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 are estimated at regular intervals.

These defined benefit plans mainly comprising severance benefits and optional supplementary defined benefits pension schemes may either be partially pre-financed or not pre-financed.

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 break down as follows:

	France		Germany		UK		Belgium	
	2020	2019	2020	2019	2020	2019	2020	2019
Discount rate [1]	0.36%	0.77%	0.36%	0.77%	1.60%	1.90%	0.05% à 0.55%	0.35%-0.60%
Inflation rate	1.80%	1.80%	1.80%	1.80%	3.10%	2.80%	1.70%	1.80%
Rate of salary increases	2.20%	2.20%	3.00%	3.00%	n/a	n/a	1.80%	1.80%

(1) 0.10% for pension plans and labor medals in 2020 (0.10% in 2019).

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

An increase in the discount rate of more than 0.50% would reduce the obligations by 4.7 million euros for France and 7.7 million euros for Germany.

An increase in the inflation rate of more than 0.50% would increase the obligations by 3.9 million euros for France and 2.4 million euros for Germany.

The expected return on plan assets is measured under IAS 19 (revised) on the basis of the respective discount rates of 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.

CHANGES IN BENEFIT OBLIGATIONS	2020	2019
Opening benefit obligations	**185,933**	**159,128**
Interest expense	1,112	2,354
Current service cost	9,655	8,322
Past services costs	-396	-266
Actuarial differences relating to demographic assumptions	-3,375	-265
Actuarial differences relating to financial assumptions	11,395	21,359
Actuarial differences relating to experience adjustments	-1,030	9
Benefits paid	-5,833	-6,377
Internal transfers	22	147
Tax and administration charges	-221	-261
Foreign exchange differences	-517	298
Movements of business combinations	7,920	1,430
Other transactions	49	54
Closing benefit obligations	**204,714**	**185,932**

EVOLUTION OF PLAN ASSETS	2020	2019
Opening plan assets	**80,467**	**73,956**
Expected return from plan assets	508	1,222
Services served by the fund	-3,466	-5,066
Contributions paid to the fund by Group companies	2,926	3,740
Internal transfers	-7	
Tax and administration charges	-195	-189
Foreign exchange differences	-433	299
Actuarial gain/loss	-384	6,248
Movements of business combinations		
Other transactions	189	257
Closing plan assets	**79,605**	**80,467**
CHARGE FOR THE PERIOD		
Current service cost	9,655	8,322
Past services costs	-396	-266
Total service cost	9,259	8,056
Interest expense	1,112	2,354
Yield on plan assets	-508	-1,222
Net interest expense	604	1,132
Other transactions	-299	431
PERIOD'S CHARGES	**9,564**	**9,619**
ACTUARIAL GAINS AND LOSSES IMPACTING COMPREHENSIVE INCOME		
-Gains and losses relating to demographic assumptions	-3,375	-265
-Gains and losses relating to financial assumptions	11,395	21,324
-Gains and losses relating to experience adjustments	-1,030	43
-Gains and losses relating to assets (other than financial income)	384	-6,248
TOTAL	**7,374**	**14,854**
EVOLUTION OF THE PROVISIONS		
Opening provisions	**105,465**	**85,172**
Charge for the period	9,564	9,619
Actuarial gains and losses impacting other comprehensive income	7,374	14,854
Benefits paid directly by employer	-2,367	-1,311
Foreign exchange differences	-85	-1
Contributions paid to the fund by Group companies	-2,926	-3,740
Transfers and other adjustments	164	-558
Change in scope of consolidation	7,920	1,430
Closing provisions	**125,109**	**105,465**
RECONCILIATION OF NET BENEFIT OBLIGATIONS AND PROVISIONS		
Net obligations	**204,714**	**185,932**
Plan assets	-79,605	-80,467
CLOSING PROVISIONS	**125,109**	**105,465**

The closing benefit obligations value of 204.7 million euros as of December 31, 2020 breaks down as follows:

- 38.8 million euros for non-funded plans;
- 165.9 million euros for partially funded plans.

The contributions for 2020 in respect of French companies total 0.7 million euros.

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

The estimated amount of the main third-party funds as of December 31, 2020 breaks down as follows:

	France		Germany		UK		Belgium	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity instruments	34.4%	32.9%	15.7%	14.5%	17.9%	21.3%	-	-
Borrowing instruments	51.4%	52.3%	25.3%	29.1%	71.6%	68.7%	-	-
Real estate	13.2%	13.6%	17.1%	15.1%	-		-	-
Insurance contracts	-	-	-	-	-	-	100.0%	100.0%
Other	1.0%	1.1%	41.8%	41.3%	10.5%	10.0%	-	-

3

NOTE 27. BORROWINGS AND OTHER FINANCIAL LIABILITIES EXCLUDING LEASE LIABILITIES

In thousands of euros	At December 31, 2020	Non-current	Current	At December 31, 2019	Non-current	Current
Borrowings from financial and similar institutions (*)	727,397	9,197	718,200	663,095	13,910	649,185
Deferred liabilities for profit-sharing payments	11,855	9,049	2,806	11,661	9,240	2,421
Bond issues	292,667	283,530	9,137	310,096	300,142	9,954
Current bank facilities	33,495	-	33,495	112,400	-	112,400
BORROWINGS AND FINANCIAL LIABILITIES AT CLOSING	**1,065,414**	**301,776**	**763,638**	**1,097,252**	**323,292**	**773,960**

(*) Current debt with financial institutions primarily comprises commercial paper.

The amounts presented exclude the amounts of purchase and sale options contracted with the holders of non-controlling interests in Group companies. Furthermore, following first-time application of IFRS 16, lease obligations 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.

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

In the first half of 2020, the Group signed an amendment to the syndicated loan agreement with the banks, extending both its amount and its term (one year's loan maturity, namely June 2022, extendable by one year).

Bond issues include five private borrowings. The first was issued in 2011 and 2013 (maturing respectively in 2025 and 2026) with a residual nominal amount of 112.5 million dollars, and repayment began in 2019. The second was issued in 2016 with a nominal amount of 20 million euros and is repayable in five annual installments from 2027. The third was issued in with a nominal amount of 130 million euros and is repayable in five annual installments from 2028. The fourth was issued in 2018 with a nominal amount of 30 million euros and is repayable progressively from 2029. The fifth was issued in 2019 with a nominal amount of 20 million euros and is repayable in five annual installments from 2030.

For financial year 2020, average outstanding bank borrowings totaled 1,214 million euros.

The average interest rate was 1.75% in 2020, including hedged rates and banking commissions.

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 euros	At December 31, 2020	At December 31, 2019
Within one year	763,638	773,960
From year 2 to year 5 inclusive	84,738	53,829
After the 5th year	217,038	269,463
	1,065,414	**1,097,252**

Breakdown by currency:

In thousands of euros	At December 31, 2020	At December 31, 2019
EUR	936,812	932,156
JPY	1,642	1,710
USD	92,036	109,422
Other currencies	34,924	53,964
	1,065,414	**1,097,252**

Breakdown by type of interest rate:

In thousands of euros	At December 31, 2020	At December 31, 2019
Fixed rate borrowings	342,378	368,034
Floating rate borrowings	723,036	729,218
	1,065,414	**1,097,252**

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

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

The change in gross borrowing may be analyzed as follows:

In thousands of euros	At December 31, 2020	At December 31, 2019
OPENING BORROWINGS	**1,097,252**	**1,053,993**
Transfer of IAS 17 finance leases to current and non-current lease obligations under IFRS 16	-	-8,876
New borrowings	79,935	108,332
Repayments of borrowings	-23,147	-46,832
Change in bank facilities and financial current accounts	-70,922	-20,857
Foreign exchange differences	-18,091	3,707
Change in consolidation scope [1]	387	7,785
CLOSING BORROWINGS	**1,065,414**	**1,097,252**

(1) In 2020, full consolidation of CF&R, and recognition of Fromageries Papillon in 2019.

Gross financial debt was down by 31.8 million euros compared with December 31, 2019. Including investments classified as otter current financial assets net of active cash, net debt decreased by 155.1 million euros, showing a net balance of 464.8 million euros at December 31, 2020.

Certain loans include clauses requiring compliance with a financial leverage ratio. This ratio is 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.

To calculate the financial ratio, the net financial debt applying to the syndicated facility and most of the Group's bilateral contracts is determined as follows:

In thousands of euros	At December 31, 2020	At December 31, 2019
Non-current borrowings and debts towards financial institutions	-301,776	-323,292
Current bank borrowings	-763,638	-773,960
BORROWINGS AND FINANCIAL LIABILITIES	**-1,065,414**	**-1,097,252**
Other current financial assets	17,096	11,449
Cash and cash equivalents	583,543	465,896
NET DEBT	**-464,775**	**-619,907**
Treasury shares	18,487	14,974
NET FINANCIAL DEBT	**-446,288**	**-604,933**

NOTE 28. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are the call and put options contracted with holders of minority interests. These options are measured at the discounted present value of the option's exercise price. They concern 4% of Belebeevski Molochny Kombinat, 20% of Bake Plus and 30% of Palace Industries.

Period movements concern the change in fair value of these stock options on consolidated companies as well as the reclassification of call and put options of 33.33% of Bressor Alliance from Trade and other payables to Other non-current liabilities, and 4% of B.M.K.from Other non-current liabilities to Trade and other payables.

NOTE 29. TRADE AND OTHER PAYABLES

In thousands of euros	At December 31, 2020	At December 31, 2019
Operating payables	687,078	648,437
Fixed asset payables	7,841	5,047
Payroll and tax liabilities (excluding taxes on income)	320,431	253,056
Deferred revenue	7,506	2,033
Other payables [(1)]	173,763	145,076
	1,196,619	**1,053,649**

(1) In 2020, "Other payables" include benefits granted to customers. They also include the 4% call and put option on B.M.K. securities for 5 million euros and the 30% call and put option on Palace Industries securities, the value of which is nil at the end of financial year 2020. This item includes the Bressor Alliance option for 18.3 million euros in 2019.

The total amount at December 31, 2020 includes 94.7 million euros for trade and other payables further to the full consolidation of CF&R.

NOTE 30. DERIVATIVE FINANCIAL INSTRUMENTS - LIABILITIES

	At December 31, 2020		Maturity in 2021		Maturity > 2021	
In thousands of euros	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Commodity derivatives	102	-	102	-	-	-
Interest rate swaps (1)	11,357	100,000	-	-	11,357	100,000
Instruments held for trading						
Currency derivatives	3,127	2,830	3,127	2,830	-	-
Interest rate derivatives (2)	14,310	100,000	-	-	14,310	100,000
Commodity derivatives	114	-	114	-	-	-
	29,010	**-**	**3,343**	**-**	**25,667**	**-**
Of which: classified as current liabilities	3,343	-	3,343	-	-	-
Of which: classified as non-current	25,667	-	-	-	25,667	-

(1) Maturity in 2027.
(2) Maturity in 2027.

	At December 31, 2019		Maturity in 2020		Maturity > 2020	
In thousands of euros	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Commodity derivatives	312	-	312	-	-	-
Interest rate swaps	9,663	100,000	-	-	9,663	100,000
Instruments held for trading						
Currency derivatives	1,951	129,078	1,951	129,078	-	-
Interest rate derivatives (1)	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).

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% efficient 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 for the counterparty and the Group with regard to the fair value of swaps that is not reflected in the change in fair value of the hedged cash flows attributable to changes in interest rates and to timing differences between the rate refixing dates of the swaps and loans;
- for foreign exchange hedging, the risk for the counterparties and the Group with regard to the fair value of forward currency contracts that is not reflected in the change in fair value of the hedged cash flows 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 100 million euros of swaps arranged in March 2018, which are qualified as cash flow hedges affecting other components of comprehensive income.

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

In 2018, the Group arranged 100 million euros of swaptions, deferred by two years. These swaps were operational from March to May 2020 and will protect the Group against an increase in rates until 2027.

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

	Euro			Other			Total		
LOANS AND FINANCIAL LIABILITIES	**Fixed rates**	**Variable rates**	**Total**	**Fixed rates**	**Variable rates**	**Total**	**Fixed rates**	**Variable rates**	**Total**
Pre-hedging	**241,044**	**695,768**	**936,812**	**101,334**	**27,268**	**128,602**	**342,378**	**723,036**	**1,065,414**
• *Swap*	100,000	-100,000					100,000	-100,000	
• *Cap*	-	-					-	-	
Post-hedging	**341,044**	**595,768**	**936,812**	**101,334**	**27,268**	**128,602**	**442,378**	**623,036**	**1,065,414**
Other current financial assets		14,767	14,767		2,329	2,329		17,096	17,096
Cash and cash equivalents		372,307	372,307		211,236	211,236		583,543	583,543
TOTAL NET CASH ACQUIRED		**387,074**	**387,074**	**-**	**213,565**	**213,565**	**-**	**600,639**	**600,639**

Analysis of sensitivity to increase in short-term interest rates at December 31, 2020:

A 1% increase in short-term rates would impact the Group's gross variable debt by 6.2 million euros.

This increase in short-term rates would also have an estimated impact of 6 million euros on floating-rate short-term investments. Therefore, the overall impact on the Group's net financial income would be 0.2 million euros.

Foreign currency hedging

Forward contracts and options - latent hedge at December 31, 2020.

The Group is principally exposed to the risk of variations in the following currencies: yuan, yen, US dollar, pound sterling, Swiss franc and Brazilian real.

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

In thousands of currency units	**Total currency 1**		**Total currency 2**		**Cover in Thousands of EUR**	**Euro amount for currency 1**		**Fixing at 12/31/2020**
CHF EUR	-6,609	CHF	6,211	EUR	67	-6,118	EUR	1.0802
CNY EUR	-204,863	CNY	25,710	EUR	269	-25,536	EUR	8.0225
GBP EUR	-34,625	GBP	39,000	EUR	291	-38,514	EUR	0.8990
JPY EUR	-1,195,682	JPY	9,817	EUR	373	-9,453	EUR	126.4900
USD EUR	-56,500	USD	48,106	EUR	1,271	-46,043	EUR	1.2271
BRL USD	-64,673	BRL	12,134	USD	-9	-10,149	EUR	5.1931
CNY USD	-48,353	CNY	7,240	USD	-115	-6,027	EUR	6.5378
Other currencies					-41	-43,077	EUR	
TOTAL					**2,106**	**-184,917**	**EUR**	

Currency variation sensitivity analysis: a 1% variation in the main currencies (CNY, USD, GBP, BRL, JPY and CHF) based on a rate prevailing at December 31, 2020 would have an impact of 1.4 million euros 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 euros	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, 2020						
Other financial assets held at fair value through profit and loss	-	-	11,199	-	11,199	11,199
Non-current financial assets held for trading	-	-	1,216	-	1,216	1,216
Non-current financial loans and receivables	-	-	-	13,283	13,283	13,283
Other non-current financial assets	**-**	**-**	**12,415**	**13,283**	**25,698**	**25,698**
Interest rate derivatives	14,983	8,171	-	-	23,154	23,154
Non-current derivative financial instruments	**14,983**	**8,171**	**-**	**-**	**23,154**	**23,154**
Trade receivables	**-**	**-**	**-**	**792,880**	**792,880**	**792,880**
Current loans & receivables	**-**	**-**	**-**	**936**	**936**	**936**
Other commodity hedging derivatives	114	-	-	-	114	114
Foreign currency hedging derivatives	5,233	-	-	-	5,233	5,233
Other interest rate derivatives	-	1,057	-	-	1,057	1,057
Current derivative financial instruments	**5,347**	**1,057**	**-**	**-**	**6,404**	**6,404**
Current financial assets held for trading	**-**	**-**	**14,767**	**2,329**	**17,096**	**17,096**
Financial current accounts	-	-	-	45,836	45,836	45,836
Cash	-	-	-	315,920	315,920	315,920
Cash equivalents	-	-	221,787	-	221,787	221,787
Cash and cash equivalents	**-**	**-**	**221,787**	**361,756**	**583,543**	**583,543**
TOTAL ASSETS	**20,330**	**9,228**	**248,969**	**1,171,184**	**1,449,711**	**1,449,711**

(1) Fair value based on prices quoted on an active market (level-1 instruments).
(2) Fair value measured using inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly.

Fair value measurements are classified into three levels of the fair value hierarchy according to the inputs used in the valuation technique. The three levels as follows:

- level 1: unadjusted prices exist on active markets for identical assets or liabilities, which the Group can access on the valuation date
- level 2: used 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 euros	Derivative financial instruments through profit or loss [(1)]	Hedging derivatives [(2)]	Financial liabilities at fair value through profit or loss [(2)]	Financial liabilities measured at amortized cost	Carrying amount	Fair value
At December 31, 2020						
Bond issues	-	-	-	283,530	283,530	283,530
Other borrowings	-	-	-	62,591	62,591	62,591
Non-current financial borrowings and debts	**-**	**-**	**-**	**346,121**	**346,121**	**346,121**
Non-current debts relating to put options granted to minority shareholders	-	-	29,108	-	29,108	29,108
Other items	-	-	1	-	1	1
Other non-current liabilities	**-**	**-**	**29,109**	**-**	**29,109**	**29,109**
Interest rate derivatives	14,310	11,357	-	-	25,667	25,667
Non-current derivative financial instruments	**14,310**	**11,357**	**-**	**-**	**25,667**	**25,667**
Trade payables	**-**	**-**	**-**	**687,077**	**687,077**	**687,077**
Guarantees deposits received	**-**	**-**	**-**	**1,671**	**1,671**	**1,671**
Current debts relating to put options granted to minority shareholders	**-**	**-**	**5,000**	**-**	**5,000**	**5,000**
Commodity derivatives	-	102	-	-	102	102
Other commodity derivatives	114	-	-	-	114	114
Foreign currency derivatives	3,127	-	-	-	3,127	3,127
Current derivative financial instruments	**3,241**	**102**	**-**	**-**	**3,343**	**3,343**
Current financial liabilities	-	-	-	726,928	726,928	726,928
Financial current accounts	-	-	-	25,442	25,442	25,442
Current bank facilities	-	-	-	33,495	33,495	33,495
Current borrowings	**-**	**-**	**-**	**785,865**	**785,865**	**785,865**
TOTAL LIABILITIES	**17,551**	**11,459**	**34,109**	**1,820,734**	**1,883,853**	**1,883,853**

(1) Fair value based on prices quoted on an active market (level-1 instruments).
(2) Fair value measured using inputs, other than the quoted prices in level 1, observable y for the asset or liability, 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% efficient so involved no profit or loss impact.

ASSETS

In thousands of euros	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**
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
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 prices quoted on an active market (level-1 instruments).
(2) Fair value measured using inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly.

LIABILITIES

In thousands of euros	Derivative financial instruments through profit or loss [(1)]	Hedging derivatives [(2)]	Financial liabilities at fair value through profit or loss [(2)]	Financial liabilities measured 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**
Non-current debts relating to put options granted to minority shareholders	-	-	15,863	-	15,863	15,863
Other items	-	-	2	-	2	2
Other non-current liabilities	**-**	**-**	**15,865**	**-**	**15,865**	**15,865**
Interestr 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**
Current debts relating to put options granted to minority shareholders	**-**	**-**	**18,291**	**-**	**18,291**	**18,291**
Commodity derivatives	-	312	-	-	312	312
Other commodity derivatives	274	-	-	-	274	274
Other currency derivatives	1,951	-	-	-	1,951	1,951
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**	**34,156**	**1,811,010**	**1,869,393**	**1,869,393**

(1) Fair value based on prices quoted on an active market (level-1 instruments).
(2) Fair value based on inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly.

NOTE 31. CHANGE IN WORKING CAPITAL

In thousands of euros	At December 31, 2020	At December 31, 2019
Trade receivables	-29,105	-26,621
Inventories	-11,254	-38,074
Trade payables	-27,540	30,684
Miscellaneous receivables and payables	128,590	27,103
	60,691	**-6,908**

In 2020, the variation in the working capital was affected by changes in the trading prices of manufactured products and the increase in accrued payroll costs and customer benefits.

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.

NOTE 32. OFF-BALANCE SHEET COMMITMENTS

The Group's contingent assets and liabilities comprised:

- 12.6 million euros of equity investment commitments (2019: 12.9 million euros) given and received, only concerning Italian Ferrari company in 2020.
- Commitments given concerning the funding of the Company.
- Financial guarantees provided to Group companies totaling 83.3 million euros (2019: 108.2 million euros).
- Commitments relating to operating activities:

In respect of commitments given:

Commitments in respect of short-term leases totaled 2.9 million euros for 2020.

Firm commitments for leases under IFRS 16 that had not started at closing total 0.1 million euros.

Other commitments given total 96 million euros, primarily purchase commitments (2019: 78.6 million euros).

Regarding milk supply contracts, the Group has contracts with several producers based on normal market terms and conditions.

In respect of commitments received:

Other commitments received total 32.7 million euros (2019: 31.3 million euros).

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 S.A. The balance is held by numerous other shareholders whose shares are dealt in on the Paris stock exchange. Certain SAVENCIA S.A. subsidiaries are not fully owned (see note 35 on the Group's scope of consolidation). 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. In this respect, SAVENCIA Fromage & Dairy recognized sales to related cooperative totaling 73.9 million euros in 2020 (against 76.7 million euros in 2019) and purchases totaling 824.9 million euros in 2020 (against 786.9 million euros in 2019).

The Group handles cash management for related parties. On that account, it received payment of 1.6 million euros in 2020 (0.6 million euros in 2019).

Group sales to associates (*) totaled 79.2 million euros in 2020 (2019: 220.7 million euros) and purchases from associates (*) totaled 81.9 million euros (2019: 207.6 million euros), essentially relating to sales and purchases of dairy materials.

Compensation packages for company Directors totaled 4.6 million euros (4.0 million euros in 2019). In 2020 they break down as follows: 4.5 million euros of short-term benefits, 0.1 million euros of post-employment benefits. 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 2019 or 2020.

The main Directors include the Chairman of the Board, the Managing Director, the deputy Managing Director and other Board members.

(*) This includes transactions with CF&R in the first four months of 2020, the Group ensuring part of dairy procurement on its own account, and part of the buy-back of industrial derived products. The Group also provides some logistics and commercial services, as well as distribution services in a number of foreign countries. It also provides IT and administrative services.

NOTE 34. POST BALANCE SHEET EVENTS

As far as the Company is aware, there have been no significant post-balance sheet events as of the closing date for the 2020 consolidated accounts.

NOTE 35. LIST OF MAIN CONSOLIDATED ENTITIES

Fully consolidated entities	Siren N°	Country	% voting rights		% economic interest	
France			12/31/2020	12/31/2019	12/31/2020	12/31/2019
SAVENCIA S.A.	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 des Fromages & RichesMonts	501 645 196	FRANCE	50.00	-	42.93	-
CF&R Gestion SAS	501 653 612	FRANCE	51.00	-	43.79	-
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
Etablissements 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	100.00	100.00	100.00
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	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	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
Grand'Ouche SAS	314 815 457	FRANCE	99.83	99.83	99.83	99.83
La Compagnie des Fromages SAS	393 257 654	FRANCE	100.00	100.00	85.86	85.86
Les Fromagers Associés SAS	349 542 415	FRANCE	100.00	100.00	100.00	100.00
Les Fromagers de L'Europe SAS	428 744 973	FRANCE	100.00	100.00	100.00	100.00
Les Fromagers de Thiérache SAS	315 332 569	FRANCE	100.00	100.00	100.00	100.00
Messageries Laitières SNC	313 966 103	FRANCE	61.31	61.31	52.64	52.64
Normandie Bretagne Transports SAS (NBT)	403 128 051	FRANCE	100.00	100.00	85.86	85.86
Normandie Export Logistics	824 269 898	FRANCE	61.30	61.30	52.64	52.64
PJB Advance SA	438 355 877	FRANCE	100.00	100.00	100.00	100.00
Prodilac SAS	389 297 714	FRANCE	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Europe	351 014 352	FRANCE	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Foodservice	389 330 739	FRANCE	100.00	100.00	85.86	85.86
SAVENCIA Fromage & Dairy International	402 927 628	FRANCE	100.00	100.00	100.00	100.00
SAVENCIA Produits Laitiers International	325 508 653	FRANCE	99.96	99.96	99.96	99.96

Fully consolidated entities	Siren N°	Country	% voting rights		% economic interest	
SAVENCIA Produits Laitiers France	394 530 703	FRANCE	100.00	100.00	100.00	100.00
SAVENCIA Ressources Laitières	389 297 748	FRANCE	100.00	100.00	85.86	85.86
Saveurs de France	431 636 208	FRANCE	-	100.00	-	100.00
SB Alliance Informatique	780 876 405	FRANCE	100.00	100.00	85.86	85.87
SB Alliance SNC	409 080 538	FRANCE	84.99	84.99	84.98	84.98
SB Biotechnologies SAS	450 983 051	FRANCE	100.00	100.00	97.50	97.50
Sci du Bousquet	350 222 758	FRANCE	100.00	100.00	100.00	100.00
Société des Beurres et Crèmes des Régions d'Europe	487 220 295	FRANCE	100.00	100.00	85.86	85.86
Société Les Vergers des Coteaux du Périgord SAS	330 479 213	FRANCE	100.00	100.00	100.00	100.00
Sodilac SAS	689 806 470	FRANCE	100.00	100.00	85.86	85.86
Sofivo SAS	352 848 725	FRANCE	100.00	100.00	85.86	85.86
Sogasi SAS	315 062 224	FRANCE	100.00	100.00	100.00	100.00
Sogeps SAS	384 557 880	FRANCE	100.00	100.00	100.00	100.00
Soredab SAS	317 705 267	FRANCE	97.50	97.50	97.50	97.50
Terre Bio	817 437 643	FRANCE	100.00	100.00	100.00	100.00
Other countries						
Advanced Food Products LLC		UNITED STATES	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		UNITED STATES	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
Compagnie des Fromages & RichesMonts GmnH		GERMANY	100.00	-	42.93	-
Corman Deutschland Gmbh		GERMANY	100.00	100.00	85.86	85.86
Corman Italia Spa		ITALY	100.00	100.00	85.86	85.86
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		UNITED STATES	100.00	100.00	100.00	100.00
Fleur de Lait West LLC		UNITED STATES	100.00	100.00	100.00	100.00
Food Garden of Sweden		SWEDEN	100.00	100.00	100.00	100.00
Fromagers Associés Japon K.K.		JAPAN	51.00	51.00	51.00	51.00
Fromunion SA		BELGIUM	100.00	100.00	100.00	100.00
Gerard Cheese Food Technology ltd		CHINA	100.00	-	100.00	-

Fully consolidated entities	Siren N°	Country	% voting rights		% economic interest	
ICC Paslek ltd		POLAND	100.00	100.00	85.86	85.86
Kolb Lena INC		UNITED STATES	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
Mareco Sweet Creation		NETHERLANDS	100.00	-	100.00	-
Milkaut		ARGENTINA	99.98	99.97	99.98	99.97
Nature Fit Gmbh		GERMANY	-	100.00	-	80.00
Mleczarnia Turek Sp ZOO		POLAND	100.00	100.00	100.00	100.00
Mlekoprodukt		REPUBLIC OF 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		UNITED STATES	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.		UNITED STATES	100.00	100.00	100.00	100.00
Santa Rosa Chile Alimentos Limitada		CHILE	100.00	100.00	100.00	100.00
SAVENCIA Cheese USA, LLC		UNITED STATES	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 Bénélux		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 Japon K.K.		JAPAN	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Hong Kong Limited		HONG KONG	100.00	100.00	100.00	100.00
SAVENCIA F & D HU Zrt.		HUNGARY	100.00	100.00	100.00	100.00
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	100.00	99.99	100.00	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 Fromage & Dairy Taiwan		TAIWAN CHINESE PROVINCE	100.00	-	100.00	-
SAVENCIA Services Europe a.s.		CZECH REPUBLIC	100.00	100.00	100.00	100.00

Fully consolidated entities	Siren N°	Country	% voting rights		% economic interest	
SAVENCIA Vallée des Fromages		RUSSIA	100.00	-	100.00	-
SB International		BELGIUM	100.00	100.00	100.00	100.00
S.B.M.S.		BELGIUM	99.98	99.98	99.98	99.98
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
Zausner Foods Corp.		UNITED STATES	100.00	100.00	100.00	100.00
Zvenigorodskiy		UKRAINE	100.00	100.00	100.00	100.00

Entities consolidated using the equity method	Country	% voting rights		% economic interest	
France		**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
CF & R Gestion	FRANCE	-	50.00	-	42.93
Compagnie des Fromages & RichesMonts	FRANCE	-	50.00	-	42.93
Poitou Chèvre SAS	FRANCE	48.96	48.96	24.97	24.97
Sanicoopa SARL	FRANCE	37.99	37.99	32.62	32.62
Sica Silam	FRANCE	40.16	40.16	39.82	39.82
Other countries					
Ferrari Giovanni Industria Casearia S.p.A.	ITALY	49.00	49.00	49.00	49.00
La Compagnie Fromagère SA	TUNISIA	50.00	50.00	50.00	50.00
Premiumlab	SPAIN	-	20.00	-	17.17
Sodiaal Gmbh	GERMANY	-	50.00	-	42.93
Val d'Arve SA	SWITZERLAND	33.34	33.34	33.34	33.34

1.6. Statutory auditors' report on the consolidated financial statements

(For the year ended December 31, 2020)

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of SAVENCIA S.A.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of SAVENCIA S.A. for the year ended December 31, 2020.

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 as at December 31, 2020 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 those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and 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, 2020, property, plant and equipment and intangible assets amounted to €.1,765 million, representing 42% of the assets on the balance sheet. These non-financial assets primarily comprise property, plant and equipment (€.1,190 million), goodwill (€.357 million) and trademarks (€.176 million).

Savencia's management tests these assets for impairment, as described in Notes 5.2.9.10 and 13 to the consolidated financial statements. These tests are performed at the level of each cash generating unit (CGU) and resulted in an impairment of €.37.5 million in the fiscal year 2020.

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, which may be extended to five years in the case of significant investments) 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 (particularly in the pandemic crisis context) 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 S.A. 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

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation N° 2019/815 of 17 Decembre 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentionned in Article L.451-1-2,I of the French Monetary and Financial Code (code monétaire et financier).

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of SAVENCIA S.A. by the Annual General Meetings held on May 21, 1979 for PricewaterhouseCoopers Audit and on May 22, 1977 for KPMG SA.

At December 31, 2020, PricewaterhouseCoopers Audit and KPMG SA were in the forty-second and forty-four consecutive year of their engagement, respectively. For both firms, this is the forty- first 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 the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from 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 is expected 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 risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives 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 from 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 of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- Obtains an understanding of internal control 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;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains 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 auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

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, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, March 30, 2021

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	**KPMG Audit** Department of KPMG SA
Amélie Wattel	Jean-Charles Simon
Partner	Partner

2. Statutory accounts for 2020

2.1. Income Statement

In thousands of euros	Notes	2020	2019
Operating revenues	2.1	29,814	29,492
Operating expenses	2.1	-60,720	-47,227
Operating income	2.1	-30,906	-17,735
Net financial income	2.2	-431	20,956
Current income before taxes		-31,337	3,221
Exceptional net income (expense)	2.3	-3,681	1,074
Profit before tax		-35,018	4,295
Taxes on income	2.4	13,399	10,353
NET INCOME		**-21,619**	**14,648**

2.2. Statement of Cash Flows

In thousands of euros	Notes	2020	2019
Gross operating surplus		-19,020	-11,545
Change in working capital requirement		-2,038	373
Other cash flows associated with the Company's activity		15,290	21,524
Net cash flow from activity [A]		**-5,768**	**10,352**
Intangible/corporal capital investments		-5,016	-1,584
Financial investments		-1	-5,020
Other cash receipts and disbursements		10,017	-29,898
Investment flows [B]		**5,000**	**-36,502**
Share capital			
Dividends paid			-13,784
Cash from new loans			20,000
Repayments of loans		-11,610	-187,190
Funding flows [C]		**-11,610**	**-180,974**
CHANGE IN CASH [A -B-C]		**-12,378**	**-207,124**
Net cash at opening		-623,950	-416,826
Net cash at closing	3.9	-636,328	-623,950
CHANGE IN CASH FLOW		**-12,378**	**-207,124**

2.3. Balance Sheet - assets

In thousands of euros	Notes	Gross amounts	Amortization and provisions	2020 Net amounts	2019 Net amounts
Intangible assets	**3.1**	**54,747**	**-29,934**	**24,813**	**22,598**
Patents, concessions and similar rights		48,557	-29,934	18,623	18,819
Purchased goodwill		1,548		1,548	1,548
Other intangible assets		4,642		4,642	2,231
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**	**1,705,432**	**-1,582**	**1,703,850**	**1,713,722**
Investments in subsidiaries		1,288,991	-1,582	1,287,409	1,287,268
Associated receivables	3.8	415,373		415,373	425,390
Other non-current investments		479		479	546
Loans					
Other non-current financial assets		589		589	518
Total non-current assets		**1,760,452**	**-31,516**	**1,728,936**	**1,736,593**
Current assets	**3.8**	**113,532**	**-284**	**113,248**	**84,068**
Miscellaneous receivables	3.4	49,311		49,311	53,212
Marketable securities	3.5	55,211	-284	54,927	26,239
Cash and cash equivalents		9,010		9,010	4,617
Adjustment accounts with debit balances	**3.10**	**60**		**60**	**19**
TOTAL ASSETS		**1,874,044**	**-31,800**	**1,842,244**	**1,820,680**

2.4. Equity and liabilities

In thousands of euros	Notes	2020 Amounts before appropriation	2019 Amounts before appropriation
Equity	**3.6**	**808,853**	**827,596**
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		402,674	388,026
Net income for the period		-21,619	14,648
Investment grants			
Regulated provisions		11,621	8,745
Provisions for risks and future costs	**3.7**	**14,043**	**4,575**
Liabilities	**3.8**	**1,019,123**	**988,438**
Bank borrowings		283,664	290,997
Other borrowings		716,912	687,437
Supplier payables and similar amounts		12,378	6,226
Tax and payroll liabilities		2,294	802
Payables for non-current assets		99	16
Other payables		3,776	2,960
Adjustment accounts with credit balances		**225**	**71**
TOTAL EQUITY AND LIABILITIES		**1,842,244**	**1,820,680**

2.5. Notes to the statutory account

Highlights

In connection with the health crisis and the enactment of the state of health emergency decreed by Law 2020-290 of March 23, 2020, it was decided that no French subsidiary of SAVENCIA S.A. pays dividends in 2020 in order to secure their individual cash position.

The signing of an endorsement of the syndicated contract allowed, on the one hand, to postpone the expiry of this contract to June 2022 or even June 2023 as part of the exercise of an option and on the other hand to increase this line of credit significantly.

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 old
Buildings	10 to 33 years old
Building improvements	10 to 30 years old
Plant and equipment	5 to 15 years old
Office and computer equipment and office furniture	3 to 15 years old
Other assets	3 to 20 years old

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.

1.3. 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 or a valuation. external when it is available.

1.4. 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.

1.5. Foreign currency transactions

Foreign currency charges and products are recorded for their counter-value on the date of the transaction.

Debts, receivables, foreign exchange availability are on the balance sheet for their counter-value at the year-end rate. Differences resulting from the discounting of foreign currency debts and receivables at the latter rate are brought to the balance sheet in "conversion spreads." Any latent uncompensated foreign exchange losses are subject to a risk provision.

Foreign exchange gains and losses on covered invoices and hedging instruments, as well as the cost of hedges (term point or premiums) are reclassified as operating income.

Instruments not due at the close, covering transactions for the year, are recorded on the balance sheet in order to ensure a symmetrical treatment with the receivables or debts covered.

1.6. Management of financial risks and financial instruments

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.

1.7. Regulated provisions

Tax-deductible depreciation may be calculated on the basis of 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.

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 S.A. is only required to pay the balance.

NOTE 2. NOTES TO THE STATUTORY ACCOUNTS

2.1. Operating income

In thousands of euros	**2020**	**2019**
Operating revenues	**29,814**	**29,492**
Operating revenue essentially comprises royalties billed to subsidiaries		
Royalties	29,138	28,352
Other income	676	1,140
Operating costs	**-60,720**	**-47,227**
Purchased goods and services (*) (**)	-46,674	-38,665
Taxes (excluding taxes on income)	-886	-906
Gross remuneration	-355	-347
Social contributions	-275	-272
Joint operations		
Other costs	-644	-584
Charges for amortization, impairment and provisions (**)	-11,886	-6,453
OPERATING DEFICIT	**-30,906**	**-17,735**

(*) 945 thousand euros for the legal control of accounts by auditors for the 2020 financial year. In 2019, this amount was 987 thousand euros. As a consultancy and/or service provider, the fees are zero in 2020, they amounted to 14 thousand euros in 2019.

(**) External expenses and provisions are impacted upwards mainly by the costs associated with the extension of union contracts and by the reorganization operations announced in 2018 and other associated expenses.

2.2. Net financial income

In thousands of euros	2020	2019
Income from investments	**7,150**	**26,393**
Dividends received (*)	7,019	26,411
Net impairment	131	-18
Net financial expenses	**-7,449**	**-5,505**
Financial Income	7,306	8,184
Financial expenses	-14,755	-13,689
Foreign exchange and various	**-132**	**68**
NET FINANCIAL INCOME	**-431**	**20,956**

(*) The sharp decline in dividends received in 2020 is linked to the Covid-19 epidemic: no dividends of French origin have been paid to SAVENCIA S.A.

2.3. Net exceptional income

In thousands of euros	2020	2019
Exceptional expenses (*)	-356	-376
Exceptional Income (*)	18	40
Net gains and losses on disposal of fixed assets		
Movements in tax-driven amortization	-2,876	1,309
Movements in provisions for risks (**)	-467	101
EXCEPTIONAL NET INCOME	**-3,681**	**1,074**

(*) The net amount of exceptional revenues and expenses for 2020, which amounted to EUR 338 thousand, is mainly due to donations made on the one hand, and a downward adjustment in the revenue receivable from subsidiaries for the Group's latent stock options losses on the other.
(**) This is an endowment mainly for a tax risk of 590 thousand euros and a resumption of provisions of 229 thousand euros on the Group's stock options plan.

2.4. Income tax

In thousands of euros	2020	2019
Tax credits specific to SAVENCIA S.A.	274	226
Tax consolidation credits	13,124	10,147
Net tax charge for prior years	1	-20
TOTAL	**13,399**	**10,353**

Latent taxes

The deferred taxes in respect of tax-driven amortization and other temporary differences represent a future tax charge, based on a 27.50%, tax rate, of 1,744 thousand euros in 2019:

In thousands of euros	2020	2019
Future additional tax	**-3,196**	**-2,712**
For tax-driven amortization	-3,196	-2,711
For other tax adjustments		-1
Future tax relief	**3,306**	**968**
For non-deductible provisions		930
For other non-deductible expenses	3,306	38
For tax losses carried forward		
NET FUTURE ADDITIONAL TAX	**110**	**-1,744**

NOTE 3. NOTES TO THE BALANCE SHEET

3.1. Intangible assets

In thousands of euros		Change in intangible assets			
Caption	Amount at 12/31/2019	Increases	Transfers	Decreases	Amount at 12/31/2020
Gross amounts	**49,647**	**5,100**			**54,747**
Concessions, patents and similar rights	45,868	7	2,682		48,557
Purchased goodwill	1,548				1,548
Other intangible assets (*)	2,231	5,093	-2,682		4,642
Amortizations and impairement	**-27,049**	**-2,885**			**-29,934**
Concessions, patents and similar rights	-27,049	-2,885			-29,934
Purchased goodwill					
Other intangible assets					
NET INTANGIBLE ASSETS	**22,598**	**2,215**			**24,813**

(*) Other intangible assets comprise computer software under development.

3.2. Chang in property, plant and equipment

In thousands of euros Caption	Change in property, plant and equipment Amount at 12/31/2019	Increases	Transfers	Decreases	Amount at 12/31/2020
Gross amounts	**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**

3

3.3. Non-current Financial assets

In thousands of euros Topics	Change in non-current financial assets Amount at 12/31/2019	Increases	Decreases	Amount at 12/31/2020
Gross values	**1,715,448**	**55,454**	**-65,470**	**1,705,432**
Participation	1,288,982	10	-1	1,288,991
Equity-related receivables (*)	425,390	55,373	-65,390	415,373
Other locked-in securities (**)	558		-79	479
loans				
Other financial assets	518	71		589
Depreciation	**-1,726**	**-59**	**203**	**-1,582**
Participation	-1,714	-59	191	-1,582
Receivables related to equity				
Other locked-in securities	-12		12	
loans				
Other financial assets				
NET FINANCIAL ASSETS	**1,713,722**	**55,395**	**-65,267**	**1,703,850**

(*) Representing 5 years loans.
(**) Including 6,491 treasury shares held at December 31, 2020 in the framework of a liquidity contract. (2019: 6,991 shares).

3.4. Other receivables

In thousands of euros	At December 31, 2020	At December 31, 2019
Financial current accounts with Subsidiary	15,422	27,300
Other receivables	33,889	25,912
OTHER NET RECEIVABLES	**49,311**	**53,212**

3.5. Marketable Securities

In thousands of euros	At December 31, 2020	At December 31, 2019
The Company's portfolio of marketable securities comprises French securities as follows:		
Gross amounts	**55,211**	**26,239**
Shares in UCITS	1,500	2,496
Shares in other mutual funds		2,539
Treasury notes, warrants etc.	36,000	7,083
Treasury shares (*)	17,711	14,121
Impairment	**-284**	
Shares in UCITS	-284	
Shares in other mutual funds		
Treasury notes, warrants etc.		
Treasury shares		
NET MARKETABLE SECURITIES	**54,927**	**26,239**

(*) As of December 31, 2020, SAVENCIA S.A. held 311,413 equity securities listed in investment securities with an acquisition value of 17,711 thousand euros. The average market price of SAVENCIA S.A. shares for the month of December 2020 is €59.58.
The overall percentage of self-owned capital is 2.27%, including the 6,491 shares held under the liquidity contract. At the end of the previous fiscal year, SAVENCIA S.A. held 238,207 shares of its own. The overall percentage of self-owned capital was 1.75%, including the 6,991 shares held under the liquidity contract.

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.

3.6. Equity

The Company's share capital of €14,032,930 is divided into 14,032,930 shares of €1 each, of which 9,327,176 shares with dual voting right. As of December 31, 2020, the Company's main shareholder was SAVENCIA HOLDING SCA, with a direct holding of 66.64% of the share capital representing 79.85% of the total voting rights. In addition. As of February 11, 2021, the only shareholder holding more than 5% of the capital is Silchester Northern Trust, which held 6.02% of the share capital and 3.56% of the total voting rights.

STATEMENT OF CHANGE EQUITY

In thousands of euros	Share capital	Other paid-in capital	Revaluation reserve	Legal reserve	Regulated reserves	Other reserves	Retained earnings	Regulated provisions	Net income for the period	Total
Balance at 01/01/2020 (before appropriation of results)	**14,033**	**73,231**	**378**	**1,613**		**326,922**	**388,026**	**8,745**	**14,648**	**827,596**
Share capital reduction										
Tax-driven provisions										
Reversal of provisions								-2,182		-2,182
Charges for the period								5,058		5,058
Distribution of dividend										-
Other reductions										
Transfer to reserve										
Dividends not distributed (for treasury shares)										
Transfer to retained earnings							14,648		-14,648	
Net income for 2019									**-21,619**	**-21,619**
Balance at December 31, 2020 (before appropriation of results)	**14,033**	**73,231**	**378**	**1,613**		**326,922**	**402,674**	**11,621**	**-21,619**	**808,853**

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
2011	2021	46.87	80,000	51,100

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 €529 thousand in 2020 (2019: €750).

The applicable social contribution is calculated based on the lower of market value and/or fair value as provided for by the applicable legislation.

3.7. Provisions for risks and expenses

		Variation of Provisions			
	Amount at 12/31/2019	Endowment	Recovery used	Unused recovery	Amount at December 31, 2020
In thousands of euros	4,575	9,697		229	14,043

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 euros	Total amount	<1 year	1-5 years	> 5 years
Payables				
Financial liabilities				
Other bonds	283,664	7,333	61,665	214,666
Miscellaneous financial liabilities	716,912	716,912		
Operating and miscellaneous liabilities	18,547	18,547		
TOTAL	**1,019,123**	**742,792**	**61,665**	**214,666**

Miscellaneous financial liabilities within one year consist of cash notes or short-term draws from banks. These financings will either be renewed in the short term or repaid by the medium-term lines of credit available to SAVENCIA S.A.

Various loans and financial liabilities are denominated in euros or USD fully hedged against foreign exchange risk if necessary.

		Maturities	
In thousands of euros	Total amount	< 1 year	> 1 year
Receivables			
Receivables associated with investments in subsidiaries	415,373	373	415,000
Operating, financial and miscellaneous receivables	49,311	49,311	
Marketable securities and cash	63,937	62,721	1,216
TOTAL NET OF IMPAIRMENT	**528,621**	**112,405**	**416,216**

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 euros	At December 31, 2020	At December 31, 2019
Marketable securities and cash	63,938	30,856
Debit financial current account balances with subsidiaries (*)	15,593	27,300
Bank borrowings and treasury notes	-689,158	-682,106
Credit financial current account balances with subsidiaries (*)	-26,701	
NET CASH AND CASH EQUIVALENTS AT THE YEAR-END	**-636,328**	**-623,950**

(*) Current account balances evolve based on subsidiaries' cash requirements or surpluses.

3.10. Adjustment and similar accounts

In thousands of euros	At December 31, 2020	At December 31, 2019
Prepaid expenses	**60**	**19**
Prepaid expenses comprise bank interest and commissions		
Deferred revenue	**225**	**71**
Deferred revenue comprises deferred interest income		
Accrued revenue		
Loans, investments and hedging instruments	751	837
Unrealized capital losses for stock options	309	447
Receivable from other operating expenses	8,400	
TOTAL ACCRUED REVENUE	**9,460**	**1,284**
Accrued expenses		
Borrowings, miscellaneous financial liabilities and hedging instruments	1,697	1,771
Trade payables	728	766
Tax and social liabilities	713	614
TOTAL ACCRUED EXPENSES	**3,138**	**3,151**

3.11. Contingent assets and liabilities

In thousands of euros	December 31, 2020	December 31, 2019
Commitments received		
Bank guarantees		
Commitments given		
Lump-sum pension benefits (*)	103	101
Credit facilities allocated to subsidiaries	83,333	108,180

(*) *Pension obligations are administered by Eparinter which has received assets with a fair value of €86 thousand for that purpose. The future liability discounted at 0.36% per annum amounts to €103 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.

3.12. Financial instruments

The Company has subscribed, with a related company, swaps amounting at December 31, 2020 to €180 million of nominal value (2019: €251 million). The swaps qualify as hedging instruments.

3.13. Personnel

Gross payroll for 2020 amounted to €355 million (2018: €347 million). The Company employed 2 persons at December 31, 2020 and 2019.

The remuneration of Board members amounted to €646thousand in 2020 (2019: €585 thousand).

3.14. Related Companies

Transactions with related parties are carried out under normal market conditions.

3.15. Post-Closing Events

There were no events that could call into question the accounts presented attached after the closing date.

3.16. Subsidiaries and affiliates

In thousands of euros unless otherwise stated

Legal form	Activity	Company or group of companies	Share capital	Reserves
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	Study and research	SOREDAB - La Boissière School (78)	75	8,815
SAS	Service provider	SOGASI - Viroflay (78)	25,910	4,514
SAS	Holding	SAVENCIA Cheese and Dairy EUROPE - Viroflay (78)	294,760	339,059
his	Holding	EUROPEAN DAIRY ALLIANCE - Paris (75)	231,900	165,100
SAS	Holding	SAVENCIA Cheese and Dairy INTERNATIONAL - Viroflay (78)	122,513	-11,094
SAS	Holding	FROMAGERS MASTER Co. - Viroflay (78)	17	-20
SAS	Service provider	SOGEPS - Condé on Vire (50)	4,287	-602
Other countries				
SARL	Holding	EUREXPAN BV – Breda (Netherlands)	10,414	330,211
AS	Services	SAVENCIA SERVICES EUROPE (Czech Republic)	20,000 thousand CZK	1,465 thousand CZK
2. Associates (10%-50% of share capital held by the Company)				
B. Summary information for other entities				
Non-resumed subsidiaries at paraphe A				
French entities (in aggregate)				
Foreign entities (in aggregate)				

% of share capital held	Carrying amount of shares held		Loans and advances granted by SAVENCIA S.A.	Guarantees provided by SAVENCIA S.A.	Net sales of the last period	Result of the last period	Gross dividends received by the Company during the year
	Gross	Net					
98	74	74			11,574	2,286	
100	27,980	27,980			9,865	-4,959	
100	429,363	429,363				13,320	
100	255,180	255,180	15,420			-148	
100	313,033	313,033				11,431	
100	91					-3	
100	4,287	4,287			34,925	215	
100	256,055	256,055				5,174	7,019
100	783	783			224,575 thousands CZK	6,566 thousands CZK	
	134	75					
	2,011	579					

2.6. Statutory auditors' report on the financial statements

For the year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of SAVENCIA S.A.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of SAVENCIA S.A. for the year ended December 31, 2020.

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 as at December 31, 2020 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 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 those standards are further described in the Statutory Auditors Responsibilities for the Audit of the Financial Statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and 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 €.1,287,409 thousand, representing 70% 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) or an external valuation when available.

How our audit addressed this risk

We obtained an understanding of the procedures implemented by SAVENCIA S.A. 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

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO THE SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (Code de commerce).

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified the consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

OTHER INFORMATION

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

FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier).

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of SAVENCIA S.A. by the Annual General Meetings held on May 21, 1979 for PricewaterhouseCoopers Audit and on May 22, 1977 for KPMG SA.

At December 31, 2020, PricewaterhouseCoopers Audit and KPMG SA were in the forty-second and forty-fourth consecutive year of their engagement, respectively. For both firms, this is the forty-first 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 the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from 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 is expected 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 risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives 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 from 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 of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains an understanding of internal control 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;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses 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, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore 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) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, March 30, 2021

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	**KPMG Audit** Department of KPMG SA
Amélie Wattel	Jean-Charles Simon
Partner	Partner

4

CORPORATE GOVERNANCE

1. Corporate governance report

Covering the fiscal year 2020, this report has been prepared in accordance with the French Commercial Code and was approved by the Board of Directors meeting on March 4, 2021.

1.1. Composition, functioning and powers of the Board of Directors

1.1.1. Composition, conditions of preparation and organization of the work of the Board

1.1.1.1. Missions and powers of the Board

The Board of Directors determines the Company's strategic guidelines and it oversees their implementation. Subject to the powers expressly attributed to general meetings and within the limit of the corporate purposes, it deals with all matters involving the smooth running of the Company and through its deliberations it settles all matters concerning it.

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 the shareholders, as well as the resolutions submitted to the General Shareholders 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. As part of its duties, the Board has the following powers, without this list being exhaustive:

- it fixes the Company aims and strategic guidelines in compliance with Group business culture and values;
- it appoints the corporate officers charged with running the Company in accordance with adopted strategy;
- it chooses the method of organization (separation of the functions of President and Chief Executive Officer or consolidation of these functions);
- it decides on the Company statutory financial statements and prepares the annual consolidated financial statements: it monitors the management and verifies the reliability and clarity of information provided to shareholders and to the market *via* the accounts or in the context of major transactions;
- it regularly analyses, based on the Company's strategy, of the opportunities and risks arising in the Company activity and of the measures taken in response;
- it is responsible for reporting the Company's financial performance from a long-term perspective, taking into account the Group's sustainable development in its environmental and social aspects;
- it is responsible for implementing a policy of non-discrimination and diversity among its members and it aims to provide a balanced representation of men and women within the Executive Committee;
- it checks the implementation of a procedure for preventing and detecting corruption and influence-peddling and it receives all necessary information for that purpose.

Having a sense of medium- and long-term vision which characterizes family businesses, the Board of Directors is also responsible for guaranteeing the Group's lasting independence. To this end, the Board assists the President in exercising these duties.

1.1.1.2. Composition of the Board

At December 31, 2020 the Board of Directors had fifteen members:

- Mr. Alex BONGRAIN;
- Mr. Armand BONGRAIN;
- Mrs. Anne-Marie CAMBOURIEU;
- Mrs. Clare CHATFIELD;
- Mrs. Dominique DAMON;
- Mr. Xavier GOVARE;
- Mrs. Maliqua HAIMEUR;
- Mrs. Martine LIAUTAUD;
- Mrs. Annette MESSEMER;
- Mr. Christian MOUILLON;
- Mr. Ignacio OSBORNE;
- Mr. Vincenzo PICONE;
- Mr. Robert ROEDER;
- Mr. François WOLFOVSKI;
- SAVENCIA HOLDING, represented by Mr. Xavier CRUSE.

The terms of office as Director of Mrs. Béatrice GIRAUD and Mr. Pascal BRETON, Mr. Jean-Yves PRIEST and Mr. Jean-Michel STRASSER ended on April 23, 2020. Mrs. Annette MESSEMER, Mr. Vincenzo PICONE, Mr. Robert ROEDER and Mr. François WOLFOVSKI have been appointed as Directors by the General Meeting held on April 23, 2020.

Mr. Pascal BRETON was appointed as non-voting member by the General Meeting held on April 23, 2020.

The Directors represent all the shareholders and act constantly in the interest of the Company. They must meet the strategic challenges of the markets in which the Company operates.

The Board of Directors regularly assesses its composition and that of its Committees in terms of the composition of the Company's shareholding and representation of a diversity among its members.

The duration of the term of office of Directors 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 useful 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 particularly in terms of diversity (of sex, age, skills, experience and independence etc.) and engages in forward thinking as to its evolution.

When the need for a new Board Director is identified, the Committee for Management, Compensation and CSR defines the requisite 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 makes recommendations to the Board of Directors in this respect.

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 to fully accomplish its duties with regard to the diversity of the Group's activities.

The Board of Directors has six women members, Mrs. Anne-Marie CAMBOURIEU, Mrs. Clare CHATFIELD, Mrs. Dominique DAMON, Mrs. Maliqua HAIMEUR, Mrs. Martine LIAUTAUD and Mrs. Annette MESSEMER, comprising 40% of the total.

The Board of Directors also insists that at least one third of its members are 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, which is 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 Management devoid of any special vested interest (such as that of major shareholder, employee etc.) in those bodies.

The qualification of independent Director is discussed at the Management, and Remuneration Committee and decided by the Board at the time of appointing a Director and annually in respect of the Directors as a whole.

With regard to the criteria set by Article 9.5 of the AFEP-MEDEF Code, the Board of Directors has considered that 10 Directors are qualified as independent as of December 31, 2020: Mrs. Anne-Marie CAMBOURIEU, Mrs. Clare CHATFIELD, Mrs. Maliqua HAIMEUR, Mrs. Martine LIAUTAUD and Mrs. Annette MESSEMER, Mr. Xavier GOVARE, Mr. Christian MOUILLON, Mr. Vincenzo PICONE, Mr. Robert ROEDER and Mr. Ignacio OSBORNE.

SAVENCIA S.A.'s Internal Rules of Procedure contain provisions designed to ensure that Directors avoid any situation of conflict of interest with the Company. They must notably declare all 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. Furthermore, if a decision which the Board of Directors is called upon to deliberate is likely to place the Director in a position of conflict of interest, this Director must immediately so inform the President and, by agreement with him or her, abstain from taking part in the corresponding vote or even withdraw from the meeting for the duration of the discussion and the vote on this decision.

1.1.1.3. Meetings and functioning of the Board of Directors

The Board determines the schedule of its meetings which are held bimonthly unless an urgent or necessary meeting is required in the interest of the Company.

The documents required to be examined for decision by the Directors are enclosed with the notice of meeting or communicated during the days following and ideally at least five days before the Board meeting.

The Board of Directors equally engages in regular assessment of its ability to meet the expectations of the shareholders on whose behalf it manages the Company by reviewing its composition, organization and functioning; this also involes a review of its Committees.

The assessment provides the occasion for reviewing the bases of functioning of the Board, verifying that important matters are properly prepared and discussed and evaluating each Director's actual contribution to the work.

The Board's assessment is conducted as follows:

- once a year, the Board discusses its functioning;
- a formal evaluation is conducted at least every three years, if it so decides, and the Board of Directors may choose to be assisted for that purpose by an external consultant.

The minutes of Board meetings are prepared after each meeting and communicated to all the Board members, who are invited to express their observations which, if applicable, are discussed at the next meeting. The final text of the minutes of the previous meeting is then submitted for the Board's approval.

During 2020, the Board of Directors held eight meetings.

The Board of Directors devoted the essential part of its work to corporate governance, review of operations, examination of the Company's annual and half-yearly financial statements and of its regulated information, corporate strategy and its implementation and preparation of the Annual General meeting. It also focused its attention on monitoring the effects and measures linked to the health crisis and dedicated several meetings to this.

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 2020. The meetings devoted to the annual or half-yearly financial statements are systematically preceded by a meeting of the Audit and Risks Committee. The Board discussed and approved the consistency of each applicable press release prior to its publication.

Each meeting of the Board of Directors includes a period of discussion without the presence of the Chief Executive Officer and the Deputy Managing Director for the purpose of discussing the progress to date of the Group's activity and results.

An annual review is performed on financing arranged or renewed during the year.

As provided for by France's so-called Pacte law, the Board of Directors has commenced the preparation of 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 during the course of 2020.

In terms of governance, the Board of Directors decided on its members' independence with regard to the criteria set by the AFEP-MEDEF Code and examined the candidacy of new Directors.

The Board of Directors took note of the decision of Mr. Robert BRZUSCZAK, Deputy Managing Director, to exercise his retirement rights as of December 31, 2020 and has decided not to replace him, to date, in his role as Deputy Managing Director.

Directors receive a compensation which is set annually by the General meeting and is apportioned by the Board. It includes a fixed attendance fee for each Board meeting attended as well as fees for participation on the Board's various Committees and, where applicable, for any work performed or services rendered between Board meetings.

In addition to the afore mentioned operating rules of the Company's Articles of Association, the Board of Directors adopted Internal Rules of Procedure setting out Directors' rights and duties and detailing the operating methods of the Board and its specialized Committees as provided for in the Articles of Association. The Company's rules of procedure are available on its website.

1.1.1.4. Preparation of the work and missions of the specialized Committees

As provided for by law and by the Company's Articles of Association, and in a spirit of good corporate governance, the Board set up two specialized Committees.

A. The Audit and Risks Committee

The Audit and Risks Committee is notably charged with:

(i) generaly assisting 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 pertinence 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 Commercial Code, the monitoring and constant updating of the Group's risk-mapping and arrangements for preventing and detecting corruption and influence-peddling, the relevance of the measures taken to ensure compliance with the stock market code of professional conduct and the systematic regulatory compliance of the Group's practices with applicable regulations;

(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 conditions for exercising the auditors' tasks.

The Audit and Risks Committee is empowered to obtain all documents necessary to fulfil its duties.

The Committee may interview for that purpose, inter alia, corporate executive officers, the Chief Financial Officer, the Director of Legal Affairs, the Director of Tax Affairs, the Director of Risk Management, the Director of Insurance and the Information Systems Director. If the Committee wishes, such hearings may take place without 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 or a periodical summary of these reports.

The Committee reports to the Board of Directors on its work, particularly by submitting reports, especially for the preparation of the accounts. It informs the Board without delay of any difficulty encountered when carrying out its duties.

The Audit and Risks Committee comprises at least three members who must be Board 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 President of the Board or any executive director. At least two thirds of the Audit and Risk Committee must be independent Directors and it is chaired by an independent Director.

All the members of the Audit and Risks Committee must be qualified and possess significant business experience in the areas of finance and/or accounting and/or financial audit.

As of December 31, 2020, the composition of the Committee was as follows: Mr. Christian MOUILLON, President, Mrs. Martine LIAUTAUD (Independent Director), Mr. Xavier GOVARE (Independent Director) and Mr. François WOLFOVSKI. It met five times in 2020.

In 2020, as a part of its duties, the Audit and Risks Committee examined various matters such as:

- the consolidated financial statements for 2019 and the half-yearly consolidated financial statements for 2020;
- the Group's budgets, in particular its 2021 budget and long-range plans;
- the impact of the health crisis;
- the tasks and operations of the auditors and authorization, where applicable, of any tasks not directly related to duties for auditing the accounts;
- review of the Group's principal risks and of the internal control and risk management arrangements deployed. For that purpose, the Committee interviewed the departments involved in risk management procedure and examined the evolution of the Group's risk-mapping as well as its business continuity plans;
- the Audit Committee actively participated, through a tendering process, in the selection of the new auditor to replace PricewaterhouseCoopers Audit, whose term of office expired at the April 2021 General Meeting and which cannot be renewed.

At the end of this highly formalized process, the Audit Committee proposed to the Board of Directors to retain Deloitte & Associates.

- The procedure for monitoring current agreements concluded under normal conditions.

B. The Management, Remuneration and Social and Environmental Responsibility Committee (MRC)

The principal missions of the Committee for Management, Compensation and CSR are to:

(i) provide the Board of Directors with recommendations on the appointment, renewal and preparation of the succession of Directors, non-voting Board members and executive directors;

(ii) 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;

(iii) 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 Director of Human Resources. It is also empowered to obtain all documents necessary to fulfil its duties.

General Management may consult the Committee in respect of any difficulty encountered with regard to its functioning or organization.

The Committee for Management, Compensation and CSR reports on its work to the Board of Directors, in particular by remitting reports which may include proposals for action.

The Committee comprises at least three members who must be Board 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 at December 31, 2020, the composition of the Committee was as follows: Ms Clare CHATFIELD (independent Director), Dominique DAMON, President, Maliqua HAIMEUR (independent Director) and Mr. Armand BONGRAIN and Mr. Ignacio OSBORNE (independent Director), members.

In 2020, the Committee met five times. As part of its mission and on recurring issues, the Committee made recommendations on the composition and functioning of the Board of Directors, including succession plans. Its work also focused on compensation: the key elements of the group's salary policy as well as the compensation of Executive Directors (terms and setting of quanta for the fixed part and for the variable part and setting an exceptional bonus). The Committee also agreed on the terms of an exceptional bonus scheme under the Alizé 21 plan. The Committee has set the rules for the distributing of the compensation package of the Board of Directors. The Committee's work also focused on the evolution of the organization in line with the strategic plan.

On the more punctual topics, the Committee focused its attention on the impact of the health crisis on the CSR axes and on the ways of working and the information system project.

SUMMARY PRESENTATION OF THE BOARD OF DIRECTORS AND THE GENERAL MANAGEMENT

	Personal information			
	Age at the date of AGM	Sex	Nationality	Number of shares held
BONGRAIN Alex President of the Board of Directors	69 years old	M	French	4,306
TORRIS Jean-Paul Chief Exective Officer	68 years old	M	French	_
BONGRAIN Armand	67 years old	M	French	100
CAMBOURIEU Anne-Marie	61 years old	F	French	100
CHATFIELD Clare	63 years old	F	French	100
DAMON Dominique	74 years old	F	French	400
GOVARE Xavier	74 years old	M	French	100
HAIMEUR Maliqua	74 years old	F	French	100
LIAUTAUD Martine	70 years old	F	French	100
MESSEMER Annette	56 years old	F	German	100
MOUILLON Christian	65 years old	M	French	100
OSBORNE Ignacio	67 years old	M	Spaniard	206
PICONE Vincenzo	48 years old	M	Italian	100
ROEDER Robert	56 years old	M	Franco-American	100
WOLFOVSKI François	62 years old	M	French	3,008
CRUSE Xavier (representative SAVENCIA Holding)	68 years old	M	French	4,500

Experience	Position on the Board					
Number of mandates with other listed companies	**Independence**	**Initial date of appointment**	**Expiry of appointment**	**Prior service on the Board at date of AGM**	**Membership of Advisory Committees**	**Level of attendance at Board meeting**
0	N	2004	One-year term	17 years	N	100%
0	–	–	–	–	N	–
0	N	2004	One-year term	17 years	Member of the CSRM 100%	100%
0	O	April 2019	One-year term	2 years	N	100%
0	O	April 2016	One-year term	5 years	CSR CMR 100%	100%
0	N	April 2007	One-year term	14 years	CSR CMR 100%	100%
0	O	April 2017	One-year term	4 years	Audit Committee 100%	100%
0	O	April 2018	One-year term	3 years	CSR CMR 100%	100%
0	O	April 2013	One-year term	8 years	Audit Committee 100%	100%
0	O	April 2020	One-year term	1 year	N	100%
0	O	April 2018	One-year term	3 years	Audit Committee 100%	100%
0	O	April 2009	One-year term	12 years	CSR CMR 100%	87,5%
0	O	April 2020	One-year term	1 year	N	100%
0	O	April 2020	One-year term	1 year	N	100%
0	N	April 2020	One-year term	1 year	Audit Committee 100%	100%
0	N	April 2018	One-year term	3 years	N	87,5%

1.1.2. List of mandates and functions exercised in any Company by each Corporate Officer

Mr. Alex BONGRAIN, President of the Board of Directors

Born on 03/16/1952 in Neuilly-sur-Seine (92) - French
Board Member since April 2004
4,306 SAVENCIA shares

Other mandates and functions held in France:

DIRECTOR
- SODIPAG SA
- SPAGNY SA
- SIPARAL SAS

PRESIDENT OF THE BOARD OF DIRECTORS
- BIEN NOURRIR L'HOMME

Other mandates and functions performed abroad:

MANAGING DIRECTOR
- SB MANAGEMENT AND SERVICES SA
- SB INTERNATIONAL
- EUFIPAR
- EUREXPAN
- SAVENCIA Fromage & Dairy Europarticipations
- SAVENCIA Fromage & Dairy Nederland
- PATURAIN FINANCE BV

PRESIDENT
- BR INVESTMENT

DIRECTOR
- EUROSPECIALITIES FOOD
- ZAUSNER FOODS CORP. and its subsidiaries
- SAVENCIA Fromage & Dairy Japan
- POLENGHI
- FROMUNION
- VALRHONA Inc.
- LMC Inc.
- SOPARIND
- BSI FOODS
- Villars
- SAVENCIA Fromage & Dairy Switzerland

Professional activities/mandates over the past 5 years that are no longer carried out:

MANAGING DIRECTOR
- SAVENCIA S.A.

DIRECTOR
- SCHRATTER FOODS Inc.

LEGAL REPRESENTATIVE
- SAVENCIA Fromage & Dairy Europe
- SDG SAS
- BONGRAIN UK

Mr. Armand BONGRAIN

Born on 06/09/1953 in Nancy (54) - French
Member of the Management and Compensation and Social and Environmental Responsibility Committee
Board Member since April 2004
100 SAVENCIA shares

Other mandates and functions held in France:

PRESIDENT OF THE SUPERVISORY BOARD
- SAVENCIA Holding

DIRECTOR
- BIEN NOURRIR L'HOMME

Other mandates and functions performed abroad:

DIRECTOR
- Eurospecialities Food

MANAGER
- ECUADOR INVESTMENTS

Professional activities/mandates over the past 5 years that are no longer carried out:

MANAGING DIRECTOR
- EUFIPAR SA
- SB MANAGEMENT AND SERVICES SA

DIRECTOR
- SODIPAG SA

PRESIDENT AND DIRECTOR
- LMC 49th Inc.
- VALRHONA Inc.
- BONGRAIN UK

Mrs. Anne-Marie CAMBOURIEU

Born on 07/24/1959 in Aurillac (15) - French
Independent Director
Director since April 2019
100 SAVENCIA shares

Other mandates and functions held in France:

PRESIDENT AND FOUNDER
- Sustainable Human Resources Consulting

EXECUTIVE TALENT ADVISOR
- Beyond Associates

MEMBER OF THE ADVISORY BOARD
- Human and Work

Professional activities/mandates over the past 5 years that are no longer carried out:

MEMBER OF THE SUPERVISORY BOARD
- Nexans Deutschland GmbH

DIRECTOR
- Nexans Foundation

HRD
- Nexans

Mrs. Clare CHATFIELD

Born on 12/21/1952 in Santos (Brazil) - French
Member of the Committee on Management and Compensation and Social and Environmental Responsibility
Independent Director
Director since April 2016
100 SAVENCIA shares

Other mandates and functions held in France:

MANAGER
- L.E.K Consulting LLC

MEMBER OF THE SUPERVISORY BOARD
- XPO Logistics Europe

ADMINISTRATOR
- DAHER Company

Other mandates and functions performed abroad:

- Managing Director, L.E.K Consulting

Mr. Xavier CRUSE

Born on 03/23/1953 in Talence (33) - French
Permanent representative of Savencia Holding,
Board Member since April 2018
4,500 SAVENCIA shares

Other mandates and functions held in France:

PERMANENT REPRESENTATIVE
- SAVENCIA Holding

SUPERVISORY BOARD MEMBER
- SAVENCIA Holding

MEMBER OF THE NRC
- Bernard Group

DIRECTOR
- SA Bernard Group

MANAGER
- SC Bernard Participations

MEMBER OF THE MANAGEMENT COMMITTEE
- SC Domaine de Chevalier

Professional activities/mandates over the past 5 years that are no longer carried out:

PRESIDENT OF THE BOARD OF DIRECTORS
- BSI

LEGAL REPRESENTATIVE
- Sinodis Hong Kong Limited
- Sinodis Shanghai

PERMANENT REPRESENTATIVE
- BR Investments, Director of Arab French Company
- SAVENCIA Fromage & Dairy Europe, Director of Arab French Company

DIRECTOR
- SB International
- Mashreq of dairy products
- SAVENCIA Fromage & Dairy India
- Cheese Associates Japan
- SAVENCIA Fromage & Dairy Japan
- La Compagnie Fromagère

Mrs. Dominique DAMON

Born on 09/18/1946 in Paris 16th (75) - French
Chairperson of the Committee for Management, Compensation and Social and Environmental Responsibility
Board Member since April 2007
400 SAVENCIA shares

Other mandates and functions held in France:

PRESIDENT
- EVALIND INTERNATIONAL

OTHERS
- Member of the Yvelines Chamber of Commerce and Industry
- Honorary Advisor to France's Foreign Trade
- Member of the Board of the Business Law Research Centre and CMAP.
- EscP Europe Affiliate Professor

Professional activities/mandates over the past 5 years that are no longer carried out:

DIRECTOR
- DAHER Company
- French Institute of Directors
- Tessenderlo Group (Belgium)

OTHERS
- Member of the ESCP Europe Establishment Board

Mr. Xavier GOVARE

Born on 01/18/1958 in Suresnes (92) - French
Member of the Committee on Management and Compensation and Social and Environmental Responsibility
Independent Director
Board Member since April 2017
100 SAVENCIA shares

Other mandates and functions held in France:

DIRECTOR
- ALLIANCE ÉTIQUETTES
- PURE SALMON AUSTRALIA

MANAGER
- TOKI EDER Advice and Participation
- TOKIMMO

Professional activities/mandates over the past 5 years that are no longer carried out:

PRESIDENT OF THE BOARD
- LABEYRIE FINE FOODS

DIRECTOR
- MY MONEYTIME
- LOGISMOSE MEYERS (DK)
- Manager
- FAMILY SERVICE GROUP

Mrs. Maliqua HAIMEUR

Born on 09/07/1956 in Le Rove (13) - French
Independent Director
Member of the Committee on Management and Compensation and Social and Environmental Responsibility
Board Member since April 2018
100 SAVENCIA shares

Other mandates and functions held in France:

PRESIDENT OF THE BOARD OF DIRECTORS
- National Higher School of Chemistry in Rennes

Mrs. Martine LIAUTAUD

Born on 05/15/1950 in Rennes (35) - French
Member of the Audit and Risk Committee
Independent Director
Board Member since April 2013
100 SAVENCIA shares

Other mandates and functions held in France:

PRESIDENT AND FOUNDER

- LIAUTAUD - Co.
- WOMEN BUSINESS MENTORING INITIATIVE (WBMI)
- WOMEN INITIATIVE FOUNDATION

MEMBER

- CentralSupelec Strategic Guidance Committee
- Strategic Steering Committee University Paris-Saclay

Professional activities/mandates over the past 5 years that are no longer carried out:

DIRECTOR

- American Chamber of Commerce in France, Amcham
- Power plantsSupelec

MEMBER

- MEDEF Entrepreneurial Dynamics Commission

Mrs. Annette MESSEMER

Born on 08/14/1964 in Ludwigshafen Am Rhein (GERMANY) - German
Independent Director
Board Member since April 2020
100 SAVENCIA shares

Other mandates and functions held in France:

- Director of companies, chairing the Board of Directors of ESSILORLUXOTTICA S.A.
- Member of the Board of Directors of GENERAL SOCIETE S.A.
- Member of the Board of Directors of IMERYS S.A.

Professional activities/mandates over the past 5 years that are no longer carried out:

- Director of ESSILORLUXOTTICA S.A. (until 2020)
- Member of the Supervisory Board of K-S AG (until 2018)
- Member of the Executive Committee, Group Director in the Corporate Clients Division of Commerzbank AG in Frankfurt (until 2018)

Mr. Christian MOUILLON

Born on 09/15/1955 in Macôn (71) - French
President of the Audit and Risk Committee
Independent Director
Board Member since April 2018
100 SAVENCIA shares

Other mandates and functions held in France:

DIRECTOR AND PRESIDENT
- ESCP Business School
- ESCP Business School Foundation
- ESCP Business School Strategic Committee

CHIEF EXECITIVE OFFICER
- Arc Financial Technology System Ltd (Ireland)
- CHM advisory

Other mandates and functions performed abroad:

OTHERS
- International Valuation Standards Council Truster (until 10/15/2020)
- Chief Executive Officer Arc Financial Technology System Ltd (Ireland)

MEMBER
- ESCP Business school Audit Committee
- ESCP Business School Appointment Committee
- Global Senior Advisor Duff and Phelps (until 11/05/2020)
- Advisory Board member 73 strings, Supervizor

PRESIDENT
- International Valuation Standards Council Audit Committee
- International Valuation Standards Council Compensation Committee

Professional activities/mandates over the past 5 years that are no longer carried out:

OTHERS
- EY Partner and Global Vice President
- Director and Chairman of EY's various structures

Mr. Ignacio OSBORNE

Born on 06/28/1953 in Puerto de la Cruz (Spain) - Spanish
Member of the Management and Compensation Committee
Independent Director
Board Member since April 2009
206 SAVENCIA shares

Other mandates and functions performed abroad:

- President and Chief Executive Officer of the Osborne Group

Professional activities/mandates over the past 5 years that are no longer carried out:

OTHER
- Director and Managing Director of the Osborne Group

Mr. Vincenzo PICONE

Born on 10/23/1972 in Palermo (Italy) - Italian
Independent Director
Board Member since April 2020
100 SAVENCIA shares

Other mandates and functions held in France:

- Senior Advisor - The Boston Consulting Group
- President Vinx Partners (advice)
- Manager Vinx Real Estate (Real Estate Investments)

Professional activities/mandates over the past 5 years that are no longer carried out:

- Associate Director McKinsey and Co.
- Partner, Bain Capital Private Equity Europe

Mr. Robert ROEDER

Born on 09/27/1964 in North Platte, Nebraska - French-American
Independent Director
Board Member since April 2020
100 SAVENCIA shares

Other mandates and functions held in France:

- Co-Director and General Secretary of LEDUNFLY SA
- Lawyer at the Paris, London and New York Bars
- Member of the Supervisory Board of DYNAES SAS
- Member of the Board of Directors of the Fournier Institute

Mr. François WOLFOVSKI

Born on 06/02/1958 in Paris (75) - French
Board Member since April 2020
3,008 SAVENCIA shares

Other mandates and functions held in France:

SUPERVISORY BOARD MEMBER
- SAVENCIA HOLDING
- AgroCroisens

MEMBER OF THE ADVISORY AND MONITORING COMMITTEE
- Bien Nourrir l'Homme

PRESIDENT
- Fondation Guérir du Cancer (abritée par la Fondation de France)

MEMBER OF THE OVERSIGHT COMMITTEE
- Financière Louis

Other mandates and functions performed abroad:

MANAGING
- S.B. Management and services

Professional activities/mandates over the past 5 years that are no longer carried out:

LEGAL REPRESENTATIVE
- EUFIPAR
- La Maison du Chocolat Japan K.K
- Valrhona Japan

DIRECTOR
- GIE SAME
- SAVENCIA Fromage & Dairy UK Ltd
- LMDC Hong Kong Limited
- SIPARAL INVESTMENTS PARTNERS
- Valrhona Italia SRL
- NOVOMILK a.s
- SAVENCIA Fromage & Dairy SK a.s.
- Zvenigorodskiy Cheese Processing Plant

MANAGER
- COGESTI AND SNC COMPANY

MANAGING DIRECTOR
- S.B. AUDIT

PRESIDENT
- Alliance II
- Terre Bio
- La Maison du Chocolat Japan K.K.
- GIE SAME

PRESIDENT OF THE BOARD OF DIRECTORS
- SOFAVI SA

MEMBER OF THE SUPERVISORY BOARD
- MLEKOPRODUKT d.o.o. Zrenjanin

PERMANENT REPRESENTATIVE
- SAVENCIA S.A., Director of Compagnie Laitière Européenne

Mr. Pascal BRETON

Born on 10/16/1946 in Sargé-sur-Braye (41) - French
Non-voting member since April 2020
9,110 SAVENCIA shares

Other mandates and functions held in France:

SUPERVISORY BOARD MEMBER
- SAVENCIA HOLDING

MEMBER STRATEGIC COMMITTEE
- GLOBAL BABY SAS

CO-MANAGER
- SCEA BBC-Les Rousseaux

Professional activities/mandates over the past 5 years that are no longer carried out:

- Director of SAVENCIA S.A.

CHIEF EXECUTIVE OFFICER

Mr. Jean-Paul TORRIS

Born on 12/11/1952 in Saigon (Vietnam) - French
Chief Executive Officer SAVENCIA S.A.

Other mandates and functions held in France:

PRESIDENT
- FROMAGERIES LESCURE SAS
- FROMAGERIES SAINT SAVIOL SAS
- Association La Compagnie des Maîtres Fromagers

MEMBER OF THE SUPERVISORY BOARD/DIRECTOR
- DIGIMIND SA

PRESIDENT OF THE BOARD OF DIRECTORS
- CF&R SAS Management

MANAGER
- S.I.T EURL

DIRECTOR
- ANIA

Other mandates and functions performed abroad:

MANAGER
- EDELWEISS VERWALTUNG Gmbh

PERMANENT REPRESENTATIVE
- EDELWEISS VERWALTUNG Gmbh, Managing Director of EDELWEISS Gmbh - Co. KG
- BRI, Director of MASHREQ OF LAITIERS PRODUITS

PRESIDENT AND DIRECTOR
- ZAUSNER

PRESIDENT OF THE BOARD OF DIRECTORS
- SAVENCIA Fromage & Dairy Italia
- MANTEQUERIAS ARIAS

MANAGING DIRECTOR
- SAVENCIA Fromage & Dairy Benelux
- FROMUNION

PRESIDENT OF THE SUPERVISORY BOARD
- SAVENCIA Fromage & Dairy SK, ace
- NOVOMILK

DIRECTOR
- AIM
- BMK (Russia)
- BONPROLE
- BSI
- SB International
- MILKAUT
- POLENGHI
- LA COMPAGNIE FROMAGÈRE
- FERRARI GIOVANI INDUSTRIA CASEARIA

MEMBER OF THE SUPERVISORY BOARD
- SAVENCIA Fromage & Dairy Hungary

Professional activities/mandates over the past 5 years that are no longer carried out:

VICE PRESIDENT
- CF&R SAS Management

DEPUTY DIRECTOR GENERAL
- SAVENCIA S.A.

PRESIDENT OF THE BOARD OF DIRECTORS
- SAVENCIA Fromage & Dairy Switzerland SA
- SAVENCIA Fromage & Dairy Nordics
- Food Garden of Sweden

DIRECTOR
- PROLAINAT SA

MANAGER
- SAVENCIA Fromage & Dairy Deutschland Gmbh

MANAGING DIRECTOR
- 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 in Jélénia Gora (Poland) - Belgian nationality
Deputy Managing Director SAVENCIA S.A.

Other mandates and functions held in France:

MANAGING DIRECTOR • ALE SAS **PRESIDENT** • FNIL • Maison du Lait Gestion Management	**PRESIDENT AND CEO** • Compagnie Laitière Européenne SA **ADMINISTRATOR** • CF&R SAS Management	**MANAGER** • NEL **VICE PRESIDENT** • CNIEL	**PERMANENT REPRESENTATIVE** • SAVENCIA Fromage & Dairy Europe, Director of PJB Advance SA

Other mandates and functions performed abroad:

PRESIDENT OF THE BOARD OF DIRECTORS • CORMAN MILOKO IRELAND • CORMAN	**DIRECTOR** • CORMAN ITALIA	**MANAGER** • PASLEK	**PERMANENT REPRESENTATIVE** • CORMAN, Chairman of Société des Beurres et Crèmes des régions d'Europe

Professional activities/mandates over the past 5 years that are no longer carried out:

CHIEF EXECUTIVE OFFICER • Compagnie Générale Laitière • CentreBretagne Lait • Liquidator • Balderama	**ACTING PRESIDENT** • PETRA	**PERMANENT REPRESENTATIVE** • CLE, General manager of Prodilac	**DIRECTOR** • MILKAUT • POLENGHI INDUSTRIAS ALIMENTICIAS LTDA • BONPROLE INDUSTRIAS LACTEAS SA

1.1.3. Summary table of dealings in shares by managers and corporate officers 2020

None

1.1.4. General Management: organization – limitations of powers

At its meeting of April 20, 2016, the Board of Directors decided to dissociate the functions of President and Chief Executive Officer: Mr. Alex BONGRAIN was appointed as Chairman of the Board. The Company's General Management is composed of Mr. Jean-Paul TORRIS, Chief Executive Officer and Mr. Robert BRZUSCZAK, Deputy Managing Director, until December 31, 2020, when the latter decided to assert his rights in retirement. The Board of Directors decided not to replace the Deputy Managing Director in his duties, to date.

The Chief Executive Officer is invested with the most extensive powers to act in all circumstances in the name of the Company, as provided for in its bylaws.

The Company's bylaws include a certain number of provisions designed to encourage well-informed decisions on important or strategic matters. The Board of Directors must notably be informed in advance of decisions relating to commitments that are strategic or exceed €15 million and more generally, in respect of any significant transaction beyond 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 of Directors 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 the delegations of power granted by the General Assembly to the Board of Directors in the area of capital increases

Decisions	Operations	Duration	Comments
AGM of 04/23/2020 -31st resolution of the Mixed General Meeting	**Issue of common shares** Authorization given to the Board of Directors to issue ordinary shares, ordinary shares providing access to ordinary shares or the allocation of debt securities and/or securities providing access to ordinary shares, whilst maintaining the preferential subcription right of subscription of shareholders, up to a maximum of €5 million for ordinary shares to be issued and €200 million for debt securities to be issued.	26 months	Unused in 2020 Expires in June 2022
AGM of 04/23/2020 -30th resolution of the Mixed General Meeting	**Share capital increase by incorporation of reserves, profits and/or bonuses** Authorization given to the Board of Directors to increase the capital in cash by incorporation of reserves, profits and/or premiums and/or other amounts, up to of €5 million.	26 months	Unused in 2020 Expires in June 2022
AGM of 04/23/2020 -32nd resolution of the Mixed General Meeting	**Share capital increase reserved for employees** Authorization given to the Board of Directors to increase the share capital for the benefit of employees up to a maximum of 3% of the capital, e.i. €462,966.	26 months	Unused in 2020 Expires in June 2022
AGM of 04/18/2019 -30th resolution of the Mixed General Meeting	**Share capital increase to remuneration of contributions of securities** Authorization given to the Board of Directors to increase the share capital, removing shareholders' preferential subscription right, within a limit of 10% of to remunerate contributions of securities.	26 months	Unused in 2020 Expires in June 2021

1.1.7. Special procedures for shareholder participation at General Meetings

General meetings may be held at the Company's registered office or any other location, even in another department stated in the notice of meeting.

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 Commercial Code, 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 Financial Code.

General meetings are chaired by the President 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 President.

The quorum for Extraordinary General meetings is of 25% on first convening and 20% on the second call (see article L225-96 of the French Commercial Code). The quorum for Ordinary General meetings is of 20% on first convening and no quorum is required on second convening (see article L225-98). The quorum for special mettings is 33.33% on first convening and 20% on the second call.

Each member of the General meeting possesses as many voting rights as the shares the member possesses or represents both, in the member's own name or as a proxy, without limit. A dual voting right is attributed to all fully paid-up shares for which proof is provided of registration for at least six (6) years in the name of the same shareholder.

In the event of a share capital increase by incorporation of reserves, profits or Issue premiums, the registred shares allocated without charge to a shareholder account of existing shares for which he or she benefits from this right, will also have a double voting right.

Any share converted to a bearer share, or the title to which is transferred, loses its double voting right. Nevertheless, transfers by inheritance, liquidation of a community of assets between spouses, or donation inter vivos for the benefit of a spouse, parent or relative entitled to inherit, does not entail loss of the right acquired and does not interrupt the aforementioned period of six (6) years.

The Company's merger has no effect on the double voting right which may be exercised within the acquiring Company if the latter's articles of association provide for dual voting rights.

1.2. Policy of compensation of corporate office-holders

On the recommendation of 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 corporate 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 President of the Board of Directors, 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 the event of exceptional circumstances, the Board of Directors is empowered to deviate from applying 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 performed 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 of the Company, do not take part in the vote on the applicable commitments or other elements.

The decision process applied to decide and review the remuneration policy for executive directors is committed to taking into account the remuneration and employment conditions of employees within the Group, notably the pay policy decided for all the staff in France.

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 President of the Board of Directors, 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 President of the Board of Directors, 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. Compensation in respect of appointments as Directors

The President of the Board of Directors, the Chief Executive Officer and the Deputy Managing Director (should the two latter be appointed as members of the Board of Directors) may receive compensation in respect of their appointments as Directors in accordance with the compensation policy for Directors described in article 1.2.2.1 hereafter.

1.2.1.3. Annual variable compensation

Performance bonus is linked to achieving of targets set at the beginning of the year. The target variable part is expressed as a percentage of the fixed component and it is equal to 50% of the fixed compensation for the President of the Board of Directors and the Chief Executive Officer and 40% thereof for the Deputy Managing Director.

60% of its composition is dependent on the Company's economic performance notably including growth targets for ROC and ROCE.

40% of its composition is dependent on individual measurable qualitative criteria including criteria linked to 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 S.A. and its stakeholders.

The expected level of achievement of the quantifiable criteria is predetermined by the Board of Directors but is not rendered 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 of Directors.

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 President 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 grant exceptional compensation on the President of the Board of Directors, the Chief Executive Officer and the Deputy Managing Director under very special justified circumstances such as a major transaction or achieving exceptional performance over one or more years.

1.2.1.7. Information on the mandates and/or employment and/or service contracts of Executive DIrectors placed with the Company

None

1.2.1.8. Contingent commitments and rights

The President of the Board of Directors, the Chief Executive Officer and the Deputy Managing Director have the benefit of the following corporate commitments:

President of the Board of Directors

Commitments by the company or by a controlled or controlling it company	Main features of the commitments	Criteria for allocation if rights or commitments are contingent	Terms and conditions of termination of the commitments
Defined benefit pension commitments	Article 39: acquisition of an annuity of 0.5% of the lastest gross annual gross compensation by year of seniority, capped at 2.5%. Scheme closed on 12/31/2008	NA	Presence in the company at the time of retirement
Defined contribution pension commitments	Article 83: Financed by the company to the tune of 3.5% of gross annual compensation	NA	NA

Chief Executive Officer

Commitments by the company or by a controlled or controlling it company	Main features of the commitments	Criteria for allocation if rights or commitments are contingent	Terms and conditions of termination of the commitments
Non-competition indemnity	50% of average gross monthly earnings for 2 years	Departure from the company whatever the reason for the exclusion of retirement	NA
Defined benefit pension commitments	Article 39: acquisition of an annuity of 0.5% of the lastest gross annual compensation by year of seniority, capped at 2.5%. Scheme closed on 12/31/2008*	NA	Be present in the company at the time of retirement
Defined contribution pension commitments	Article 83: Funded by the company to the tune of 3.5% of gross annual compensation.	NA	NA

Managing Director (Mr. Robert BRZUSCZAK - until December 31, 2020)

Commitments by the company or by a controlled or controlling it company	Main features of the commitments	Criteria for allocation if rights or commitments are contingent	Terms and conditions of termination of the commitments
Non-competition compensation commitments	50% of average gross monthly earnings in the event of dismissal and 15% in the event of resignation for 2 years	Dismissal or resignation. Compensation payments are excluded in the event of retirement	NA
Defined contribution pension commitments	Article 83: Funded by the company to the tune of 3.5% 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 Board members

1.2.2.1. Compensation

The General Meeting held on April 23, 2020 set the compensation of the members of the Board at €900,000 per annum for 2020 and subsequent years until any contrary decision.

The criteria for apportionment of the annual fixed sum allocated by the Board of Directors to the 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 or services by a Director between Board meetings.

The Board of Directors sets the amount of these sums and may also allocate special compensation for any exceptional duty performed, as provided for by the applicable regulations.

1.2.2.2. Information on appointments and/or employment and/or service contracts between Board members and the Company, and on agreements between corporate officers or one of the shareholders with a fraction of the voting rights greater than 10% and a company included in the consolidation (excluding agreements on current and normal transactions)

None

1.2.2.3. Conditional commitments and rights:

Mr. Armand BONGRAIN benefits from the following commitments:

Commitments by the company or by a controlled or controlling it company	Main features of the commitments	Criteria for allocation if rights or commitments are contingent	Terms and conditions of termination of the commitments
Defined benefit pension commitments	Article 39: acquisition of an annuity of 0.5% of the lastest gross annual gross compensation by year of seniority, capped at 2.5%. Scheme closed on 12/31/2008	NA	Presence in the company at the time of retirement
Defined contribution pension commitments	Article 83: Financed by the company to the tune 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

The Ordinary General Assembly of April 23, 2020 approved by a majority the draft resolution on the information mentioned in Article L.22-10-34 I of the French Commercial Code.

General Management

Mr. Alex BONGRAIN

	Amounts allocated in respect of 2020	Amounts paid in 2020	Amounts paid in 2019
Fixed remuneration	€709,205	€629,205	€626,005
Annual variable compensation	€349,838	€362,000	€323,000
Multi-year variable cash compensation	None Paid	None Paid	None Paid
Stock options, performance shares or other allocations of securities	No security allocated	No security allocated	No security attributed
Director's fees	The President of the Board of Directors does not receive Director's fees	The President of the Board of Directors does not receive Director's fees	The President of the Board of Directors does not receive Director's fees
Benefits in kind	€19,686	€19,686	€19,571
Supplementary pension plan	€7,618	€7,618	€9,928
Providence benefits	€4,554	€4,554	€5,748

Mr. Jean-Paul TORRIS (1)

	Amounts allocated in respect of 2020	Amounts paid in 2020	Amounts paid in 2019
Fixed compensation	€748,146	€668,146	€659,570
Annual variable compensation	€366,144	€481,231	€350,000
Multi-year variable cash compensation	None Paid	None Paid	None Paid
Exceptional compensation	€200,000 (2)		
Stock options, performance shares or other allocations of securities	No security attributed	No security attributed	No security attributed
Benefits in kind	€7,626	€7,626	€7,077
Supplementary pension scheme	€10,078	€10,078	€9,928
Providence benefits	€6,025	€6,025	€5,748

(1) The estimated annual pension amounted to €20,740 at the year-end.
(2) Linked to the exceptional commitment and results of the year.

Mr. Robert BRZUSCZAK (Deputy Managing Director until December 31, 2020)

	Amounts allocated in respect of 2020	Amounts paid in 2020 (1)	Amounts paid in 2019
Fixed compensation	€601,574	€1,295,014	€515,125
Annual variable compensation	€210,902	€220,802	€200,334
Multi-year variable cash compensation	None Paid	None Paid	None Paid
Exceptional compensation	€205,000 (1)		
Stock options, performance shares or other allocations of securities	No security attributed	No security attributed	No security attributed
Benefits in kind	€6,723	€6,723	€9,008
Supplementary pension plan	€12,119	€12,119	€11,938
Providence benefits	€6,025	€6,025	€5,748

(1) Total compensation includes severance pay and payment of compensation already awarded but deferred.

Directors

		Amounts paid in 2020	Amounts paid in 2019
Armand BONGRAIN (1)	Other remuneration Compensation (2)	€240,511	€260,008
Pascal BRETON (3)	Director/Censor 's compensation	€38,500	€40,800
Anne-Marie CAMBOURIEU	Director's compensation	€36,750	€39,100
Clare CHATFIELD	Director's compensation	€43,750	€44,200
Xavier CRUSE (4)	Director's compensation	€31,500	€34,000
Dominique DAMON	Director's compensation	€64,750	€40,800
Beatrice GIRAUD (5)	Director's compensation	€12,250	€57,800
Xavier GOVARE	Director's compensation	€52,500	€34,000
Maliqua HAIMEUR	Director's compensation	€43,750	€51,000
Martine LIAUTAUD	Director's compensation	€57,750	€34,000
Annette MESSEMER (6)	Director's compensation	€28,000	not applicable
Christian MOUILLON	Director's compensation	€59,500	€64,600
Ignacio OSBORNE	Director's compensation	€42,000	€37,400
Vincenzo PICONE (6)	Director's compensation	€29,750	not applicable
Jean-Yves PRIEST (5)	Director's compensation	€14,000	€57,800
Robert ROEDER (6)	Director's compensation	€29,750	not applicable
Jean-Michel STRASSER (5)	Director's compensation	€14,000	€37,400
François WOLFOVSKI (6)	Director's compensation	€47,250	not applicable

(1) The estimated amount of the annual annuity at the end of the fiscal year is €13,548.
(2) Mr. Armand BONGRAIN, who is also linked to a subsidiary of the Group by an employment contract, receives remuneration.
(3) Director until April 23, 2020 and then non-voting member.
(4) Permanent representative of Savencia Holding, Director.
(5) Director until April 23, 2020.
(6) Director since April 23, 2020.

EQUITY RATIOS (FOR SAVENCIA FROMAGE & DAIRY FRANCE)

	President of the Board of Directors	Chief Executive Officer	Deputy Managing Director
2020			
Average employee compensation excluding corporate officers (1)	€40,298	€40,298	€40,298
Median employee compensation excluding corporate officers (1)	€33,565	€33,565	€33,565
Compensation of the executive corporate officer (2)	€1,027,766	€1,173,931	€1,293,838
Change in compensation of the executive corporate officer v N-1	3%	14%	75%
Change in performance of the Company v N-1 (4)	10%	10%	10%
Ratio of compensation of the executive corporate officer compared to average employees (3)	25,5	29,1	32,1
Ratio of compensation of the executive corporate officer compared to the median employee (3)	30,6	35,0	38,5
2019			
Average employee compensation excluding corporate officers (1)	€39,288	€39,288	€39,288
Median employee 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 v N-1	6%	4%	3%
Change in performance of the Company v 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 employee compensation excluding corporate officers (1)	€38,877	€38,877	€38,877
Median employee 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 v N-1	-14%	2%	-12%
Change in performance of the Company v 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 employee compensation excluding corporate officers (1)	€38,686	€38,686	€38,686
Median employee 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 v N-1	13%	-22%	-6%
Change in performance of the Company v 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

	President of the Board of Directors	Chief Executive Officer	Deputy Managing Director
2016			
Average employee compensation excluding corporate officers (1)	€37,802	€37,802	€37,802
Median employee 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 v N-1	26%	88%	54%
Change in performance of the Company v 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

(1) As provided for by article L225-37-3 of the French Commercial Code, 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

- The structure of the Company's share capital at February 4, 2021, the date of the latest identifiable bearer security survey:
  - registered shares = 9,985,024 representing 19,616,490 net voting rights (excluding shares deprived of voting rights);
  - bearer securities 4,047,906 representing 4,047,906 net voting rights (excluding shares deprived of voting rights).
- Statutory restrictions on the exercise of voting rights and share transfers:
  - 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 deprive of their voting rights as provided for by Article L.233-14 of the French Commercial Code.
- Direct or indirect shareholdings in the Company's capital under Sections L. 233-7 and L. 233-12 (particularly relating to threshold crossing declarations):
  - direct or indirect holding by SAVENCIA Holding, as of February 4, 2021 = 66.64% of the share capital and 78.78% of the gross voting rights (including shares deprived of voting rights) or 79.86% of the net voting rights (excluding shares deprived of voting rights);
  - Northern Trust also held 6.02% of the share capital of SAVENCIA S.A. as of February 11, 2021.
- List of the holders of all any shares including special rights in respect of control and description of said rights (notably for preference shares):
  - a double voting right is given to any 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 (shareholders' agreement):
  - 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 S.A. and for the repurchase of its own shares.
- Rules applicable to the appointment and replacement of members of the Board of Directors and to modifying the Company's Articles of Association:
  - the members of the Board of Directors are appointed for renewable 1-year terms by the Annual General 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 10 independent Directors;
  - changes to the Company's Articles of Association require the conditions of quorum and majority applicable by law to Extraordinary General meetings.
- Powers of the Board of Directors with particular regard to the issue or repurchase of shares:
  - Delegation of authority granted to the Board of Directors by the Ordinary and/or Extraordinary General 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 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 terminate 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 approximately €1,209 million of bonds and bank finance. The financial ratios provided for in the financing agreements are currently respected.
- Agreements providing indemnities for Board members or employees if they resign or are dismissed without good reason or if their employment ends by reason of a public offering (in particular, severance payments and golden parachutes):
  - nothing more than is already provided for in different collective bargaining agreements.

2. Organization of Internal Control and Risk Management

2.1. Internal control procedures implemented and risk management

2.1.1. 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.

2.1.2. 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.

2.1.2.1. 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 2020, risk mapping was refocused on seventeen risk families listed below:

<u>Health crisis</u>

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.

Risk of a major incident at a 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.

Changing societal trends

The rise of vegan movements, the notion of animal welfare, as well as the change in eating habits (organic, vegetable, etc.) can increase the negative perception of industrial products and lead to a drop-in sale of our products. Faced with these societal trends, an updated CSR plan, the creation of a plant-oriented subsidiary and appropriate communication are the first elements of response.

2.1.2.2. Risk Mapping "Sapin Act II"

The Transparency, Anti-Corruption and Modernization of Economic Life Act of December 2016, known as the Sapin II Act, requires the establishment of a map detailing the risks of external solicitations for corruption, particularly in relation to the geographical areas in which the Group operates.

Corruption risk mapping has two sets of objectives:

- identify, assess, prioritize corruption risks to ensure an effective and appropriate compliance program;
- inform the Directorate and give it the visibility necessary for the implementation of prevention and detection measures commensurated with the issues identified.

In 2020, a specific questionnaire was sent to all subsidiaries to develop a net risk mapping. This mechanism will be strengthened in 2021 with a focus and the development of action plans adapted to the most exposed subsidiaries.

2.1.2.3. Risk Mapping "Duty of Vigilance Act"

In accordance with the Duty to Vigilance Act, SAVENCIA Cheese-Dairy has established a vigilance plan aimed at identifying risks and preventing serious violations of human rights and fundamental freedoms, the health and safety of individuals, and the environment, resulting from its activities, those of the companies it controls, and those of its subcontractors and suppliers.

This vigilance plan, whose 2019 edition remains unchanged (available on the savencia-fromagedairy.com website) has seen its declination updated by actions notably marked in 2020 by the health crisis linked to the Covid-19.

Slowed down by the availability of suppliers themselves impacted by the crisis, work to analyse the risks generated on humans and the environment has nevertheless been continued. In terms of mitigation and remediation of these risks, the Group has focused on consolidating the actions already under way; implementation of new monitoring indicators has been delayed to 2021.

The "vigilance" risk mapping presented in the plan is based on two axes: a "raw materials/wire" axis, and an "activities" axis.

2.1.2.4. General Data Protection Regulation (RGPD)

The Group continued to comply with the RGPD in 2020.

2.1.3. Control

Internal control and risk management (ERM) procedures are put in place taking into account the Group's values that emphasize the subsidiarity and autonomy of its units, as well as risk mapping. The parent company controls the activity of its subsidiaries through:

- activity Directorates responsible for animate and supervise them;
- financial Directorate responsible for assessing the relevance of the Group's results and financial balance.

The Audit and Risk Committee of the Board of Directors monitors the effectiveness of these controls, drawing on the work of the Internal Audit and the auditors.

As part of a multi-year plan, the Internal Audit Department, attached to the Group's General Management, assesses the control of the internal control of each of the entities, as well as the cross-cutting processes increasingly present in the Group, relying on the framework defined by the Financial Markets Authority (AMF). The missions help to assess the major risks specific to the activity of each entity, drawing on the risk mappings developed as part of the ERM approach being deployed in the Group. The report prepared at the end of the mission highlights areas for improvement in internal control. Entities are then required to develop and deploy action plans to implement the recommended improvements, and to report periodically on their progress. The progress of these action plans is overseen by the Business Managers and is monitored annually by the department of Internal Audit.

With regard to financial reporting, the process of developing each subsidiary's accounts is based on:

- a single account plan that is required for all subsidiaries;
- a manual of accounting procedures to harmonize policies in this area.

On this basis, subsidiaries establish monthly situations that compare to the same period last year. They also provide annual earnings forecast. The Group's Financial Directorate monitors the activity and its results with an active presence and control of the information received by the CFOs of each activity.

The social accounts of each subsidiary and the additional information necessary to establish and reprocess the semi-annual and annual consolidations are also certified by the external auditors of each subsidiary. The appointment of these auditors is part of a harmonization policy established in conjunction with the Group's auditors. In addition, the executives of each subsidiary sign a letter of affirmation, to the attention of the Board of Directors, on the quality and content of their accounts.

The consolidated accounts development process is based on a computerized system to centralize the social accounts thus harmonized, as well as the additional information needed to develop consolidation.

In order for these consolidation operations to be carried out under good internal control conditions, procedures have been established to ensure the integrity of the data collected through a single tool whose access is strictly controlled. The reliability of consolidation treatments and the accurate image of consolidated returns are guaranteed by procedures to separate tasks and ensure the supervision of operations.

As part of their diligences on the audit of consolidated accounts, auditors conduct an annual review of the procedures put in place for establishing consolidated accounts and make recommendations that they consider necessary. These comments are taken into account to regularly improve our existing procedures.

3. SAVENCIA S.A. - Vigilance actions in 2020

A description of measures to identify risks and prevent serious violations of human rights and the environment, SAVENCIA S.A.'s Vigilance Plan, of which the 2019 edition remains unchanged and available on the savencia-fromagedairy.com website, has been updated in 2020 through actions influenced by the health crisis linked to Covid-19. Many resources have been mobilized, both at corporate and in subsidiary level, to manage this unprecedented crisis and ensure food chain continuity, while securing the safety of employees.

Slowed down by supplier availability, themselves impacted by the crisis, work continued on analyzing risks generated for people and the environment. In terms of mitigation and remediation of these risks, SAVENCIA S.A. focused on consolidating actions already under way; implementation of new monitoring indicators has been postponed till 2021.

3.1. Supply Risks

3.1.1. Milk supply

SAVENCIA S.A.'s commitments relate to extending the Charter of Good Breeding Practices to all its worldwide milk collection by 2025. The volume of milk collected covered by this Charter has increased from 80% in 2019 to 83.1% in 2020. The 2025 target of achieving a 50% diagnostic coverage of Sustainable Dairy Production is maintained, with the figure remaining stable at 19.2% in 2020. The co-development of both milk production from "genetically modified organisms (GMO) free" fed herds, and organic farming, continued.

3.1.2. Dried fruit supply

GreenFlex's 2019 study of nut kernels in Eastern Europe improved supply chain knowledge, created support to prepare and conduct supplier CSR/Vigilance audits, and identified potential local relays for risk reduction actions. Based on these results, this approach shall be extended to other dried fruits and geographical areas, starting in 2021.

3.1.3. Other supplies

In close collaboration with its subsidiaries, SAVENCIA S.A. has continued to promote responsible purchases through the deployment of the "Responsible Purchasing Charter".

Based on an "80% in 2025" target, the percentage of the Group's external expenditures managed by Purchasing and covered by the Charter, have remained stable at 63.2%, while the percentage of expenses assessed by EcoVadis increased slightly.

3.2. Risks to Group employees

SAVENCIA S.A. makes occupational health and safety (ESD) a priority, shared with partners interacting at its sites. Its objective is to get to "0" work accident with stoppage. In the context of the health crisis, the approach has been strengthened in order to protect all the people working for our companies (health protocols, distribution of personal protective equipment, adapting work schedules and spaces, home office).

At the same time, the Group continued its training at NESS, which accounts for 37.3% of training in 2020 and implemented the "10 Safety Essentials", a set of operational rules aimed at preventing the risk of potentially serious accidents. The pace of behavioral security visits was maintained, and more than 15,000 visits were made in 2020. The proportion of subsidiaries that did not experience a work-related accident (permanent and temporary employees) increased from 34.9% to 42.9% in 2020.

3.3. Risks to the environment and neighbors

Industrial activity is identified as the main source of risks to the environment and neighbors. Five priority focus areas have been identified in relation to the "environmental footprint" axis of the Oxygen plan. The risk of spilling pollutants or releasing non-allowed organic effluents is reduced through the implementation of good practices and proactive policies of maintenance, renovation and adaptation of effluent production and waste water treatment facilities. Water withdrawals from the natural environment are reduced through renovation or renewal of existing cleaning equipment, best practices training and awareness for the staff in charge of manual cleaning, and the recovery of some of the water contained in milk.

3.4. Risks to consumers

Consumer health risk prevention policy is based on the implementation of procedures, best practices, control plans and certifications. This was continued in 2020, in line with the targets set.

3.5. The Vigilance Warning System

The alert mechanism put in place by the Group covers all internal and regulatory information gathering needs. The procedures for handling any reports pertaining to the duty of vigilance transmitted *through* this mechanism by both internal and external stakeholders are defined in a document released in 2019.

No vigilance reports were issued in 2020 within the Group.

4. 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 make effective implementation of 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 subcontractors with which it has ongoing commercial relationships and which activities are associated with that relationship.

SAVENCIA Fromage & Dairy is the main division of Groupe SAVENCIA Saveurs & Spécialités (the "Group").

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

2.1. *General Remarks*

SAVENCIA Fromage & Dairy is a global dairy player and n°1 for cheese specialties. It is present on the five continents with its subsidiaries which propose a portfolio of premium brands and an offering of products and services aimed at catering professionals and at industrial markets such as for agro-food, dietetics, healthcare etc.

SAVENCIA Fromage & Dairy comprises enterprises of human scale united by a humanistic, family and entrepreneurial business culture. It is supported by decentralized management and its operating subsidiaries are the engine of its development. Shared structures provide administrative, industrial and commercial synergies.

2.2. *Subsidiaries*

SAVENCIA Fromage & Dairy possesses 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.

2.3. *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 but an indispensable requirement compatible with the goal of optimal economic performance which is thereby rendered sustainable.

The Group's commitment in these respects is notably reflected 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.

2.4. *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 conferred on the Group's Compliance Department which is also responsible for:

- the implementation of French Law n° 2016-1691 dated December 9, 2016 on the subject of 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 the persons in charge of transversal Group functions and in particular of the purchasing, communication, CSR, finance, legal, operating and human resource Departments;
- other managers reflecting the Group's specific organization (in charge of geographical markets or of product categories or activities) and their main colleagues.

In respect of subsidiaries, the Compliance department identifies the main actions already engaged in or contemplated on an autonomous basis 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 operations;
- to envisage adopting certain actions at the level of the Group for the purpose of coordinating and developing them.

2.5. *The Group's CSR approach*

The Group's Oxygen plan materializes its approach to Corporate Social Responsibility:

- it integrates Group stakeholders' 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 responsive to the law on the duty of vigilance which consists in protecting people and the environment, but 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 prior 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 as 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 the following:

- internal to the Group: employees;
- external to the Group: the environment and local residents of subsidiaries' sites.

Internal sales activity

This activity includes:

- 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 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 is nevertheless very attentive 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, at the time of analysis of the internal activity.

Remark on the classification of subsidiaries

After analysis of 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 both cow's, ewe's and goat's milk 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 in liaison with external service-providers who sign a transport safety agreement designed to ensure working and safety conditions compliant with French regulatory requirements.

Better to meet its customers' questionings with regard to the conditions of production of its milk, the Group has implemented an approach of responsible milk procurement notably including:

- the Charter for Best Farming Practices developed by farmers. To adopt the Charter, the farmer must comply with its 41 sections and following adoption, the farmer is audited every two years and any shortfall with regard to the Charter must be corrected within 6 months, failing which the farmer 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: training of the technicians charged with performing the diagnoses is in process of completion and 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 used mainly comes from South America, 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 December 31, 2019 the overall global deployment amounts to 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 December 31, 2019 the overall global deployment amounts to **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 May 26, 2015.

THE COMMITMENT REQUESTED BY THE GROUP

The Group selects its suppliers on the basis of criteria of quality, safety, service and competitiveness and of their capacity to maintain a long-term relationship. It gives preference to long-term collaboration and inscribes its relationships with suppliers in an approach of shared progress.

Since 2010, it has thus 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

To manage its purchases on bases compliant with the principles of transparency and of combating undeclared labor, corruption and breaches of human and environmental rights, in 2018 the Group's Purchasing Department implemented 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, equally performed by 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 requirements of the Group's Purchasing Department (in line with its risk-mapping and objectives of purchase coverage) and of other Group departments including Group Compliance in respect of 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 amounts to 48.8 compared with an average of 42.4 per EcoVadis's Food & Beverage sector panel.

At the end of 2019, with the help of an outside firm, the Group commenced a review of how best to engage in continuous formal monitoring of suppliers and resolve the applicable issues such as:

- how to assess a supplier refusing to accept assessment by EcoVadis?
- how to perform further investigation if a supplier obtains a poor EcoVadis score?
- how to move from a supplier's EcoVadis assessment to identification of the actual risks generated by the supplier?
- how, and with the support of which stakeholders, to encourage a supplier to engage in improvement of its assessment and reduction of any risks identified?

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 local residents of subsidiaries' production sites).

5.1. Risks for internal holders of rights

5.1.1. Practices in force

The risks imposed on 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 for employment, 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, based on Group reporting including the requisite indicators.

RISKS FOR EMPLOYEE HEALTH AND SAFETY

Health and safety at work is a primordial focus for the Group and a value shared with the partners intervening at its sites (service-providers and temporary employment agencies).

The approach to health and safety at work 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 Group HR and Group Operations.

It is supported by:

- a Health and Safety Charter, co-signed by the Group's Chairman and circulated at all subsidiaries, which supports the goal of reaching zero occupational injury;
- a Health and Safety Frame of Reference designed to implement, Group-wide, a system for management of health and safety:
  - applicable to all activities, functions and physical or psychical 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 product design to the performance of daily tasks;
- transversal functions of piloting, leadership and monitoring;
- occupational health and safety initiatives including:
  - the annual organization of the Worldwide Health and Safety Week involving all Group subsidiaries;
  - general training [(1)]:
    - obligatory training on specific regulatory matters,
    - training imposed by the Group in response to the managerial requirements of Group departments or subsidiaries, 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 are subject to detailed analysis to measure the effectiveness of actions or policies and to determine any necessary corrective measures.

In parallel, the Group attaches great importance to the quality of life at work and to 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 the level of subsidiaries;
- a Group Employee Representative Committee for France which meets twice per year;
- joint employer/employee commissions in France which supervise agreements for providence and 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 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 the locally applicable employment legislation, and with the Group's HR policy, cannot be totally excluded and is believed to be more important:

- 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 EcoVadis human rights and health/social scores (use is made of the average of the two scores).

5.2. Risks for external holders of rights

5.2.1. General remarks

For many years the Group has striven to reduce the environmental impact of its operations. The associated risks are a major focus for progress of the Group's CSR plan.

Industrial activity has been identified as the main source of risks for the environment and for local residents. The Group's Operations Department has thus:

- defined 5 major focuses for action related to the Oxygen dimension of environmental footprint:
  - prevention of pollution,
  - 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 capable of defining, implementing and monitoring implementation of policy.

The Group's vigilance plan only details 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 for use at industrial sites have been prepared for each area for attention. They enable production sites 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 guide for industrial operations, the guide devoted to energy and water and the guide to permanent cleaning systems.

Best industrial practices are the subject of regular training organized for all Group employees concerned and performed in particular by Savencia Academy for the benefit of all managers.

NB: best practices are shared between all Group subsidiaries but each subsidiary must still comply with the regulatory requirements of its country of location.

ENVIRONMENTAL MEETINGS

Twice-yearly environmental meetings are organized for environmental correspondents to discuss subjects targeted depending on new developments and/or the Group's requirements. They involve outside presentations, sharing of best practices and feedback and progress reports on regulatory requirements, project developments 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 enable discussion of CSR initiatives of the previous year and actions in progress.

PREVENTION OF POLLUTION

With regard to the areas of activity of the Group's subsidiaries, the two most significant risks identified in terms of their probability and/or impacts are:

- the release of chemicals to the environment in the event of accidental spilling;
- the release of non-compliant organic effluents into the natural environment with particular regard to the hydrographic network surrounding industrial sites.

These risks may be triggered internally (by facility malfunctioning, fire, human error, etc.) or externally (in particular with regard to climate).

To limit internal and technical causes, the Group conducts a policy of maintenance, renovation and adaptation of its installations involving the production and treatment of effluents which take into account:

- the production volumes envisaged;
- the age of installations and the audits performed of their condition;
- measurement of COD (chemical oxygen demand).

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 to be taken 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 (extinguishers, armed fire hydrants, sprinkler networks, fireproof doors, use of specific materials etc.) requiring capital investment.

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 can identify any incident within the facility (peak COD) or deterioration of the facility (slow increase in COD);
- on post-treatment effluents, before their release into the natural environment, whenever the Group is responsible for purification. If the required COD level is exceeded, it must be rapidly analyzed [(1)] and gives rise to corrective action.

Note on other pollution:

The Group is equally 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 DRAWING OF WATER FROM THE NATURAL ENVIRONMENT

Water plays an important role in several processes applied 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 facilities.

The Group has implemented a certain number of measures designed to reduce such drawing:

- optimisation, renovation or even complete renewal of exising 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 fluid or, after treatment, for external cleaning of facilities.

In parallel:

- the Group continues to engage in reflection, at the level of France's dairy and cheese industries, on the means of defining more effective practices and technologies for water use;
- every new project for renovation or renewal of the Group's production infrastructure includes this issue.

Finally, each subsidiary performs precise and regular analysis of the quantities of water drawn from the natural environment as a means of:

- identifying any accidental excess consumption and deploying the necessary corrective action;
- measuring the long-term effectiveness of the measures deployed.

4

5.2.3. Action plans and monitoring

PREVENTION OF POLLUTION

In addition to its measures of organization, the Group engages in significant capital investment:

- in purifying stations, for which complete renovation commenced at 5 major sites in 2019;
- in fire detection and prevention systems.

REDUCTION OF DRAWING OF WATER FROM THE NATURAL ENVIRONMENT

The Oxygen plan's objective is to reduce water consumption at industrial sites, in m^3 per ton produced, by 25% compared to 2015 by 2025.

	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. Consumers

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, temperature of conservation) and consume by or minimum durability dates;
- information on the characteristics 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' characteristics. 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 responsible communication, is performed by each subsidiary by regulatory compliance managers, quality managers or legal specialists in certain countries. They may receive support if required from the Group's Food Law Department which engages in the following missions:

- regulatory watch;
- training;
- the provision of assistance to subsidiaries in the identification, interpretation and application of regulatory requirements;
- the provision of 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 community of regulatory interlocutors.

The Group believes that this form of organization and functioning enables it to avoid any grave 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 players in the Group (Activity Directors, Subsidiaries' Directors, Plant Directors and Experts), defines prevention policy and deploys plans for risk reduction.

Risks to consumer health (excluding the nutritional dimension) are essentially 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 areas of production of 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 for delivery;
- 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 control of the aforementioned risks are developed by capitalization of experience by both experts and operating personnel. Whether general in nature or specific to a business, they are deployed Group-wide and their application is monitored.

POLICY OF CERTIFICATION AND SYSTEM FOR MANAGEMENT OF 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);
- national approvals imposed 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 safeguarding its assets;
- to evaluate controls over operating and functional processes and the performance of operations with regard 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;
- eventually, to take part in certain missions of assistance notably in the framework of acquisitions.

In the exercise of its functions, 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 (security, occupational health and safety, insurance etc.) audits already mentioned 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 electronic address: compliance@savencia.com;
- a postal address:

The Director of Compliance
Groupe SAVENCIA
42 rue Rieussec
78223 Viroflay Cedex
FRANCE

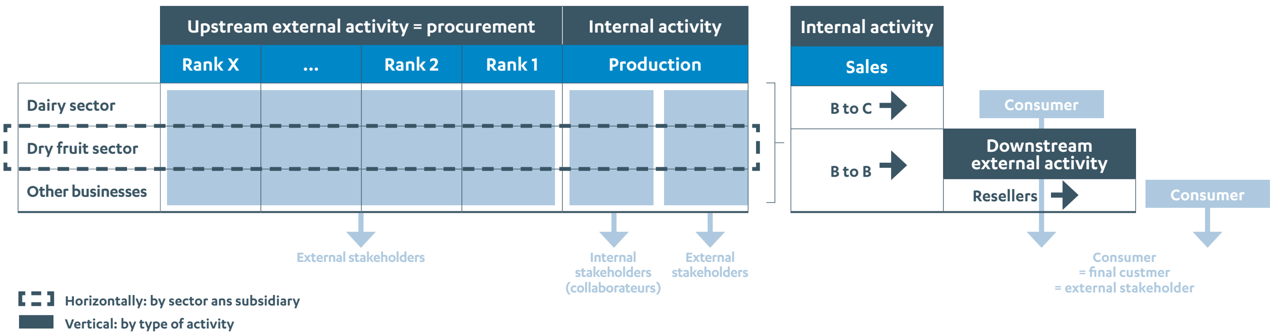
The bases of processing of any matter reported in respect of the duty of vigilance, transmitted *via* these channels by stakeholders either internal or external to the Group, are detailed in a procedure which was updated at the beginning of 2020.

Appendix 1: Classification of potential risks

Classification of Vigilance risks potentially generated by the activity of Groupe SAVENCIA

Risk categories		Examples	Holders of rights	Rights impacted
Employment	**Legal framework**	Absence of contract, excessive hours, no holiday etc.	Group employees and workers with suppliers, in particular: • Migrant, unqualified, temporary workers • Children • Trade union representatives = Holders of rights **internal and external** to the Group	• Right to employment • Right to be free from forced labor • Right to just and favorable compensation • Right to equal protection against all forms of discrimination • Right to just and favorable working conditions (including the right to hygiene and safety at work) • Right to form trade 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 just 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.)	Local 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



Classification of Vigilance risks potentially generated by the activity of Groupe Savencia				
Risk catégories		**Examples**	**Holders of rights**	**Rights impacted**
WORK	**Legal framework**	Absence of contract, excessive hours, no holiday etc.	Group employees and workers with suppliers, in particular: - Migrant, unqualified, temporary workers - Children - Trade union representatives. = Holders of rights **internal and external** to the Group	- Right to employment - Right to be free from forced labor - Right to just and favorable compensation - Right to equal protection against all forms of discrimination - Right to just and favorable working conditions (including the right to hygiene and safety at work) - Right to form trade 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.		
	Force 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 just 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 ENVIRONNEMENT	**Pollution (air, water, ground)**	Pollution by discharge (industry, farming etc.) Pollution by use of chemicals (pesticides etc.)	Local 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
	Réduction of human and animal habitat	Deforestation Expropriation for extension of activity		
	Excessive use of ressources	Deforestation Exhaustion of fish stocks Exhaustion of water resources		

5

ANNUAL SHAREHOLDERS MEETING OF APRIL 22, 2021

1. Report of the Board of Directors on draft resolutions

Ladies and gentlemen,

We have convened this General Assembly to submit for your approval the draft resolutions we will present hereafter.

Before your vote, you will hear the reports of the auditors, Mr. Jean-Charles SIMON, representing KPMG Audit and Mrs. Amélie WATTEL, representing PRICEWATERHOUSECOOPERS Audit, Statutory auditors, on these draft resolutions.

The statutory auditors' reports have been placed at your disposal at the Company's registered office as provided by law, to enable you to read them.

1.1. Resolutions within the competence of the Ordinary General meeting

First to third resolutions

Approval of the social and consolidated accounts for the year ended December 31, 2020, year result and allocation proposal

We request you to approve the social and consolidated financial statements for the fiscal year ended December 31, 2020 as presented to you. We propose to allocate the loss for the year to €21,618,760.89, which, together with the Company's retained earnings of €402,674,003.76, constitues a total available sum of €381,055,242.87, be appropriated as follows:

In euros

To shareholders, a gross dividend of 1.5 euro per share	21,049,395.00 *
To retained earnings	360,005,847.87
TOTAL	**381,055,242.87**

* *Includes the amount of the dividend corresponding to treasury stock not paid and approviated to the retained earnings account.*

The dividend would be paid on May 19, 2021 directly to shareholders who hold shares in a pure registered account or to financial intermediaries responsible for managing bearer shares or an administered in registered account, through Caceis.

The ex-date dividend would be May 17, 2021.

Fourth resolution

Approval of the agreements governed by articles L.225-38 and following of the French Commercial Code

We request you to approve the new agreements presented in the statutory auditors' special report prepared further to Article L225-40 of the French Commercial Code 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 is entitled.

Fifth to twentieth 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 General 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 2022 to approve the accounts for the fiscal year ended December 31, 2021: Mrs. Anne-Marie CAMBOURIEU, Mrs. Clare CHATFIELD, Mrs. Martine LIAUTAUD, Mrs. Annette MESSEMER and Mrs. Maliqua HAIMEUR, and Mr. Alex BONGRAIN, Mr. Armand BONGRAIN, Mr. Xavier GOVARE, Mr. Christian MOUILLON and Mr. Ignacio OSBORNE, Mr. Vincenzo PICONE, Mr. Robert ROEDER and Mr. François WOLFOVSKI, as well as SAVENCIA Holding.

Mrs. Dominique DAMON expressed her decision not to have her mandate as Director renewed, it will be proposed to appoint Mrs. Sophie de ROUX as Director:

Born in 1964 and graduated from Sciences Po Paris, of the ESSEC Grande École, and holds a law degree from Université of Paris II Assas, Sophie de ROUX began her career with the investment bank Wasserstein Perella in New York, London and Paris. She held positions in operational and corporate finance management for more than 20 years, both in large multinational groups - notably at Dassault Systems successively as Director of Group Financial Services, then Chief Financial Officer Europe - and as a small and medium-sized company - notably as administrative and financial Director of the Knowledge Bookshops group. Since 2011, she has been non-executive President of the French subsidiary of the strategy consulting group Corporate Value Associates and has held (or has held) various positions as an independent Director in France and Belgium at AXA IARD Mutuelle, AXA Assurances Vie Mutuelle, Verlinvest, Microwave Vision Group, Sapec and Zetes. She is also a member of the Supervisory Board of SAVENCIA Holding and is accredited as a Director by BPIFRANCE.

It will equally be proposed to renew Mr. Pascal BRETON's in term of office as a non-voting Board member.

Twenty-first resolution

Appointment of DELOITTE & ASSOCIES as statutory auditor to replace PricewaterhouseCoopers Audit,

The mandate as statutory auditor PricewaterhouseCoopers Audit is expiring. We propose to appoint DELOITTE & ASSOCIES as a replacement, for a period of 6 years until the end of the Annual Ordinary General meeting to be held in 2027 and called upon to decide on the accounts for the year ended December 31, 2026.

Twenty-second resolution

Non-renewal and non-replacement of Mr. Jean-Christophe GEORGHIOU as alternate auditor

The mandate as alternate auditor of Mr. Jean-Christophe GEORGHIOU is expiring. We purpose that you do not renew or replace it, as required by law, as the statutory auditor is a legal entity.

Twenty-third and twenty-fourth resolutions

Approval of the compensation policy applicable to the Directors, to the President of the Board of Directors, to the Chief Executive Officer and the Deputy Managing Director (assuming the appointment of a Deputy Managing Director)

As provided for by the say on pay provisions of the French Commercial Code (Article L22-10-8), we request you to approve the remuneration policy for the Directors, the President of the Board of Directors, the Chief Executive Officer and the Deputy Managing Director (should a new one be appointed) as presented in the report in section 1.2. of the corporate governance Report, with effect from 2021.

Twenty-fifth resolution

Approval of the information relating to the compensation of corporate officers covered in I of Article L.22-10-9 of the French Commercial Code

As provided for by Say *on Pay* provisions (L. 22-10-34 I of the French Commercial Code) you are requested you to approve the information on each corporate officer required by article L.22-10-9 of the French Commercial Code concerning, as presented in section 1.3. of the corporate governance report.

Twenty-sixth to twenty-eighth resolutions

Approval of the fixed, variable and exceptional components of the total compensation and all benefits paid during or allocated in respect of the 2020 fiscal year to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Managing Director (until December 31, 2020)

As provided for by the French Commercial Code (article L.22-10-34 II), we request you to approve the fixed, variable and exceptional component of the total compensation and benefits paid or allocated in respect of their appointments during 2020 fiscal year to Mr. Alex BONGRAIN, President of the Board of Directors, Mr. Jean-Paul TORRIS, Chief Executive Officer and Mr. Robert BRZUSCZAK, Deputy Managing Director, as presented in section 1.3. of the report on corporate governance.

Twenty-ninth resolution

Authorization given to the Board of Directors for the Company to buy back its own shares under Article L.22-10-62 of the French Commercial Code, duration of the authorization, purposes, terms and ceiling

We request you to approve the renewal for 18 months of the authorization last given to the Board by the Annual General meeting held in 2020 to enable the Company to buy back its own shares up to a maximum of 10% of the Company's share capital on the day of the repurchase, taking into account purchases made in previous fiscal years.

Subject to compliance with the applicable regulatory requirements, these repurchases may be made for the following purposes:

- as cover for stock options and/or performance share plans (or similar plans) for the benefit of employees and/or corporate officers of the Group, for share allocations in respect of a Company or Group savings (or similar) plan, by way of participation in the profit-sharing, and/or all other forms of allocation of shares to employees and/or corporate officers of the Group;
- as cover for securities providing rights to the allocation of shares in the Company by way of current reguation;
- cancellation of all or part of these shares, in accordance with the authorization granted or to be granted by the Extraordinary General Meeting;
- the operations concerning the secondary market or the liquidity of the Company's securities, this operation being carried out by an investment services provider acting within the framework of a liquidity contract in accordance with the practice authorized by the regulations, it being specified that in this context, the number of shares taken into account for the calculation of the above limit corresponds to the number of shares purchased, net of the number of shares resold;
- retention of these shares and subsequent remittance as exchange or as payment as part of any external growth transactions within a limit of 5% of the capital.

1.2. Resolutions within the competence of the Extraordinary General Meeting

Thirtieth resolution

Authorization to be given to the Board of Directors to cancel the shares repurchased by the Company under the article L.22-10-62 of the French Commercial Code

We request you to approve the renewal of the authorization granted to the Board of Directors, with the power to sub-delegate, to cancel, in one or more times, within a limit of 10% of the capital calculated on the day of the cancellation decision, the shares acquired by the company under the provisions of Article L.22-10-62 of the French Commercial Code, as well as to reduce the share capital accordingly.

In accordance with the law, this authorization will be granted to the Board of Directors for a period of 24 months.

Thirty-first resolution

Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares and/or securities giving access to the share capital, up to 10% of the capital in consideration for contributions in kind of capital securities or securities giving access to capital, duration of the delegation of authority

We request you to approve the renewal of the delegation of authority conferred on the Board of Directors for the purposes of remunerating the contibutions in kind granted to the Company and consisting of capital securities or securities providing access to capital, where the provisions of Section L. 22-10-54 of the French Commercial Code are not applicable, proceed to one or more capital increases through the issuance of ordinary shares of the Company or securities providing access to capital of the Company, up to 10% of the capital at the date of use of the authorization.

In accordance with the law, this authorization will be granted to the Board of Directors for a period of 26 months.

Thirty-second resolution

Authorization to be given to the Board of Directors to granty shares to employees and/or certain corporate officers

We request you to authorize the Board of Directors to proceed, on one or more occassions, in accordance with articles L.225-197-1, L. 225-197-2 and L. 22-10-59 of the French Commercial Code, to allocate Company ordinary shares, whether existing or to be issued, for the benefit of Company's employees or companies or economic interest groups that are directly or indirectly related to it within the meaning of Article L.225-197-2 of the French Commercial Code, and/or corporate officers who meet the requirements set out in Article L.225-197-1 of the French Commercial Code.

The total number of freely granted shares may not exceed 3% of the capital. The allocation of the shares to the beneficiaries will be final at the end of an acquisition period, the duration of which will be fixed by the Board of Directors, which may not be less than one year. The beneficiaries will, where applicable, retain these shares for a period set by the Board of Directors, at least equal to that required for the cumulative duration of acquisition and, if applicable, retention periods to be less than two years. By exception, the final allocation will take place before the end of the acquisition period in the event of disability of the beneficiary corresponding to the classification in the second and third categories provided for in Article L.341-4 of the Social Security Code. The identity of the beneficiaries, the number of shares to be awarded per beneficiary and the conditions and criteria for the final allocation of the shares will be determined by the Board of Directors.

In accordance with the law, this authorization will be granted to the Board of Directors for a period of 38 months.

Thirty-third resolution

Article 8.1 introduces the statutes of a clause providing for the appointment of a Director appointed by employee/shareholders

We request you to approve the insertion in the company's by-laws of a clause providing for the appointment of a Director representing employee/shareholders under the terms of Article L.225-23 of the French Commercial Code, *i.e.* where the report submitted by the Board of Directors at the General Meeting under Article L.225-102 of the French Commercial Code establishes that shares held by the employees as well as by the employees of the companies related to it 225-180 represent more than 3% of the company's share capital.

The General Shareholder's Meeting will decide on a list of candidates proposed by employee/shareholders and appointed under the following terms:

- a candidate nominated by the members of the Supervisory Board of the Employee's Mutual Fund;
- a candidate nominated among them by employees holding Company shares from free allocations and recorded form.

The terms of appointment of candidates not defined by current legal and regulatory provisions or by the statutes will be decided by the Chairman of the Board of Directors, in particularly with regard to the nomination schedule.

Thirty-fourth resolution

Amendment of Article 8.1 of the Statutes to provide for the method of election of the employee's representative to the Board in accordance with Article L.225-27 of the French Commercial Code

It is proposed that you approve the insertion in the Company's by-law of a clause allowing the appointment of a Director by the company's employees and that of its direct or indirect subsidiaries whose registered office is fixed on French territory in accordance with Article L.225-27 of the French Commercial Code.

We inform you that, despite the regulatory provisions that require companies that provide for the modification of their statutes, in order to allow the appointment of a Director representing employee/shareholders (as provided for by the thirty-third resolution above), to propose, concurrently, a draft resolution providing for the election of one or more Directors representing employees, your Board of Directors does not approve this resolution. Indeed, employees are already represented on the Board of SAVENCIA Holding. The appointment of a Director representing employees at the level of SAVENCIA S.A. is therefore unnecessary.

Thirty-fifth resolution

Amendment of Article 13 of the statutes to provide for the possibility of participating in the General Assembly by videoconferencing or by telecommunication means

We request you to approve the insertion in the company's statutes of a clause allowing you to participate in the General Meeting by videoconference or by télécommunication means.

2. Report of the Board of Directors on share purchase options and information on share subscription or purchase options granted and/or exercised in 2020

The authorization granted by the Extraordinary General Meeting of April 26, 2012 to the Board of Directors to grant, in one or more times, options entitling:

- or the purchase of shares from a pre-purchase by the Company;
- underwriting new shares to be issued as a capital increase.

expired in fiscal year 2015 and has not been renewed. Also in fiscal year 2020 your Board of Directors has not granted any options to purchase or subscribe for shares.

Between December 1 and 31, 2020, a total of 750 options were exercised relating to the 2011 plan.

Stock options granted to each corporate agent and options exercised by the latter	Number of options granted/exercised	Price	Dates of Maturity
Options granted during the periode to each corporate officer by the issuer and any Group company:	None		
TOTAL	**0**		
Options exercised during the financial year 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 granted, during the financial year, by the issuer and by any company within the scope for allocation of the options, to the ten employees of the issuer, and/or of any company of any company included within that scope whose number of options thus granted is higher	None		
Options held by the issuer and the aforementioned companies exercised during the financial year by the ten employees of the issuer and/or of these companies, whose number of options thus purchased or subscribed is the higher	750	€46.87	Dec 15, 2021
TOTAL	**750**		

3. Statutory Auditors' reports

3.1 Statutory Auditors' special report on related-party agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2020

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Savencia S.A.,

In our capacity as Statutory Auditors of Savencia SA, we hereby report to you on related-party agreements.

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 authorized and entered into during the year

In accordance with article L. 225-40 of the French Commercial Code, we were informed of the following agreement entered into during the year and authorized in advance by the Board of Directors.

- Person concerned:

Mr. Jean-Paul Torris, Chief Executive Officer of Savencia SA.

- Nature and purpose:

At its meeting on April 23, 2020, 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 2020 came to €886,322.

- Nature and purpose:

In 2018, the Company granted a €50-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 2020 came to €307,069.

b) that were not implemented during the year

In addition, we were informed of the following agreement, approved by the Annual General Meeting in previous years, which remained in force but was not implemented during the year and relates to 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, 2021

KPMG Audit
Department of KPMG SA

Jean-Charles SIMON

Neuilly-sur-Seine, March 30, 2021

PricewaterhouseCoopers Audit

Amélie Wattel

3.2. Statutory Auditors' report on the share capital increase through the issue of ordinary shares and/or securities giving access to the share capital as consideration for contributions in kind consisting of shares or securities giving access to share capital

Combined General Meeting of 22 April 2021 – Thirty-first resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders of Savencia S.A.,

In our capacity as Statutory Auditors of Savencia SA, and in accordance with article L. 228-92 of the French Commercial Code (Code de commerce), we hereby report to you on the proposal to carry out one or several share capital increases by issuing ordinary shares or securities giving access to the share capital as consideration for contributions in kind granted to the Company, consisting of shares or securities giving access to share capital within the limit of 10% of the share capital, which is submitted to the Shareholders for approval.

On the basis of its report, the Board of Directors proposes that the Shareholders delegate to it the authority, for a 26-month period from this Meeting, to carry out this transaction.

The maximum nominal amount of share capital increases that may be carried out will not be charged against the overall ceiling for delegations granted by the Annual General Meeting.

It is the Board of Directors' responsibility to prepare a report in accordance with articles R.225113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements on the proposed issue and on certain other information relating to these transactions provided in the report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors' report relating to the transaction and the terms and conditions for setting the issue price of the securities to be issued.

We inform you that the Board of Directors' report does not set out any information on the methods for calculating the issue price in accordance with the applicable regulations.

In addition, since the final terms and conditions of the issue have not been set, we do not express an opinion in this respect.

In accordance with article R. 225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this delegation of authority to issue securities giving access to the share capital.

The Statutory Auditors

Paris La Défense, March 30, 2021

KPMG Audit
Department of KPMG S.A.

Jean-Charles Simon
Partner

Neuilly-sur-Seine, March 30, 2021

PricewaterhouseCoopers Audit

Amélie Wattel
Partner

3.3. Statutory Auditors' report on the share capital reduction

Combined Annual General Meeting of April 22, 2021 for the approval of the financial statements – Thirtieth resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders of Savencia S.A.,

In our capacity as Statutory Auditors of Savencia SA and in accordance with the provisions of article L. 22-10-62 of the French Commercial Code (Code de commerce), applicable in the event of a share capital reduction by the cancellation of treasury shares, we hereby report to you on our assessment of the reasons for and the terms and conditions of the planned share capital reduction.

The Board of Directors proposes that the Shareholders delegate to it the authority, for a 24-month period from the date of this Meeting, to cancel, for up to a maximum of 10% of the share capital per 24-month period, the shares bought back pursuant to an authorization for the Company to buy back its own shares in accordance with the provisions of the aforementioned article.

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 reasons for and the terms and conditions of the planned share capital reduction, which is not considered to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report on the reasons for and conditions of the planned share capital reduction.

The Statutory Auditors

Paris La Défense, March 30, 2021

KPMG Audit
Department of KPMG SA

Jean-Charles Simon
Partner

Neuilly-sur-Seine, March 30, 2021

PricewaterhouseCoopers Audit

Amélie Wattel
Partner

3.4. Statutory Auditors' report on the authorization to grant existing shares or shares to be issued

Combined Annual General Meeting of April 22, 2021 for the approval of the financial statements – Thirty-second resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

To the Shareholders of Savencia S.A.,

In our capacity as Statutory Auditors of Savencia SA and in accordance with article L. 225-197-1 of the French commercial Code (Code de commerce), we hereby report to you on the proposed authorization to grant free existing or newly issued shares to employees and/or corporate officers of the Company, which is submitted to you for approval. The total number of shares that may be granted under this authorization may not exceed 3% of the Company's share capital.

On the basis of its report, the Board of Directors proposes that you authorize it, for a 38-month period, to grant free existing shares or shares to be issued.

It is the Board of Directors' responsibility to prepare a report on the proposed transaction. It is our responsibility to provide you with our observations, if any, on the information provided to you on the proposed transaction.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying in particular that the proposed terms and conditions described in the Board of Directors' report comply with the applicable legal framework.

We have no matters to report on the information provided in the Board of Directors' report, with respect to the proposed authorization to grant free shares.

The Statutory Auditors

Paris La Défense, March 30, 2021

KPMG Audit
Department of KPMG SA

Jean-Charles Simon
Partner

Neuilly-sur-Seine, March 30, 2021

PricewaterhouseCoopers Audit

Amélie Wattel
Partner

4. Text of draft resolutions

4.1. Resolutions within the competence of the Ordinary General meeting:

First resolution

Approval of annual accounts for the year ended December 31, 2020

After reading the reports of the Board of Directors and the auditors, the Ordinary General Meeting, approved the financial statements showing a loss of €21,618,760.89 euros, namely the balance sheet, income statement and notes, as they were presented to it, as well as the transactions reflected in these statements and summarized in these reports.

Second resolution

Approval of the consolidated financial statements for the fiscal year ended December 31, 2020

After reading the reports of the Board of Directors and the auditors, the Ordinary General Meeting, approved the consolidated statements showing a Group share of net profits of €78,812,151 euros, namely the balance sheet, the income statement and the notes for the year ended December 31, 2020, as presented, as well as the transactions reflected in these statements and summarized in these reports.

Third resolution

Appropriation of net income for the period and setting the dividend

The Ordinary General Meeting decided to appropriate the loss for the year ended 31 December 2020, amounting €21,618,760.89, which, in addition to the retained earning of €402,674,003.76, constitutes an available amount of €381,055,242.87, as follows:

In euros	
To shareholders, a gross dividend of 1.5 euro per share	21,049,395.00 *
To retained earnings	360,005.847,87
TOTAL	**381,055,242.87**

* *Includes the amount of the dividend corresponding to self-deed shares not paid and assigned to the deferred account again.*

The General Meeting noted that the gross total dividend for each share is set at 1.5 euro.

When the dividend is paid to individuals who are domiciled for tax purposes in France, the dividend is subject, at the time of taxation, either to a single flat_rate withholding tax on the gross dividend at the flat rate of 12.8% (Article 200 A of the General Tax Code) or, on the taxpayer's express, irrevocable and overall option, to income tax according to the progressive scale after notably a 40% reduction (Article 200 A 13 and 158 of the French General Tax Code). The non-withholding flat_rate tax 12.8% received when the dividend is paid will be charged on the tax due. The dividend is also subject to social levies at a rate of 17.2%.

The ex-dividend date is May 17, 2021.

The dividend will be paid on May 19 directly to shareholders who hold shares in a pure registered account or to financial intermediaries responsible for managing bearer shares or shares recorded in an administered registered account, through Caceis.

It will be specified that the amounts of the dividend not paid on own shares held by the Company on the day of the clipping of the coupon will be appropriated to retained earnings.

To satisfy legal requirements, it is noted that the dividends paid to shareholders in respect of the three previous fiscal years were as follows:

Paid in	In respect of the period	Number of shares comprising the capital	Total dividend [1]	Gross dividend per share	Tax allowance
2018	2017	14,032,930	€19,493,943.00	€1.40	40%
2019	2018	14,032,930	€13,783,566.00	€1.00	40%
2020	2019	14,032,930	-	-	-

(1) Excluding shares with no dividend entitlement.

The General Meeting noted that, in 2020, the Company made no expenditure on luxuries as defined in Article 223 quater of the French General Tax Code.

Fourth resolution

Special report of the Auditors on Regulated Conventions - Approval of These Conventions

Having taken note of the auditors' special report on the agreements referred to in articles L225-38 and following of the French Commercial Code, the Ordinary General Meeting successively approved each of the new agreements mentioned in said report.

Fifth resolution

Renewal of the term office as Director of Mr. Alex BONGRAIN

Having taken note that the term of office as Director of Mr. Alex BONGRAIN expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mr. Alex BONGRAIN in his functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Sixth resolution

Renewal of the term office as Director of Mr. Armand BONGRAIN

Having taken note that the term of office as Director of Mr. Armand BONGRAIN expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mr. Armand BONGRAIN in his functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Seventh resolution

Renewal of the term office as Director of Mrs. Anne-Marie CAMBOURIEU

Having taken note that the term of office as Director of Mrs. Anne-Marie CAMBOURIEU expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mrs. Anne-Marie CAMBOURIEU in her functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Eighth Resolution

Renewal of the term office as Director Mrs. Clare CHATFIELD

Having taken note that the term of office as Director of Mrs. Clare CHATFIELD expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mrs. Clare CHATFIELD in her functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Ninth resolution

Appointment of Mrs. Sophie DE ROUX, as Director to replace Mrs. Dominique DAMON

Having taken note that the term of office as Director of Mrs. Dominique DAMON expires at the end of this Meeting, the Ordinary General Meeting decided to appoint Mrs. Sophie DE ROUX as Director to replace Mrs. Dominique DAMON, for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Tenth resolution

Renewal of the term office as Director of Mr. Xavier GOVARE

Having taken note that the term of office as Director of Mr. Xavier GOVARE expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mr. Xavier GOVARE in his functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Eleventh resolution

Renewal of the term office as Director of Mrs. Maliqua HAIMEUR

Having taken note that the term of office as Director of Mrs. Maliqua HAIMEUR expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mrs. Maliqua HAIMEUR in her functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Twelfth resolution

Renewal of the term office as Director of Mrs. Martine LIAUTAUD

Having taken note that the term of office as Director of Mrs. Martine LIAUTAUD expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mrs. Martine LIAUTAUD in her functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Thirteenth resolution

Renewal of the term office as Director of Mrs. Annette MESSEMER

Having taken note that the term of office as Director of Mrs. Annette MESSEMER expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mrs. Annette MESSEMER in her functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Fourteenth resolution

Renewal of the term office as Director of Mr. Christian MOUILLON

Having taken note that the term of office as Director of Mr. Christian MOUILLON expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mr. Christian MOUILLON in his functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Fifteenth resolution

Renewal of the term office as Director of Mr. Ignacio OSBORNE

Having taken note that the term of office as Director of Mr. Ignacio OSBORNE expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mr. Ignacio OSBORNE in his functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Sixteenth resolution

Renewal of the term office as Director of of Mr. Vincenzo PICONE

Having taken note that the term of office as Director of Mr. Vincenzo PICONE expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mr. Vincenzo PICONE in his functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Seventeenth resolution

Renewal of the term office as Director of Mr. Robert ROEDER

Having taken note that the term of office as Director of Mr. Robert ROEDER expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mr. Robert ROEDER in his functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Eighteenth Resolution

Renewal of the term office as Director of Mr. François WOLFOVSKI

Having taken note that the term of office as Director of Mr. François WOLFOVSKI expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mr. François WOLFOVSKI in his functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Nineteenth resolution

Renewal of the term office as Director of Savencia Holding

Having taken note that the term of office as Director of Savencia Holding expires at the end of this Meeting, the Ordinary General Meeting decided to renew Savencia Holding in its functions as Director for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Twentieth resolution

Renewal of the term office as non-voting member of Mr. Pascal BRETON

Having taken note that the term of office as non_voting member of Mr Pascal BRETON expires at the end of this Meeting, the Ordinary General Meeting decided to renew Mr Pascal BRETON in his functions as non_voting member for a period of one year, until the end of the Annual Ordinary General Meeting called upon to decide in 2022 on the accounts for the fiscal year ended.

Twenty-first resolution

Appointment of Deloitte - ASSOCIES as statutory auditor to replace PricewaterhouseCoopers Audit

On the proposal of the Board of Directors, the General Meeting appointed DELOITTE & ASSOCIES (572 028 041 Nanterre Trade and Companies Register) to replace PricewaterhouseCoopers Audit, whose term of office expires at the end of this meeting, to the functions of statutory auditor for a period of six years, until the end of the Annual General Meeting to be held in 2027 and called upon to rule on the accounts of the year ended December 31, 2026.

Twenty-second resolution

Non-renewal and non-replacement of Mr. Jean-Christophe GEORGHIOU as alternate auditor

On the proposal of the Board of Directors, the General Meeting decided, after noting that the duties of alternate Auditor of Mr. Jean-Christophe GEORGHIOU were due to expire at the end of this meeting, not to renew or replace him, in accordance with the law.

Twenty-third resolution

Approval of the compensation policy applicable to the Directors

Acting pursuant to Article L. 22-10-8 of the French Commercial Code, the Ordinary General Meeting approved the remuneration policy applicable to the Directors as presented in section 1.2. of the corporate governance Report, with effect from fiscal year 2021.

Twenty-fourth resolution

Approval of the compensation policy applicable to the Chairman of the Board of Directors, to the Chief Executive Officer and to the Deputy Managing Director (assuming the appointment of a Deputy Managing Director),

Acting pursuant to Article L. 22-10-8 of the French Commercial Code, the Ordinary General Meeting approved the remuneration policy applicable to the President of the Board of Directors, the Chief Executive Officer and the Deputy Managing Director as presented in section 1.2. of the corporate governance Report, with effect from fiscal year 2021.

Twenty-fifth resolution

Approval of the information relating to the compensation of corporate officers covered by Article L.22-10-9 of the French Commercial Code

Deciding pursuant to Article L. 22-10-34 I of the French Commercial Code, the Ordinary General Meeting, approved the information referred to in Article L. 22-10-9 of the French Commercial Code concerning each corporate officer as presented in section 1.3. of the corporate governance Report.

Twenty-sixth resolution

Approval of the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid during or allocated during the period ended to Mr. Alex Bongrain, the President of the Board of Directors

Deciding pursuant to Article L. 22-10-34 II of the French Commercial Code, the Ordinary General Meeting approved the fixed, variable and exceptional components that make up the total remuneration and benefits of any kind paid in the past year or allocated for the same year on account of his term of office to Mr. Alex BONGRAIN, President of the Board of Directors, as presented in section 1.3. of the corporate governance Report.

Twenty-seventh resolution

Approval of the fixed, variable and exceptional component of the total compensation and all benefits paid during or allocated in respect of the 2020 fiscal year to to Mr. Jean-Paul TORRIS, Chief Executive Officer

Deciding pursuant to Article L. 22-10-34 II of the French Commercial Code, the Ordinary General Meeting approved the fixed, variable and exceptional components that make up the total remuneration and benefits of any kind paid in the past year or allocated for the same year on account of his term of office to Mr. Jean-Paul TORRIS, Chief Executive Officer, as presented in section 1.3. of the corporate governance Report.

Twenty-eighth resolution

Approval of the fixed, variable and exceptional component of the total compensation and all benefits paid during or allocated in respect of the 2020 fiscal year to Mr. Robert BRZUSCZAK, Deputy Managing Director until December 31, 2020

Deciding pursuant to Article L. 22-10-34 II of the French Commercial Code, the Ordinary General Meeting approved the fixed, variable and exceptional components that make up the total remuneration and benefits of any kind paid in the past year or allocated in the same year on account of his term of office to Mr. Robert BRZUSCZAK, Deputy Managing Director until December 31, 2020, as presented in section 1.3. of the corporate governance Report.

Twenty-ninth resolution

Authorization granted to the Board of Directors to purchase the Company's shares under Article L.22-10-62 of the French Commercial Code, duration of authorization, purposes, terms, ceiling

After taking note of the report of the Board of Directors, in accordance with Articles L.22-10-62 and following and L. 225-210 and following of the French Commercial Code, the Ordinary General Meeting authorized the Board of Directors to buy back shares representing, taking into account the shares already held on the day of the repurchase transactions, up to a maximum 10% of the number of shares comprising the Company capital on the date of carrying out the repurchases adjusted, where appropriate to take into account any capital increase or reduction transactions that could occur during the period of the program.

The Ordinary General meeting decided that the purpose of these buybacks were:

- coverage of stock option plans and/or performance share plans (or similar plans) for the benefit of the Group's employees and/or corporate officers as well as any share allowances under the Group a business or group savings plan (or similar plan), for participation in the company's results and/or any other form of stock allocation to employees and/or corporate officers of the Group;
- coverage of securities providing rights to allocation of shares under current regulations;
- the cancellation of all or part of these shares, in accordance with the authorization conferred or to be granted by the Extraordinary General meeting;
- the operation of the secondary market or the liquidity of the Company's securities, this operation being carried out by an investment services provider acting under a liquidity contract in accordance with the practice approved by the regulations, it being specified that in this context, the number of shares taken into account to calculate of the aforementioned limit corresponds to the number of shares purchased, net of the number of shares resold;
- the retention of these shares and their subsequent remittance in exchange or payment in the context of possible external growth transactions within a limit of 5% of the capital.

The Ordinary General meeting decided that the maximum amount of funds allocated to this programme will be €196,461,020, the maximum purchase price of the shares not exceeding €140 per share, this price per share being adjusted accordingly in the event of a capital transaction, particularly in the case of division or consolidation of the shares or the free allocation of shares to shareholders (multiplier coefficient equal to the ratio between the number of shares comprising the capital before the transaction and the number of shares after the transaction).

The Ordinary General meeting decided that the purchase, assignment or, transfer by the Company of its own shares may take place by any means on the regulated and off-exchange market on one or more occasions, including by means of acquiring blocks of securities, and in particular by the use of optional mechanisms or derivatives, at times when the Board of Directors will appreciate and in full proportion.

The Company reserves the right to use optional mechanisms or derivatives in accordance with applicable regulations.

The Ordinary General meeting gives all powers to the Board of Directors with the power of delegation, in particular to pass all orders of stock exchange, to conclude all agreements, to make all declarations including to the tax authority and all formalities and generally to do what ever is necessary to implement this authorization.

This authorization nullifies and replaces the authorization previously conferred on the Board of Directors by the Mixed General Meeting of April 23, 2020 in its 29th ordinary resolution.

The authorization thus granted to the Board of Directors is valid for a period of 18 months from this meeting

4.2. Resolutions within the competence of the Extraordinary General meeting.

Thirtieth resolution

Authorization to be given to the Board of Directors to cancel shares repurchased by the Company under the article L.22-10-62 of the French Commercial Code

After taking note of the report of the Board of Directors and the special report of the auditors, the Extraordinary General Meeting authorized, with the power of sub-delegate, the Board of Directors to cancel, in one or more occasions, within a limit of 10% of the capital calculated on the day of the cancellation decision, net of any actions cancelled in the last 24 months, shares acquired by the Company pursuant to the provisions of Article L.22-10-62 of the French Commercial Code, as well as to reduce the share capital due to competition in accordance with the applicable legal and regulatory provisions.

The Extraordinary General Meeting gave all powers to the Board of Directors to:

1) reduce the capital by cancelling shares;

2) determine the final amount within the maximum statutory limit of 10% of the capital on the date of the capital reduction, and fix the methods and record its completion;

3) allocate the difference between the book value of the cancelled shares and their nominal amount in all available reserve and premium items;

4) make the consequentive amendment of the statutes;

5) make all declarations including to the Tax Administration and any formalities and generally do what is necessary.

The authorization thus granted to the Board of Directors is valid for a period of twenty-four months from this meeting.

Thirty-first resolution

Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares and/or securities giving access to the capital the purpose of remunerating, up to 10% of the capital for the purpose of remunerating contributions in kind of capital securities or securities giving access to capital, duration of the delegation

After noting the report of the Board of Directors and the special report of the auditors and in accordance with the provisions of Articles L.225-147, L. 22-10-53 and L. 228-92 and following of the French Commercial Code:

1) delegated to the Board of Directors, on the report of the Commissioner for Contributions, in order to pay in-kind contributions to the Company consisting of capital securities or securities giving access to capital, where the provisions of Section L. 22-10-54 of the French Commercial Code are not applicable, the powers to proceed with one or more capital increases through the issuance of ordinary shares of the Company or of securities giving access to share capital;

2) decided that the overall nominal amount of ordinary shares that may be issued under this delegation may not exceed 10% of its share capital on the date of use by the Board of Directors of this delegation, excluding the nominal amount of capital increase required to preserve, in accordance with the law and, if applicable, contractual stipulations providing for other preservation arrangements, the rights of rights holders or securities giving access to the Company's capital;

3) decided that this ceiling is independent of any other delegation ceiling agreed by this General Meeting;

4) delegated all powers to the Board of Directors for the purpose of approving the assessment of contributions, to decide on the resulting capital increase, to see its realization, to charge, if necessary, the contribution premium all the costs and duties incurred by the capital increase, to deduct from the contribution premium the sums necessary to increase the legal reserve to one-tenth of the new capital after each increase and to make a consequental amendment to the statutes, and to make the necessary in such a matter;

5) set the validity of this delegation at twenty-six months, counted from the day of this meeting;

6) took note that this delegation cancels out, as of this day, up to where applicable, th unused portion, any previous delevation of authority having the same purpose.

Thirty-second resolution

Authorization to be given to the Board of Directors to freely allocate shares to employees and/or certain corporate officers

After taking note of the report of the Board of Directors and the special report of the auditors, the Extraordinary General Meeting authorized the Board of Directors to proceed on one or more occasions in accordance with Articles L.225-197-1, L. 225-197-2 and L. 22-10-59 of the French Commercial Code, to issue existing or issue ordinary shares of the Company for the benefit of:

- Company employees or employees of companies or of economic interest Groups which are directly or indirectly linked to it within the meaning of Article L.225-197-2 of the French Commercial Code;
- and/or corporate officers who meet the requirements set out in Article L.225-197-1 of the French Commercial Code.

The total number of freely shares allocated under this authorization may not exceed 3% of the capital, as this ceiling is independent. In addition, if applicable, the nominal amount of the capital increase required to preserve the rights of beneficiaries of performance share allocations in the event of transactions in the Company's capital during the acquisition period will be added.

The allocation of the shares to the beneficiaries will be final at the end of an acquisition period, the duration of which will be fixed by the Board of Directors, which may not be less than one year.

Recipients will, if necessary, retain these shares for a period set by the Board of Directors, at least equal to that required for the cumulative duration of acquisition and, if applicable, retention periods to be less than two years.

By exception, the final allocation will take place before the end of the acquisition period in the event of disability of the beneficiary corresponding to the classification in the second and third categories provided for in Article L.341-4 of the Social Security Code.

All powers are vested in the Board of Directors to:

- fix the duration of the acquisition period;
- decide whether to set a retention obligation at the end of the acquisition period and, if necessary, decide on its duration and take any useful measures to ensure compliance by the beneficiaries;
- set the conditions and, if necessary, the criteria for the final allocation of the shares;
- decide on the identity of the beneficiaries and the number of shares allocated to each of them;
- where approriate:
  - note the existence of sufficient reserves and proceed, at the time of each allocation, to pay into an unavailable reserves account the sums necessary for the release of the new shares to be allocated,
  - decide, when the time comes, on the capital increase or increases by incorporating reserves, bonuses or related profits to the issuance of the new freely shares,
  - to proceed with the acquisitions of the shares required under the share repurchase program and allocate them to the allocation plan,
  - decide on the impact on beneficiaries' rights, capital-altering transactions or may affect the value of shares assigned and completed during the acquisition period and, as a result, modify or adjust, if necessary, the number of shares awarded to preserve beneficiaries' rights,
  - and, generally, do as part of the existing legislation whatever it takes to implement this authorization.

This authorization automatically implies a waiver by shareholders of their preferential right to subscribe to new shares issued by incorporation of reserves, premiums and profits.

It is given for a period of thirty-eight months as from the day of this meeting.

Thirty-third resolution

Article 8.1 introduces the statutes of a clause providing for the appointment of a Director appointed by employee/shareholders

After taking note of the report of the Board of Directors, the Extraordinary General Meeting decided to include in the statutes a clause providing that a Director must be appointed by the General Shareholders Meeting from among employee/shareholders.

As a result, it decided to add the following clauses at the end of Article 8.1 of the statutes, with the rest of the article remaining unchanged:

"When the report presented by the Board of Directors at the General Meeting under Article L.225-102 of the French Commercial Code establishes that the shares held by the company's employees and the employees of the companies related to it within the meaning of Article L.225-180 represent more than 3% of the company's share capital, a Director is elected by the General Shareholders Meeting on the proposal of the employee shareholders., according to the provisions set by current regulations as well as by these statutes.

This member of the Board of Directors is not taken into account in determining the minimum number and maximum number of Directors set by these statutes, nor in calculating the proportion of members of each sex.

The duration of the Director's duties representing employee shareholders and the terms of his mandate are identical to that of the other Directors.

The General meeting of shareholders decides on a list of candidates proposed by employee shareholders and appointed under the following terms:

- *one candidate nominated within it by the members of the Supervisory Board of the employee's mutual fund;*
- *one candidate nominated among them by employees holding shares in the Company from free allocations and recorded in registered form.*

The methods for normation of candidates not defined by current legal and regulatory provisions or by these statutes are decided by the President of the Company Board of Directors, in particular with regard to the nomination schedule.

The list of validly nominated candidates is attached to the notice of meeting of the General Shareholders Meeting called upon to appoint the Director representing the employee/shareholders.

In the event of a plurality of candidates, the candidate who obtained the most votes in the vote of the General Meeting will be appointed to the Board of Directors. In the event of a loss, for any reason, either of the status of employee, or of the status of shareholder, or of the status of a member of the Company employee mutal fund or of the status of a member of the Supervisory Board of the Company employee mutal fund, where applicable, the Director appointed under these provisions will be deemed to resign automatically on the day of the occurrence of the event. Until the appointment of a new Director representing the employee/shareholders, the Board of Directors will be able to meet and deliberate validly. However, a new Director representing employee/shareholders is not appointed if the 3% threshold of the referred to above share capital is no longer reached."

Thirty-fourth resolution

Amendment of Article 8.1 of the Statutes to provide for the methods of election of the employee representative to the Board in accordance with Article L.225-27 of the French Commercial Code

Deciding in accord ance with the provisions of Articles L.225-23 and L. 22-10-5 of the French Commercial Code, and after taking note of the report of the Board of Directors, the Extraordinary General Meeting decided:

- to amend the statutes to allow the election of a Director by the company's employees and that of its direct or indirect subsidiaries whose registered office is fixed on French territory in accordance with Article L.225-27 of the French Commercial Code;
- to include accordingly and as follows a last paragraph in Article 8.1 of the statutes, with the remainder the article remaining unchanged:

"The Board of Directors also includes a Director elected by the employees of the Company and its direct and indirect subsidiaries whose registered office is fixed on French territory, in accordance with the provisions of Articles L.225-27 and L. 225-28 of the French Commercial Code. The election takes place by secret ballot and in envelopes."

Thirty-fifth resolution

Amendment of Article 13 of the statutes to provide for the possibility of participating in the General Meeting by videoconferencing or telecommunications means

After taking note of the report of the the Extraordinary General Meeting Board of Directors, decided:

- in accordance with Article L.225-107 II of the French Commercial Code, to allow shareholders to be deemed to be present for the calculation of the quorum and the majority at general meetings, when they participate in them by videoconferencing or telecommunication means that enable them to be identified and in accordance with the regulations in force, when the Board of Directors decides the use of such means of participation, prior to convening of the General Meeting;
- to add, accordingly, after the second paragraph of Article 13 of the statutes, a new paragraph drafted as follows, with the remainder of the article remaining unchanged:

"shareholders who participate in the General Meeting by videoconferencing or telecommunication means that enable them to be identified and in accordance with the regulations in force, are deemed to be present for calculating the quorum and the majority when the Board of Directors decides to use such means of participation, prior to convening the General Meeting."

4.3. Resolutions within the competence of the Ordinary General meeting:

Thirty-sixth resolution

Powers for formalities

The Ordinary General meeting gives all powers to the bearer of a copy or extract of these for the purpose of carrying out all legal formalities.

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

SAVENCIA S.A.
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