EXERCICE **2021**

COMBINED ORDINARY
AND EXTRAORDINARY

ANNUAL GENERAL MEETING

CONVENED ON APRIL 21, 2022

SAVENCIA
FROMAGE & DAIRY

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MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. The Group's activity

Effects of the covid-19 pandemic

In 2020, the pandemic impacted performance in contrasting ways; halting of the Food service and sales of products by weight and conversely, a rise in Retail sales. The two impacts combined almost neutralized each other in terms of net sales.

In 2021, the buoyancy of sales in the mass retail sector and the gradual recovery of Food service sales indicate a positive trend.

However, in a still uncertain climate, the Group has continued to implement its contingency plans and control costs specifically linked to employee safety.

All these costs and savings measures related to Covid-19 are recognized under Current Operating Profit, in line with the recommendations of professional bodies.

Highlights

Unexpected flooding occurred at Corman SA, a subsidiary of the SAVENCIA Group located in Goé in Belgium, on July 15, 2021.

As the Company's management had taken all necessary steps in advance to **ensure** employee safety, no injuries were suffered as a result of the bad weather.

Very quickly, a business continuity plan was implemented. The Group was able to subcontract part of its production to both internal and external parties. The gradual reopening of production lines will continue throughout 2022 and it is expected to reach 80% capacity by the end of the year.

In 2021, the impact of operating losses was fully offset by the implementation of *ad hoc* offsetting actions (subcontracting, reduction in advertising campaigns, etc.) and the filing of an insurance claim in relation to this period.

Given the extent of the incident, there was significant damage to inventories and production equipment. Site cleaning and refurbishment costs were also high. All of these costs, representing a total of €26.5 million in respect of 2021, are recognized under "Other Operating Expenses".

Overall, the potential impact on cumulative net income for all financial years concerned is expected to be approximately €40 million. This assessment excludes investments and does not take into account any potential compensation from the Wallonia region, the entitlement conditions of which vary according to the different scenarios being studied.

Economic climate

The global market for dairy products has evolved in a very tight market with worldwide dairy production down in 2021, sustained demand and rising production costs, leading to an increase in the price of milk and the trading prices of all industrial products. The price of skimmed-milk powder thus increased in a context of almost non-existent global inventories and export demand remaining strong. Block butter prices recovered as a result of declining global butter production and sustained demand, particularly from industry and catering.

The European dairy market is still impacted by stiff competition from retailers.

South America continues to deal with excessively unstable and highly inflationary economies, particularly in Argentina. Lastly, the end of 2021 was marked by sharp inflation in all countries and affecting all production costs.

1.1. Scope of consolidation and accounting standards

On May 25, 2021, the Group exercised the call and put option on 4% of the shares of Belebeevski Molochny Kombinat (BMK) for an amount of €5 million, in accordance with the terms of the contract. The Group thus owns 100% of this entity.

On October 1, 2021, Alternative Foods LLC, a subsidiary of Zausner Foods Corp., acquired the assets of Hope Foods LLC for USD 12.5 million, a leading producer of hummus and other plant-based dips located in Colorado, USA. The Hope brand is a welcome addition to Savencia's portfolio in the United States, with new premium plant-based products that are perfectly aligned with the Group's strategy.

Finally, as a reminder, a new shareholders' agreement was signed on April 30, 2020 with the Sodiaal group, giving SAVENCIA Fromage & Dairy control of CF&R Gestion, the Company responsible for the operational management of CF&R SCA. This transaction enabled CF&R to benefit from Savencia's expertise in cheese specialties and its international network to ensure the sustainable development of CF&R. As a result, CF&R changed its consolidation method on April 30, 2020, from the equity method to full consolidation.

The Group applies the new texts applicable on a mandatory basis from January 1, 2021 and in particular the amendment to IFRS 4 – Extension of the temporary exemption from applying IFRS 9, the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 within the context of the Interest Rate Benchmark Reform – Phase 2 and IFRS 16 Rent Concessions beyond June 30, 2021. In particular, with regard to this reform at Group level, existing contracts in foreign currencies are at a fixed rate not indexed to an IBOR rate. Euro-denominated contracts are at a fixed rate or indexed to the Euribor, which is not affected by the reform. There were no changes to contracts in 2021 relating to this reform. Furthermore, the Group is researching the potential impact of this on its valuations for future years. Indeed, some yield curves used to value financial instruments are based on the IBOR for certain maturities and will therefore have to be replaced as and when required.

These amendments thus have no impact on the financial statements at December 31, 2021.

The Group also applied the final IFRS IC agenda decisions in 2021, in particular IAS 2 - Costs Necessary to Sell Inventories - published in June 2021, IAS 38 - Intangible assets - Configuration or Customization Costs in a Cloud Computing Arrangement - published in March 2021. This decision has little impact on the 2021 consolidated financial statements. Finally, the Group has applied the agenda decision of April 2021 concerning IAS 19 - Employee Benefits - Attributing Benefit to Periods of Service, published in April 2021 (see Note to the financial statements, § 5.1 Basis of preparation of the consolidated financial statements).

The Group did not apply the other standards and interpretations not mandatory in 2021 but which may be applied early during the financial year, in particular the 2018-2020 annual amendments relating to IFRS 9 and IFRS 16, the amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a Contract, the amendments to IFRS 3 – Reference to the Conceptual Framework, and the amendments to IAS 16 – Property, Plant and Equipment - Proceeds before Intended Use and IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The Group is not affected by the annual improvements to IFRS standards 2012-2026.

As the Group operates in Argentina, it applies IAS 29 - Financial reporting in Hyperinflationary Economies. The principles and impacts on the consolidated financial statements are summarized in note 12 to the consolidated financial statements.

1.2. Activity and results

The diversity of its business lines and geographical markets enables SAVENCIA Fromage & Dairy (the trade name of SAVENCIA SA) to best compensate for economic fluctuations that could affect both the level of consumption and the various components of cost prices. Consumer demand does not change in the same way in mature markets and in developing regions. It may vary depending on the type of consumer goods and the intensity of the commercial actions undertaken. Changes in the global prices of industrial products do not normally affect the "Cheese Products" and "Other Dairy Products" activities at the same time, with the same magnitude nor in the same direction. The impact of any cost price increases is based on the strength of the brands and the often innovative nature of the offers made to consumers.

Other risk-related information is included in the "Financial position" section of this document, in note 10.6 to the consolidated financial statements, and in the extract from the statement of non-financial performance presented at the end of Part 1 of this management report on the Group's business, as well as in the report on internal control, risk management and the vigilance plan.

KEY FIGURES AT DECEMBER 31, 2021

Consolidated data *in € millions*	Dec. 2021	% Net sales	Dec. 2020	% Net sales	Change in % Total	Structure	Change	Organic
Net sales	**5,610.4**		**5,160.4**		**+8.7%**	**+2.3%**	**-1.0%**	**+7.3%**
• Cheese Products	3,449.7	61.5%	3,185.5	61.7%	+8.3%	+3.8%	-0.7%	+5.1%
• Other Dairy Products	2,324.6	41.4 %	2,136.2	41.4 %	+8.8%	+0.0%	-1.4%	+10.3%
• Other (Intercos)	-163.9	-2.9%	-161.3	-3.1%	+1.6%	-0.5%	-1.1%	+3.2%
Current operating income	**246.1**		**211.4**		**+16.4%**	**-0.3%**	**-0.9%**	**+17.9%**
• Cheese Products	153.8	62.5%	165.1	78.1%	-6.9%	-0.5%	-0.3%	-6.1%
• Other Dairy Products	116.6	47.4%	74.5	35.2%	+56.5%	+0.0%	-1.3%	+58.6%
• Other (Intercos)	-24.2	-9.8%	-28.2	-13.3%	+14.0%	-0.2%	-0.6%	+14.7%
Operating margin rate	**4.4%**		**4.1%**					
• Cheese Products	4.5%		5.2%					
• Other Dairy Products	5.0%		3.5%					

At December 31, 2021, **SAVENCIA Fromage & Dairy's consolidated net sales amounted to €5,610.4 million**, compared to €5,160.4 million for the same period the previous year, an increase of 8.7%.

On a like-for-like basis [(1) (2)], the increase was 7.3%. Net sales growth was negatively affected by an exchange rate effect of -1%, predominantly linked to the devaluation of South and North American currencies and the ruble against the euro. The structure effect of +2.3% is mainly attributable to the postponement of the full consolidation of CF&R from May 1, 2020 and, to a lesser extent, the consolidation of the activities of Alternative Foods (Hope Foods) from October 2021. SAVENCIA Fromage & Dairy's net sales growth in 2021 is largely due to a dual dynamic: volume on strategic brands and the Food Service, and prices in line with the increase in industrial product prices.

The share of net sales generated outside of France increased from 68.5% in 2020 to 68.6% in 2021.

Current operating profit was up 16.4% compared to 2020. It amounted to €246.1 million. It includes a negative scope effect of 0.3% and a negative currency effect of 0.9%.

On a like-for-like basis, current operating profit was up 17.9%. This change is due to:

- dynamic volumes focused on the major brands;
- an upturn in catering services both in Europe and internationally;
- the reduction of costs specific to the Covid-19 crisis;
- a resumption of promotional activity in certain markets; and
- the start of inflation, which has impacted all production costs.

Current operating margin rose marginally to **4.4%**, compared to 4.1% in 2020.

1.2.1. Cheese Products

Net sales from the Cheese activities was up 8.3% compared to 2020, **at €3,449.7 million**, representing 61.5% of SAVENCIA Fromage & Dairy's total consolidated net sales. This relative share was 61.7% in 2020.

The change in net sales breaks down as follows:

- organic growth of 5.1% resulting from strong growth in volumes of strategic brands in both retail and the Food Service, as well as the development of activities in Eastern Europe and the rest of the world;
- an unfavorable foreign exchange effect of 0.7%, mainly due to the depreciation of South American currencies and the US dollar; and
- a structure effect of +3.8% resulting from the postponement of the full consolidation of CF&R from May 2020 and, to a lesser extent, the consolidation of the activities of Alternative Foods from October 1, 2021.

In Europe, the change in net sales is mainly attributable to a volume-mix effect, in particular for the major brands.

Internationally, net sales increased for the retail activities, with ongoing social distancing measures boosting at-home consumption. Moreover, the Food Service activities recovered from March 2021, particularly in the USA and South America, after a year impacted by the health crisis. However, South America remains penalized by an economy that is still highly inflationary.

The current operating profit of the Cheese activities stood at €153.8 million, down €11.3 million compared to 2020, *i.e.* -6.9%. **The operating margin rate** of this sector fell from 5.2% to 4.5% in 2021. The inflation of material costs and all production costs in the various countries affected results, despite the increase in volume mix.

(1) Restatement of the scope of incoming entities consists of:
- for entries into the scope of consolidation during the current year, deducting the contribution of the acquisition from the aggregates of the current year;
- for entries into the scope of consolidation during the previous year, deducting the contribution of the acquisition from January 1 of the current year until the last day of the month of the current year in which the acquisition took place the previous year.
The restatement of outgoing entities consists of:
- for departures from the scope during the current year, deducting the contributions of the deconsolidated entity from the previous year's aggregates from the first day of the month of disposal;
- for departures from the scope during the previous year, deducting the contributions of the deconsolidated entity from the aggregates of the previous year.

(2) The restatement of the exchange rate effect consists of calculating the aggregates of the current year at the exchange rates of the previous year.

1.2.2. Other Dairy Products

Net sales from "Other Dairy Products" amounted to €2,324.6 million, up 8.8% compared to 2020. It represents 41.4% of the total consolidated net sales of SAVENCIA Fromage & Dairy. This relative share is unchanged from 2020.

This change in net sales breaks down as follows:

- an organic growth effect up 10.3% from a double effect of volumes and prices:
  - the price effect is directly linked to the increase, which continued throughout the year, in the global prices of industrial products,
  - the volume effect, which fully benefited from the recovery in the out-of-home catering markets, but which was nevertheless restricted by the consequences of the flooding at the Goé site in Belgium;
- an unfavorable foreign exchange effect of 1.4%, mainly due to the depreciation of the Argentine peso but also of the US dollar against the euro.

The current operating profit of the "Other Dairy Products" activity **amounted to €116.6 million**, compared to €74.5 million in 2020, *i.e.* an increase of 56.5%. **The operating margin rate of this sector rose** from 3.5% in 2020 **to 5.0% in 2021.** This is due to the strong performance of international subsidiaries both in retail and the Food Service and by the evolution of the prices of industrial products, thus promoting reversals of previously impaired inventory provisions.

1.2.3. Items not allocated to operations

Current operating profit from unallocated items amounted to -€24.2 million, compared to -€28.2 million in 2020. It primarily represents the expenses of holding companies.

Non-recurring items stood at **-€73.1 million**, compared to -€55 million in 2020. They include net reorganization expenses, principally in France and Central Europe for -€4.2 million, costs incurred as a result of the flooding at Corman SA for -€26.5 million, and net asset impairments of -€42.9 million. These impairments mainly comprise -€24.7 million on the Russia CGU affected by delays in the implementation of development projects, as well as impairment of the residual goodwill of the Sodilac CGU in the amount of -€14.6 million, as the export activities of baby products faced a sharply contracted market.

Operating income amounted to €173 million, up 10.6% compared to 2020.

The net financial expenses of SAVENCIA Fromage & Dairy stood **at -€20.9 million for 2021**, compared to -€18 million in 2020, due to a more unfavorable foreign exchange result.

The result on net monetary position of €2.7 million for 2021, compared to €3.6 million in 2020, corresponded to the application of IAS 29 relating to hyperinflationary economies (Argentina).

Share of net income of equity-accounted companies, net of tax**, amounted to €1.7 million**, compared to €0.1 million in 2020. In 2020, this included the first four months of CF&R's share of income.

The income tax expense amounted to -€63.6 million, up €7.7 million compared to 2020. The effective rate was 40.6%, compared to 39.3% in 2020. The increase in the effective rate is mainly due to the recognition in 2021 of higher non-deductible impairments than in 2020.

Net income from continuing operations amounted to €93 million, compared to €86.3 million in 2020.

Net income for the year attributable to shareholders of SAVENCIA Fromage & Dairy totaled **€82.9 million**. It was €78.8 million in 2020.

Net income for the financial year attributable to non-controlling interests amounted to €10.1 million, compared to €7.4 million in 2020. This change is due to the better overall performance in 2021 of subsidiaries not wholly-owned by the Group.

1.3. Investments

SAVENCIA Fromage & Diary's **investments in intangible assets and property, plant and equipment** were up 15.1% compared to 2020, as last year the Group focused on priority projects following the pandemic. They amounted to €229.4 million in 2021, compared to €199.3 million in 2020.

By sector of activity, investments break down as follows:

- Cheese Products 64.8%;
- Other Dairy Products 31.3%;
- Unallocated 3.9%.

With regard to external growth, the Group acquired an additional 4% stake in BMK in Russia in 2021.

1.4. Research and development

SAVENCIA Fromage & Dairy has always considered its research and development expenses to be a strong asset that ensures innovation and consequently the growth of its various business lines. In line with its culture and general operating principles, growth operations are grouped into technological divisions in order to adapt to the specific needs of each business line. These operations are coordinated within the framework of cross-functional programs, programs focused primarily on balanced nutrition and exploiting the nutritional qualities of milk.

Research and development expenses are recognized in their entirety in the relevant expense accounts.

1.5. Workforce

The total average workforce, including temporary staff, of fully-consolidated companies was **21,927 employees in 2021**, compared to 21,021 employees in 2020, an apparent increase of 4.3%. On a like-for-like basis, the increase was 1.7%. The scope effect is mainly related to the entry into the scope of CF&R on May 1, 2020.

They break down as follows:

- Cheese Products 73.6%;
- Other Dairy Products 21.8%; and
- Unallocated workforce 4.6%.

1.6. Financial position

The Group's **balance sheet** remains healthy.

Equity, **at €1,703 million**, is €141.9 million higher than for 2020, *i.e.* +9.1%.

Net debt [(1)], **at -€428.2 million**, was down €18 million. It represents **25.1% of equity**, compared to 28.7% at December 31, 2020.

The financial ratios set out in the financing contracts have been respected.

SAVENCIA Fromage & Dairy has no significant exposure to financial market risks. As in the past, foreign exchange risks are limited by the policy of setting up production units in the sales markets. Interest rate risks are managed within the framework of a prudent hedging policy.

1.7. Post-closing events

An international crisis is developing as a result of the conflict between Russia and Ukraine. The Savencia Group has nearly 1,500 employees in these two countries and is working to ensure their safety. Currently, the Ukrainian plant is not located in a critical area and the teams there are doing all they can to continue operations. In Russia, the cheese production and distribution activities are continuing due to the fact that they are essential activities required to feed the population.

The Group's financial exposure is limited in these two countries. The cumulative contributions of these two countries to the Group's net sales and balance sheet is less than 3%.

However, this crisis has the potential to have serious global repercussions in terms of shortages, inflation and financial impacts that are likely to have implications for the Savencia Group. At the time of writing, it is too early to assess the potential impacts.

1.8. Outlook

Inflationary tensions, risks of shortages and consumption levels will be major subjects of attention. Despite an uncertain and disrupted economic and geopolitical context, SAVENCIA Fromage & Dairy will continue to apply its commitment contracts signed under the EGAlim law and will thus continue to provide one of the best returns on milk in France. In this environment, the Group will continue its efforts to improve competitiveness, develop its brands internationally and continue to tailor its product offerings to changes in consumption.

At the same time, the SAVENCIA Fromage & Dairy teams will focus in particular on re-establishing Corman's activities following the floods that occurred on July 15 in Goé in Belgium.

The SAVENCIA Fromage & Dairy Group would like to thank its teams, who, thanks to their commitment throughout 2021, meant its efforts have been recognized in terms of rolling out its Oxygen CSR plan, being awarded second prize in the Gaïa Research 2021 ESG ranking, "consumer goods" category, and launching its Animal Welfare Charter both in France and abroad.

(1) *Net debt is calculated excluding the amount of put and call options contracted with holders of minority interests and lease obligations relating to the application in 2019 of IFRS 16 (see note 27 to the consolidated financial statements).*

2. Parent

In 2021, your company's financial statements were prepared using the same accounting principles and methods as in 2020.

2.1. Activities and results

Operating net sales for the 2021 financial year amounted to €43.5 million, including, on the one hand, industrial and intangible property royalties paid by your subsidiaries, the amount of which is stable, and, on the other hand, reversals of provisions. Operating net sales amounted to €29.8 million in 2020.

Operating costs for the 2021 financial year amounted to €68.3 million, compared to €60.7 million in 2020. Net of reversals of provisions recognized in operating net sales, operating costs for the 2021 financial year amounted to €56.3 million, down by €4.4 million.

Net financial income totaled €28.2 million, compared to a loss of €0.4 million in 2020, which was strongly impacted by the decision not to distribute dividends by the French subsidiaries in light of the health crisis.

Exceptional net income totaled €1.1 million, compared to a loss of €3.7 million in 2020, related to tax-driven amortization.

The "Taxes on income" item was impacted by the tax consolidation regime applicable to your French subsidiaries held at 95% or more. This regime makes it possible to neutralize transactions carried out within the consolidated Group and to offset taxable profits with tax losses.

Accounting income net of depreciation, amortization and the effect of provisions represented a profit of €17.3 million, compared to a loss of €21.6 million in 2020.

Income statement *in millions of euro*	**2021**	**2020**
Operating net sales	43.6	29.8
Operating costs	-68.3	-60.7
Operating income	-24.7	-30.9
Net financial income	28.2	-0.4
Exceptional net income	1.1	-3.7
Taxes on income	12.7	13.4
NET INCOME	**17.3**	**-21.6**

During the financial year, intangible investment expenditure, mainly relating to software, amounted to €1 million, compared to €5 million in 2020. Financial investment expenditure was not significant in 2021; this was nil in 2020.

The portfolio of marketable securities, totaling €85 million compared to €55 million in 2020, is made up of liquidity investments and treasury shares.

Summary balance sheet *in millions of euro*	**2021**	**2020**
Equity	-804	-809
Net financial debt *	-496	-506
Other liabilities	-30	-32
Other assets	1,330	1,347

* *The €10-million decrease in net debt in 2021 is broken down in the cash flow statement below:*

Cash flow *in millions of euro*	**2021**	**2020**
Net cash flow from operating activities	32	-6
Cash flow from investments	-1	-5
Dividends paid	-21	
Net cash flow before financing *	**10**	**-11**
Net cash from financing activities and other financial assets	127	-1
NET CASH FLOW	**137**	**-12**

2.1.1. Intercompany loans

In accordance with the provisions of the French Monetary and Financial Code and the related implementing decree, joint-stock companies must disclose the amount of loans granted for less than three (3) years to companies with which they have justifiable economic ties. This disclosure is subject to certification from the Company's Statutory Auditor, in accordance with the terms and conditions provided for by the legislation in force. At December 31, 2021, the Company has not granted any intercompany loans.

2.1.2. Payment terms

In order to comply with the provisions of article L. 441-6-1 of the French Commercial Code relating to information on payment terms, we hereby inform you of the breakdown, at the end of the financial year, of the Company's supplier and customer payment terms:

	article D. 441-4 of the French Commercial Code: Invoices received, past due and not paid at the closing date of the financial year					
Trade payables	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Late payment tranche						
Number of invoices concerned	76					3
Total sum of invoices concerned incl. taxes *In thousands of euro*	14,591				16	16
% of the amount invoiced for the financial year incl. taxes	10.03%	0.00%	0.00%	0.00%	0.01%	0.01%
(B) Invoices excluded from (A) relating to disputed and unrecognized debts						
None						
(C) Standard payment terms used (contractual or legal terms – article L. 441-6 or article L. 443-1 of the French Commercial Code)						
Payment terms used to calculate arrears	20 days net ≤ contractual terms ≤ 60 days net					

	article D. 441-4 of the French Commercial Code: Invoices issued, past due and not paid at the closing date of the financial year					
Trade receivables	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Late payment tranche						
Number of invoices concerned	58					29
Total sum of invoices concerned incl. taxes *In thousands of euro*	5,522	11	317	28	669	1,025
% of net sales for the year incl. taxes	4.55%	0.01%	0.26%	0.02%	0.55%	0.84%
(B) Invoices excluded from (A) relating to disputed and unrecognized debts						
NONE						
(C) Standard payment terms used (contractual or legal terms – article L. 441-6 or article L. 443-1 of the French Commercial Code)						
Payment terms used to calculate arrears	Contractual terms ≤ 20 days at the end of the month					

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2.1.3. Review of agreements authorized during a previous financial year and continued in 2021

The Board of Directors has reviewed the following agreements entered into during a previous financial year and the execution of which continued in 2021:

- financing of Belgian company S.B.M.S. S.A.:

Pursuant to an authorization from the Board of Directors on September 6, 2018, a €200-million loan was granted to S.B.M.S. With a 5-year term, this loan bears interest at 6-month EURIBOR plus 0.875%. Interest due for the 2021 financial year amounted to €746,372.

Pursuant to an authorization from the Board of Directors on December 13, 2018, a €50-million loan was granted to S.B.M.S. With a 5-year term, this loan bears interest at 6-month EURIBOR plus 0.875%. Interest due for the 2021 financial year amounted to €170,661. This loan was repaid early on December 14, 2021.

- supplementary post-employment benefit plan:

A post-employment benefit plan, governed by article 39 of the French General Tax Code, was set up in 2002 providing for the payment to certain senior executives of a sum corresponding to 0.5% of their final salary per year of service, with a cap of 2.5%, in addition to the basic plan.

2.1.4. Net income for the financial year and proposed allocation

We ask you to approve the parent company and consolidated financial statements for the financial year ended December 31, 2021, as presented, and propose that you allocate the earnings for the financial year ended December 31, 2021, amounting to €17,273,779.36, which, combined with prior retained earnings of €360,495,140.37 constitute a total amount of €377,768,919.73, as follows:

In euro

To the shareholders, a dividend of €1.5 per share *	21,049,395.00
To retained earnings	356,719,524.73
TOTAL	**377,768,919.73**

* *Including the amount of the dividend corresponding to treasury shares not paid and allocated to retained earnings.*

The total gross dividend per share would be set at €1.5. It would be paid on May 18, with the ex-dividend date set for May 16.

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

Paid in	In respect of the financial year	Number of shares making up the share capital	Total dividend (1)	Gross dividend per share	Discount
2019	2018	14,032,930	€13,783,566	€1.00	40%
2020	2019	14,032,930	€ 0	€ 0	NA
2021	2020	14,032,930	€ 20,560,102	€ 1.50	40%

(1) Excluding shares without entitlement to dividends.

We hereby confirm that there were no sumptuary expenses in 2021 within the meaning of article 223 quater of the French General Tax Code.

2.2. Share capital information

2.2.1. Breakdown of share capital at December 31, 2021

At December 31, 2021	Share capital in%	Number of shares	Gross number of voting rights (3)	Gross voting rights in%	Net number of voting rights (4)	Net voting rights in%
SAVENCIA Holding	66.64%	9,350,953	18,701,906	78.70%	18,701,906	79.84%
FCPE (1)	4.27%	599,500	959,237	4.04%	959,237	4.09%
Treasury shares (2)	2.42%	339,130	339,130	1.43%	-	0.00%
Public	26.67%	3,743,347	3,763,791	15.84%	3,763,791	16.08%
Total	100%	14,032,930	23,764,064	100%	23,424,934	100%

(1) Employees of SAVENCIA Fromage & Dairy and related companies within the meaning of articles L. 3344-1 et seq. of the French (2) Labor Code, holding SAVENCIA Fromage & Dairy shares, as part of a Company mutual fund (FCPE).
(2) Including liquidity contract.
(3) Including shares without voting rights.
(4) Excluding shares without voting rights.

Northern Trust held 5.14% of your Company's share capital at February 28, 2022.

Since February 28, 2013, the share capital has consisted of 14,032,930 shares with a par value of €1 each.

2.2.2. Trading by the Company of its own shares

The Ordinary General Meeting of April 22, 2021, acting in accordance with the provisions of article L. 225-209 of the French Commercial Code, authorized the Company to buy back its own shares on the stock market with a view to the exercise of stock option and/or share subscription plans by senior executives and/or corporate officers and/or employees of the Company or its affiliates, or the granting of bonus shares to employees and/or corporate officers of the Company or its affiliates.

Maximum purchase price: €140 per share.

Number of shares to be acquired: up to a maximum of 10% of the number of shares making up the share capital.

In this respect, and during the financial year:

1. With regard to stock option plans granted to senior executives and/or corporate officers and/or employees of the Company or its affiliates:
   - no purchases,
   - 10,414 shares were sold at an average price of €46.87;
2. With regard to the market for its shares, the Company entered into a liquidity contract. Under this liquidity contract:
   - 41,958 shares were purchased at an average price of €68.02,
   - 37,414 shares were sold at an average price of €67.57,
   - trading costs totaled €25,000;
3. With regard to shares intended to be held for subsequent delivery in the context of potential external growth transactions:
   - 27,096 shares were purchased at an average price of €71.98,
   - trading costs totaled €3,518.

At December 31, 2021, your Company held 339,130 of its own shares representing 2.42% of the share capital, for a purchase value of €19,785,366, which represents a total amount of share capital of €339,130.

Nevertheless, and to take into account share buybacks carried out between January 1, 2021 and February 10, 2022, it is specified that your company holds 336,877 shares representing 2.40% of the share capital, for a purchase value of €19,631,864, representing a total share capital of €336,877.

2.3. Results of the last five financial years

art. R. 225-81, R. 225-83 and R. 225-102 of the French Commercial Code.

In euros and units	2017	2018	2019	2020	2021
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 financial year					
Net sales excl. taxes	26,187,613	27,726,437	28,867,056	29,639,110	31,460,675
Profit before taxes, depreciation, amortization and provisions	11,473,614	11,611,593	9,021,250	-19,648,217	-2,304,472
Taxes on income	-8,073,363	-12,112,189	-10,353,177	-13,399,201	-12,672,743
Profit after taxes, depreciation, amortization and provisions	19,081,687	22,320,802	14,647,712	-21,618,761	17,273,779
Amount of profits distributed	19,493,943	13,783,566		20,560,102	
Earnings from operations per share (€1 nominal)					
Profit after tax but before depreciation, amortization and provisions	1.39	1.69	1.38	-0.45	0.74
Profit after taxes, depreciation, amortization and provisions	1.36	1.59	1.04	-1.54	1.23
Dividend paid per share	1.40	1.00	-	1.50	
Personnel					
Number of employees	2	2	2	2	2
Total payroll	313,327	389,759	346,579	354,812	303,404
Amount paid in respect of employee benefits (social security, social services, etc.)	200,350	241,998	271,550	274,523	229,729

2

NON-FINANCIAL PERFORMANCE STATEMENT 2021

SAVENCIA
FROMAGE & DAIRY

Business

Trends and 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 the environment.** 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

Resources

Human Resources

21,927 employees*

...in **31** countries

60.7% of men
+**39.3%** of women

Subsidiaries in close touch with their local environment

Environmental and societal resources

Water **18.7** millions m³

Energy **2,428 GWh**

4.7 billion liters of milk processed worldwide

Financial resources

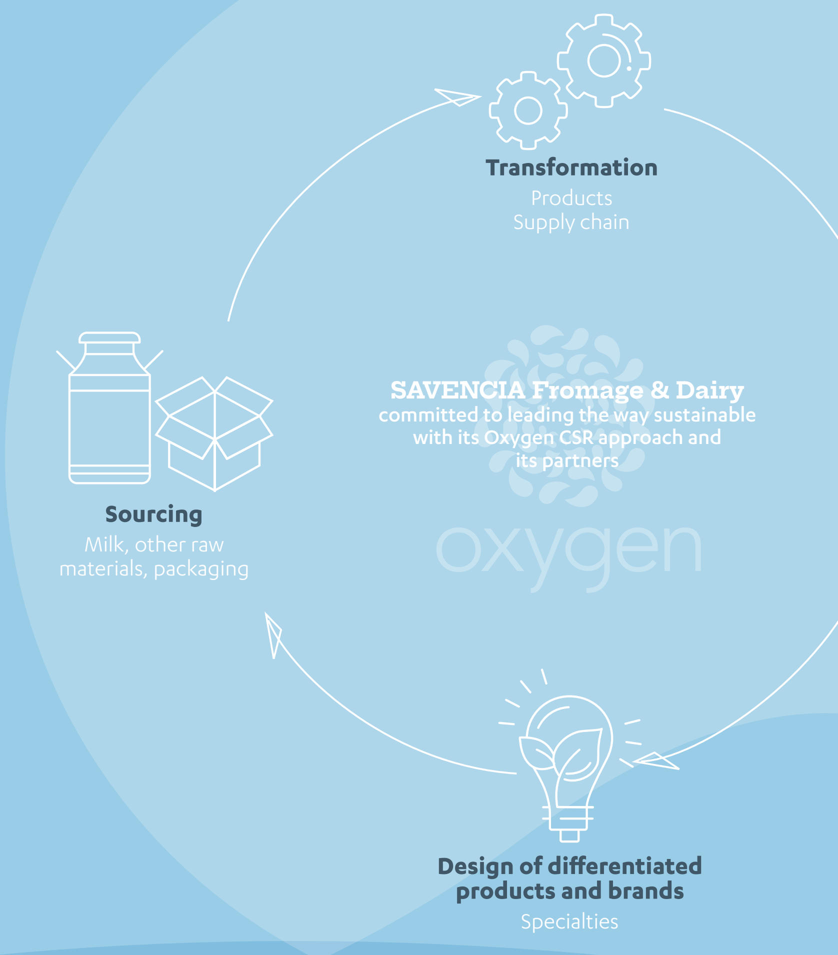
The stability of a majority family shareholding

Equity: **€1,703 million**

Capital expenditures: **€229 million**

Value

An international, independent family food group with a long-term perspective. With its strong values and its mission: **LEADING THE WAY TO BETTER FOOD, 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** 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.



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

Model

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.

Creation

Commercialization

Brands and solutions for our customers

Retail

Cheese Products

•

Butter, cream, infant formula

Food service

Cheese, cheese sauces

•

Butter, cream

Industrie

Functional and nutritional dairy-based ingredients

•

Technical butters

Shared values

For people

Top Employer Europe 2021-2022

Payroll costs: **€1,076million**

74% of employees received training in 2021

491 apprenticeship contracts in 2021

For the environment

Trend in greenhouse gas impact of milk collection: **- 282,000** equivalent tons of CO_2 between 2010 and 2021

85% of recyclable or biodegradable packaging in 2021

For society at large and local communities

Savencia Fromage & Dairy #2 of the ESG Gaïa Research 2021 ranking in the consumer goods sector

Solidarity initiatives: **74.6%** of subsidiaries have made gifts of food

Purchases from suppliers and service-providers: **€3 992 million**

Dividends distributed in 2021 : **€27 million**

Taxes: **€112 million**

Presentation of main issues

1. Approach

The process employed by Groupe SAVENCIA for selecting its main non-financial objectives is identical to the process employed in 2020. It was, however, reviewed in 2021 based on:

1.1. 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;
- article 8 of Regulation (EU) 2020/852 of the European Parliament on establishing a framework to promote sustainable investments.

1.2. 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 working group bringing together the Company's key functions has been set up. The participants were assisted during this mission by 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 work carried out by the Social and Environmental Responsibility Committee (CRSE), the CSR Committee of the SAVENCIA Fromage & Dairy Board of Directors, created in 2021. This committee met 4 times during the year and worked on various topics such as regulatory changes, raising awareness of carbon issues and the eco-design of packaging.
- 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.
- against the backdrop of a global health crisis, SAVENCIA once again demonstrated its adaptability and agility by continuing to implement effective measures to ensure the continuity of the food chain while ensuring the safety of its employees. We elected not to isolate this risk in our non-financial performance report, but instead to include it in the management of our activities.

2. Methodology

We proceeded in 2021, internally, with an update of our materiality analysis based on societal trends and news from our business sector. This work was carried out within the framework of the Oxygen Committee led by the CSR department in consultation with the Human Resources, Purchasing, Milk Procurement, Marketing, Nutrition, Quality and Industrial departments.

The analysis of this work 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, poverty, healthy and sustainable diet, animal wellbeing, collective agreements, diversity and disability initiatives.

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

Given the integration of new subsidiaries into the CSR scope and their impact, certain targets relating to the reduction of our environmental footprint have been reviewed:

- reducing our production and transport greenhouse gas emissions by 20% by 2025 (compared with 25%). Greenhouse gas emissions from production and transport are closely linked to energy and fuel consumption. On this basis, we have chosen to prioritise the greenhouse gas emissions target. As of this year, energy and fuel consumption will no longer be published but will still remain objectified and managed internally.
- reducing our water withdrawals by 10% by 2025 (compared with 25%).

In 2022, two new targets relating to the implementation of our Animal Welfare Charter will be deployed:

- 100% of Milk Procurement employees at SAVENCIA sites worldwide trained in animal welfare by 2025;
- 100% of dairy farms audited by 2025 by trained technicians, on recognised standards, and definition of action plans jointly with the breeders.

The scope of the target relating to solidarity campaigns has been extended to better reflect the commitment of our subsidiaries in the area of solidarity.

To ensure the consistency of our overall CSR approach, these issues have been incorporated in the four major focuses 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.

3. Our key issues

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 impact on consumer health • Risk of overconsumption and food waste	2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
A sustainable agriculture		
• Codevelop more sustainable sourcing with our suppliers of agricultural raw materials • Promote responsible purchasing	• Risk of poor animal husbandry or crop farming • Risk of social and environmental rights violations *via* the supply chain	2 FAIM «ZÉRO» 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 impact of activities on climate change and adaptation to the consequences of climate change • 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 wellbeing		
• 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 wellbeing • 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

1.1. Issue, risk and policy

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

In response to growing consumer expectations in terms of food and given the potential impact on their health, we are committed to developing high-quality products that go through minimal 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 2021, the Group continued rolling out SAVENCIA’s Charter for Responsible Packaging 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 at children, with 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 targeted media (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.

1.2. Actions implemented and results

- The Group Nutrition Department has organized meetings with the network of “nutrition correspondents”, gathering the R&D and marketing teams of the subsidiary. 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 2021 in a bid to optimize the nutritional profile of their products, including in particular:
  - reducing salt content:
    - Lučina Smetanová: 0.8% to 0.4%;

- reducing sugar content:
  - Elle & Vire chocolate cream dessert 125 g: 23% reduction in sugar for the chocolate flavour and 3% for the caramel;
- reducing fat:
  - Frais plaisir Saint Agur: 37% reduction.
- Our Modilac brand has created Doucéa, the first infant milk in France to be enriched with lactoferrin, the second most abundant protein in breast milk.
- Clean Label improvement plans were also implemented:
  - Elle & Vire: launch of the first full UHT cream without additives on the market: *la crème entière de Condé-sur-Vire*;
  - Polenguinho plain: elimination of several ingredients including melting salts or texturing agents;
- Plant-based innovations have also been developed:
  - launched in 2021, the Vivre Vert brand aims to innovate in plant-based pleasure. After the plant-based version of Tartare in France in the spring and then of Bresso in Germany, an unprecedented cross-sector offer has emerged in the dairy department under the Vivre Vert brand: 13 products across 4 product ranges are offered to consumers, from grated, slices and desserts, to drinks and cooking aids;
  - the Soredab Research Centre (Yvelines) is the second Groupe SAVENCIA entity to be selected as part of the France Relance plan, a call for projects launched by the government. Among the winners in the agri-food sector, Soredab stood out with a project presented jointly with the Plant-Based Development Centre, for the development of plant-based products and with the aim of producing alternatives from French raw materials.

1.3. Key performance indicators

- In 2021, 58.6% of our new branded products adopted a Clean Label approach.

	2019	2020	2021	2025 Target
% of new branded products having adopted a Clean Label approach	64.0%	65.5%	58.6%	100%

In 2021, due to cyclical effects and the specificities of certain markets, the development of new products that have adopted a Clean Label approach has been slowed down.

2. Promote responsible consumption

2.1. Issue, risk and policy

Helping consumers and our employees adopt 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 labelling, 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 labelling 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 (one or more units) is indicated on the product label so 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 labelling, 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, resealable packages, etc.).

2.2. Actions implemented and results

2.2.1. Encouraging consumers and employees to adopt smarter eating habits

- A per-portion nutrition labelling guide was prepared by the Group Nutrition Department and made available to all subsidiaries to help them implement per-portion nutrition labelling for all relevant products.
- We continued rolling out our #PositiveFood approach launched in 2019 embodying our commitment to responsible diets, combining both pleasure and health, with products that are natural or processed as little as possible. Our digital platform, *quiveutdufromage.com*, offers flexitarian recipes combining cheese and vegetables and boasting a Nutri-Score rating of A or B for balanced meals. At the end of 2021, we had more than 500 Positive Food recipes around the Group's major brands. In Spain, the site www.arias.es offers "Cooking with Arias": a wide range of recipes with all brands (Burgo de Arias, Caprice, Boffard, San Millán). The Burgo de Arias 6 x 72 g includes five healthy and balanced recipes in its packaging. Nutri-Score A or B recipes, distributed on social media, have also been developed by the Group Nutrition Department.
- The roll-out of our "Fromage et Légumes" (meaning "Cheese and Veggies") PoS nudge marketing campaign continued in 2021, particularly in digital form *via* our collaboration with the Consumer Goods Forum (CGF). Vegetable-rich balanced recipes with a Nutri-Score rating of A or B were offered by the Carrefour drive-up service throughout France, building on the concept of "healthy product combos" encouraging customers to buy more vegetables along with their cheese. This campaign, carried out in collaboration with other agri-food manufacturers, received the Sirius Food Transition award from the Institut du commerce. The positive impact on the shopping basket has been demonstrated by measuring sales, particularly of vegetables. In addition to this campaign, we renewed our participation in Carrefour's Food Transition Pact to share best practices and reflect collectively on effective solutions that meet consumer expectations as closely as possible. In Spain, Burgo de Arias received the European Food Transition Award from Carrefour as part of its Act for Food plan.
- In 2021, we continued to roll out our nutrition policy. The Nutrition Department Team assists all Group brands in their efforts to optimize the nutritional value of our products as part of a healthy, balanced diet.
- In October 2020, Groupe SAVENCIA launched the Institute for Positive Food, a public-interest association that promotes a positive view of sustainable diets, combining both health and pleasure. With the support of a high-level multi-disciplinary scientific committee, 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 wellbeing, healthy pleasure and responsibility.

  In 2021, the Institute's multidisciplinary scientific committee drafted and signed the Positive Food Charter. Its objective is to analyse the main areas of the food transition and provide recommendations for the orientation of specific campaigns to promote healthier and more sustainable food.

  The Institute has organised several webinars and video media addressing topics relating to the food transition, in particular the greening of food; how to facilitate changes in behaviour and how to adapt the food supply. These webinars were an opportunity to discuss with leading experts in the field.

  The Institute has also started a collaboration with the Paul Bocuse Institute Research Centre and the Vivons en Forme (VIF®) programme as well as the towns of Écully (in the Rhône French Department) and Meyzieu (in the Rhône French Department). In conjunction with local authorities, these three partners are pooling their experience and resources to initiate the ALISA (Healthy, Sustainable and Accessible Food) campaign among people aged 55 and over. This collaborative project aims to provide solutions adapted to the needs of these populations, thanks to an approach that directly involves the inhabitants as of the design of the content. In concrete terms, thanks to the training of the supervisors and facilitators of these cities, tools and experiences will be offered, to promote a pleasant, healthy and sustainable diet, accessible to the greatest number.
- Our subsidiary SAVENCIA Fromage & Dairy Switzerland is committed to promoting healthy eating through the creation of short-format videos in which a nutritionist promotes the value and role of cheese as part of a balanced diet. These interactive videos in the form of interviews and aimed at a wider audience have been very warmly received on social media.
- Modilac, our brand specializing in infant nutrition, has posted on its website a booklet of recipes and menus specially concocted for babies with cow's milk proteins allergy (CMPA), developed with the help of a dietician and a paediatrician. Recipes for daily assistance with the different stages of a varied diet are also available.
- Our Serbian subsidiary, Mlekoprodukt, pushed ahead with the development of its CSR project "Biser Nutri Academy" concerning #PositiveFood, which aims to raise awareness of the importance of a healthy and balanced diet for children's development. The campaign run on social media won an award at the CSR Communication Festival organised by the Yellow Pants association. This award recognises Mlekoprodukt for its responsible communication, in line with social objectives, and that has positively influenced the living conditions of children and adults in Serbia.

- The e-learning nutrition training module continued to be rolled out to Group employees. It aims to provide them with basic nutritional concepts. This educational course, made up of five modules, was developed by experts and nutritionists while there was input from AgroParis Tech. In 2020, the programme was translated into five languages to cover Groupe SAVENCIA's subsidiaries worldwide more effectively. One of the modules is now available in English, French, Russian, Spanish, Portuguese and Chinese, and the entire programme is available in French, English and Spanish. 61% (compared with 49% in 2020) of employees connected to the Learning@Savencia platform completed the nutrition training programme this year.

2.2.2. *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:
    - since 2020, SAVENCIA Fromage & Dairy has undertaken to reduce food waste by signing the Consumption Dates Pact launched in France by Too Good To Go and backed by the French Ministries for Ecological Transition and Solidarity and Agriculture and Food. The St Môret brand pushed ahead with this commitment by including best-before date pictograms on its packaging;
    - in 2021, the P'tit Louis brand carried out a campaign on consumption dates on social media during Waste Reduction Week. Crème de Saint Agur also became associated with this approach by including a message on its lids to raise awareness of the best-before date on the French market and also in the United Kingdom;
    - the RichesMonts brand, on its raclette range, encourages the consumer, *via* a statement on the packaging, to use leftovers to avoid waste, and offers recipes on its website;
  - encourage donations to associations to combat food insecurity:
    - Groupe SAVENCIA, which is part of the *Entreprises Solidaires des Banques Alimentaires* (made up of companies working in solidarity with Food Banks), confirms its commitment to them and its desire to fight food waste while helping the most disadvantaged access quality products. Product donations continued in 2021 and new campaign types were developed:
      - a partnership has been set up as part of the *Paniers Solidaires* operation. A virtual collection platform, *monpaniersolidaire.org*, set up by food banks at the time of the national collection for those who wish to support their cause without going to the store. The principle is as follows: the donor selects a basket type (student, baby, family, etc.) and gifts it to food bank beneficiaries in the form of a financial donation. SAVENCIA Fromage & Dairy made a commitment during this campaign to double consumer donations;
      - the running of a digital culinary workshop for food bank facilitators by one of our chefs from *La Maison de l'Excellence* to follow ten or so simple and economical recipes, using products regularly received by food banks. During this workshop, "tips and tricks" on cooking methods were shared to preserve nutritional qualities while saving energy. Fruits and vegetables were also highlighted to showcase new tastes and promote a varied diet. This event was recorded with the aim of making it available to food bank facilitators as a training medium for digital workshops so that they in turn can run these workshops for their beneficiaries.
    - other associations receive regular donations from our subsidiaries, and in 2021, 74.6% of donations made by production sites were product donations.

2.3. Key performance indicators

- In 2021, 47.0% of our branded retail products included per-portion nutrition labelling.

	2019	2020	2021	2025 Target
% of branded retail products including per-portion nutrition labelling	49.0%	42.9%*	47.0%	100%

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

A sustainable agriculture

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

1.1. 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, to ensure the sustainability of its operations, and meet the climatic and societal challenges of its ecosystem.

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

To meet the growing societal expectations of our consumers and aware of their responsibility *vis-à-vis* these issues, the teams tasked with milk procurement are committed to developing quality branches that respect animal wellbeing and the environment while valuing the work of producers to avoid the risk that poor animal husbandry or crop farming practices worsen the impacts of these activities.

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

- the extension of our Charter for best farming practices (or its equivalent by country or by sector) to all our milk sourcing worldwide, by 2025;
- the deployment of our "Sustainable Milk Production" diagnosis to 50% of our milk producers by 2025;
- the codevelopment of milk production from herds benefiting from a GMO-free diet and sourced from organic farming.

1.2. Actions implemented and results

In 2021, SAVENCIA Fromage & Dairy bought 4.7 billion liters of milk worldwide, from farms producing cow milk, ewe milk and goat milk.

As part of the Oxygen plan, our milk procurement teams have made four commitments with regard to sustainable and responsible sourcing:

- codevelopment of a more sustainable milk sourcing;
- promotion of sourcing value enhancement;
- reduce the environmental footprint of dairy upstream;
- build and progress, together with our stakeholders.

Codevelopment of more sustainable milk 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 organisation of producers.

In 2021, SAVENCIA Fromage & Dairy continued working to enhance the value of France's dairy industry, in accordance with the EGalim law.

Exemplary during the implementation of the EGalim 1 law, SAVENCIA continues its actions in the implementation of the Besson-Moreau law, known as EGalim2.

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

- promoting investments in farms: in France, we have set up investment support programmes with various partner structures. This system supports projects conducted on farms through tangible investments (dairy machinery and livestock) and intangible investments (training);
- 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. This pack also includes technical support: carrying out an individual diagnosis and a 10-day training programme (operations management, environmental approach, etc.). 244 young farmers benefited from start-up support this year.

In terms of quality and production/farming conditions, compliance with our Best Farming Practices Charter is contractually required from all our French cow's milk suppliers. This requirement will be progressively extended to all our milk sourcing worldwide. In 2021, 85.8% (*versus* 83.1% in 2020) of our global volumes already met this Charter or standards recognised as equivalent by country or sector.

This Charter includes six commitments to be followed: 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 wellbeing of the animals and safety of employees working on the farm, and helping to protect the environment.

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, this diagnosis assesses the level of current practices in economic, social and environmental terms by examining the following indicators: farm profitability, sustainable management of water resources, carbon footprint, animal welfare, food self-sufficiency for the herd, biodiversity, soil fertility, producer's quality of life, outdoor access and herd health.

After completing the "Sustainable Milk Production" diagnosis, farmers may select one or more areas 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 2021, 450 days of training were provided to our French milk suppliers within this framework.

At the end of 2021, 21.6% of our global volumes came from farms that have carried out the Sustainable Milk Production diagnosis (*versus* 19.2% in 2020).

The animal welfare indicator is based on the Welfare Quality© method and was co-built with INRAE (French National Research Institute for Agriculture, Food and the Environment). It is made up of about twenty questions which make it possible to evaluate the five fundamental freedoms: freedom from thirst or hunger, freedom from discomfort, freedom from pain, injury or illness, freedom to engage in behaviour that is natural for the animal's species and not experience fear or distress.

In 2021, to strengthen our commitments and communicate them more widely on a global scale, SAVENCIA Fromage & Dairy drew up an Animal Walefare Charter based on the expertise of the international NGO Compassion In World Farming (CIWF), which specialises in farm animal welfare. Four major issues were defined:

- quality, sustainable and local animal feed: ensure the quantity and quality of animal feed *via* best practice Charters and audits, use specific quality feed *via* special quality animal feed (organic, GMO-free or even locally sourced from the PDO zone);
- guaranteed access to the outdoors: promote pasture grazing for dairy cows, wherever climatic conditions permit, target of 100% for ewes by 2025;
- comfortable housing: guarantee litter bedding for 100% of goat farms in 2025 and a place in a stall or a minimum surface area of 10 sq.m per cow in a fully straw-covered area for 100% of dairy cows by 2030, eliminate the practice of tethering cows by 2030, reduce the time spent by calves in individual pens to no more than 8 weeks;
- better consideration of health: communicating for the careful use of antibiotic treatments, treat the pain of young cattle during horn disbudding, and eliminate adult dehorning by 2030 in all our milk collection areas.

For the implementation of this Charter from 2022, the Group has set itself two new objectives:

- 100% of Milk Procurement employees at SAVENCIA sites worldwide trained in animal welfare by 2025;
- 100% of dairy farms audited by 2025 by trained technicians, on recognised standards, and definition of action plans jointly with the breeders.

Promotion of value-enhancing sourcing

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

In France, SAVENCIA Fromage & Dairy is the national cheese group that applies the highest milk price and has been doing so for several years. In 2021, the price of milk paid by the Group was 2.2% higher than the average French price [(1)]. Our dairies and milk collection points are located in the heart of the territories. We strive to keep our processing local: 89% of our milk is sourced within a 70-km radius of our dairy plants and 66% within a 30-km radius.

This way we contribute to the creation of value and the dynamism of our collection and processing sites, in particular by maintaining jobs in rural areas that are losing their attractiveness.

(1) TPQC price (all quality premiums included) 38/32, comparison with the average price of the France AgriMer monthly dairy survey at the end of December 2021.

To encourage the creation of value, 30.4% of our global milk volumes collected in 2021 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 (PDO).

Technical support from our Dairy Resources Coordinators, as well as financial measures, assist producers interested in converting their farms to these differentiated segments.

Development and progress, together with our stakeholders

Our Dairy Resources Coordinators 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.

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 maneuvring of milk collection tankers. Improving traffic flows and access to milk tanks encourages an entirely safe milk collection process.

To participate in the future of the sector and share its expertise, SAVENCIA Fromage & Dairy works with all participants in the value chain in France: the National Federation of Dairy Industries, the Association for Dairy Processing, and the National Association of Food Industries. SAVENCIA Fromage & Dairy sits on the Board of Directors of the CNIEL (the French Dairy Interbranch Organization), the ANICAP (National Umbrella Organization for the French Goat Industry), the FBL (National Interprofessional Sheep’s Milk Association) and their regional bodies.

At the international level, SAVENCIA Fromage & Dairy is also an active member of the International Dairy Federation (FIL - IDF), the Sustainable Agriculture Initiative (SAI) and the Dairy Sustainability Framework (DSF).

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, our milk suppliers, play a major role in preserving it through their activities. 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 (centre for research on the animal production economy and industry). This indicator is defined on the basis of the share of permanent pastures on the farm, areas of ecological interest (trees, hedges, bodies of water and ditches) and also the diversity of animal and plant species on the farm. Once the diagnostic analysis is complete, solutions are offered to producers to:

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

Multiple initiatives to promote biodiversity have also been developed across our sites:

- our Tessier subsidiary, in Cornillé-les-Caves (in the Maine-et-Loire French Department), felled the old poplar plantation to prepare for reforestation in 2022 with endemic species specific to wet and cool environments. Ponds and areas dedicated to biodiversity have been created to promote the development of biodiversity. Two hives have also been newly installed on the site. Accompanied by a local beekeeper and volunteers from *École Rucher*, 14 employees were trained in colony maintenance and safety around hives. This participatory project is part of an approach to raise employee awareness of biodiversity issues. These “employee beekeepers” will then be able to observe the evolution of the swarms and ensure the maintenance of the hives;
- the Elvir site in Condé-sur-Vire (in the Manche French Department) is made up of grassy areas and the banks of rivers which constitute favourable ground for the development of biodiversity (birds, small mammals and insects). To preserve it, Elvir has committed to the French Office for Biodiversity (OFB), a public institution dedicated to the protection and restoration of biodiversity in France. In 2021, it became a company committed to nature, a programme of the government’s Biodiversity plan led by the OFB, which aims to engage companies in favour of biodiversity. It aims to bring out, recognize and promote action plans. A partnership with the *Conservatoire d’Espaces Naturels de Normandie* has been concluded to identify the species present on the site, while carrying out educational and awareness-raising campaigns among employees. An initial campaign resulting from consultation with these various organisations has been launched. Elvir decided to

make the plot of the old wastewater treatment plant an open area, leaving it to revegetate naturally;

- CF&R with its brand Le Rustique is committed to the association *"Pour une agriculture du vivant"* which acts in favour of agroecology. Several employees in management positions (plant, marketing, Human Resources, etc.) took part in training and a farm visit to understand the challenges of agroecology in the dairy system;
- a seed ball distribution operation has been launched by our dedicated plant-based team. Distribution was carried out in France to Group employees and in-store customers. The target: to plant 1 million flowers to revegetate the environment;
- in France and internationally, floral fallow plants and rational management of green spaces are introduced on certain sites. Trees have also been planted on our site in Slovakia.

1.3. Key performance indicators

	2019	2020	2021	2025 Target
Expand the "Best Farming Practices Charter" worldwide *(% milk volume collected)*	80.0%	83.1%	85.8%	100%
Deploy the Sustainable Milk Production diagnosis *(% volume milk collected*)*	19.0%	19.2%	21.6%	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

2.1. 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, to ensure the compliance of its purchasing with the obligations in respect of combating undeclared labour, ensuring transparency and preventing corruption and 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 10, 2012. Since January 1, 2018, the Charter for Sustainable and Solidary Purchasing, supplemented by the Group's recently published Charter for Combating Corruption and Influence Peddling, has been renamed the Responsible Purchasing Charter.

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

The four areas of assessment are: environment, social, ethics, sustainable procurement.

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

Ultimately, 80% 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).

2.2. Actions implemented and results

- The Group Purchasing Department conducted three EcoVadis evaluation campaigns in 2021.
- A reminder as to our deployment goals and a general update are prepared and communicated twice-yearly to our Group purchasers.
- In 2021, several subsidiaries were rewarded by EcoVadis for their CSR performance; Armor received the gold medal and Sodilac the silver medal.

2.3. Key performance indicators

	2019	2020	2021	2025 Target
% of Group external expenditure overseen by the Purchasing function and carried out with major suppliers* under the Responsible Purchasing Charter	63.0%	63.2%	68.6%	80%
% of Group external expenditures overseen by the Purchasing function and carried out with major suppliers* under EcoVadis evaluations	68.0%	68.7%	71.5%	80%

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

At December 31, 2021, more than 775 Responsible Purchasing Charters had been signed, covering 68.6% of the Group's expenditure 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 672 suppliers. The EcoVadis evaluations cover 71.5% 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 52.9/100 (*versus* 43.8/100 on average for the EcoVadis Food & Beverage Panel).

Environmental footprint

1. Reduce our greenhouse gas emissions

1.1. Issue, risk and policy

Conscious of the global challenges posed by greenhouse gas emissions, and the need to combat climate change and its consequences for society at large, the Group is working to reduce the environmental footprint of its activities to limit the risk of impact on climate change and adapt to its consequences.

The various programmes undertaken are continuing as part of our Oxygen plans.

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.

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.

To adapt to the consequences of climate change for its activities, the Group has had a specialized firm carry out an analysis of climate risks to identify its main areas of vulnerability.

Groupe SAVENCIA undertakes to:

- diminish the environmental impact of its activities with a reduction, per ton produced, of 20% by 2025 (*versus* 2015) when it comes to greenhouse gas emissions from production and transport;
- 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 (*versus* 2010).

1.2. Actions implemented and results

1.2.1. Reduction of energy consumption

- Over the past two years, more than ten sites in France have committed to particularly significant investment programmes to renovate our energy facilities and so enable us to reduce our carbon footprint.

  Most of these modernization projects concerned cold production facilities with the aim of:

  - reducing energy consumption through heat recovery;
  - optimizing performance;
  - replacing certain refrigerants with fluids that have a lower global warming potential (GWP).

In the Operation department, a dedicated team has been set up to implement and monitor these projects.

In France, 14 projects were carried out in 2021 within the SAVENCIA Fromage & Dairy scope, for example, on the cheese sites of Azé (in the Mayenne French Department), Beauzac (in the Haute-Loire French Department) and Cornillé (in the Main-et-Loire French Department) with significant reductions in CO_2 expected.

At the Surgères (in the Charente-Maritime French Department) and Saint-Brice-en-Coglès (in the Ille-et-Vilaine French Department) sites, the boiler burners were changed during the year to improve performance while reducing energy consumption. Eventually, it is more than 800 T eq CO_2 which should be saved per year.

In December 2021, one of the CF&R sites started its project with two objectives: to install a heat pump, to increase and improve the performance of cold production, recover waste heat to create a network of high temperature hot water and replace old boilers with high-performance gas boilers.

In Japan, our subsidiary has also completely renovated its refrigeration installation.

- The project of our subsidiary Armor Protéines on the Saint-Brice-En-Coglès (in the Ille-et-Vilaine French Department) site, winner of the France Relance plan for its campaign to promote decarbonization, will be operational in 2022. It involves overhauling the processes used to produce its products with high nutritional value with the aim of increasing production capacities while reducing consumption.
- Thanks to the various measures put in place (recovery of heat from cold units, replacement of lighting with LEDs, etc.), our logistics platform at the Messageries Laitières has reduced its energy consumption by 15% in three years.
- In 2021, several global and cross-functional meetings were organised to share the best practices implemented on the sites and facilitate the implementation of effective plans to achieve the objectives, and in particular:

  - a global and multidisciplinary Forum, bringing together more than 180 participants from 25 countries, allowing the sharing of numerous structured initiatives in line with the 3 Rs: reduction, re-engineering, and recycling;
  - two targeted Forums with the Group's Environment network, on more specific subjects such as solar energy, methanation, or the management of water resources on the sites.

    These forums make it possible to benefit from feedback from the various countries where the Group operates and strengthen the effectiveness of our actions in these areas.

The Group will push ahead with its efforts to reduce greenhouse gas emissions in 2022, with new programmes to be launched at several sites.

1.2.2. Development of renewable energies

In 2021, the Group continued to increase its use of renewable energies according to local or national possibilities, allowing it to increase the share of renewable energies in its energy mix.

- A prospective inventory was carried out in France to extend, more specifically in our businesses, the potential of the solar and methanation sectors, to better guide our choices.
- In France, 35% of the electricity from the SAVENCIA Fromage & Dairy plants is certified with a guarantee of origin (GO), from a hydraulic source and produced in France. The CF&R plants incorporated into the Group in 2020 have also been covered by this certification since 2021.
- The Perreault cheese dairy in Meslay-du-Maine, in the Mayenne French Department (53), uses biogas supplied by a methanizer installed near the site. This biogas supplies the plant with fuel for an average of 50%.
- In Germany, the electricity consumed in our Edelweiss plant is 100% renewable and locally sourced, as are our Söbbeke sites.
- In 2021, other sites committed and are supplied with 100% renewable and local electricity. This has been the case for our three plants in Brazil and our site in Serbia since October.
- In Russia, the Belebey site started up a new methanation unit for its effluents to supply cogeneration combustion engines to produce hot water and electricity.
- 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.

1.2.3. Reduction of greenhouse gas emissions generated by transport

Multiple initiatives have been launched:

- the fleet of trucks owned by Messageries Laitières now runs exclusively on Oleo 100, a 100% plant-based and fully biodegradable oil made in France. Since 25 June, 23 trucks have been criss-crossing the west and north of France (2.5 million kms per year) using clean energy. The impact is very significant since a 60% reduction in CO_2 emissions is expected;
- the choice of this biofuel complements the continuous improvement campaigns already implemented: training in eco-driving with on-Board IT, use of a transport optimisation tool, tyre management, etc.;
- rounds are also optimized thanks to the implementation of a tool allowing volumes to be grouped according to the geographic proximity of customers and loading to be improved, so reducing the kilometres travelled. The average consumption of the owned fleet decreased to 32.8 L/100km in 2021 *versus* 33.5 L/100km in 2020;
- at the Normandie Export Logistics (NEL) platform in Honfleur; the combustion engine yard tractor, used to move the containers on the site, has been replaced by a 100% electric tractor;
- our logistics platform initiated a voluntary programme to reduce the CO_2 emissions of its road transport activities and signed the "CO_2 Target, Carriers Commit Charter";
- it participates in working groups on alternative energies and the pooling of transport flows. Within the Normand Hydrogen Network Club led by the Chamber of Commerce and Industry (CCI) Normandy, consideration is given for instance to the place of hydrogen in the Normandy energy transition, while structuring a fully-fledged industrial sector.

Other initiatives were undertaken directly with employees:

- for the third consecutive year, Mobility Week took place in the Group. The objective of this event is to encourage as many people as possible to adopt a sustainable eco-citizen approach by favouring soft modes of transport as an alternative to the private car. Many actions have been put forward for site employees involved in the challenge: loans of mountain bikes and electric hybrid bikes, training in eco-driving, eco-hikes with waste collection, bicycle repair workshop, etc. As a result of this mobilization, over 78,800 km were saved, more than double last year's figure.

1.2.4. Reduction in the carbon footprint associated with our milk collection

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.

In addition, our Normandie Bretagne Transports inter-plant transport fleet has obtained the "Objectif CO_2", certification for a high level of energy and environmental performance.

We raise awareness among and support all of our logistics service providers in a bid to reduce the environmental footprint of transport.

Alternative energies are deployed in our fleet, and trucks powered by BioNGV were put into service in 2021. For one of our vehicles, this biogas comes from a partnership established with a local methanizer farmer with the aim of building a circular economy and reducing the environmental impact.

In addition, characteristic of the agri-food sector, greenhouse gas emissions related to upstream agriculture represent a significant part of our "Scope 3" carbon footprint. Beyond the efforts carried out jointly with milk producers for years as part of the "Sustainable Milk Production" approach, the year 2021 represented a new stage in this carbon approach, with:

- an exhaustive measurement of the emissions of each litre of milk produced in our collection areas in France and abroad;
- signing the "Pathways to dairy net zero" declaration.

1.3. Key performance indicators

% change *versus* 2015

	2019	2020	2021	2025 Target
Reduction of GHG Scopes 1 & 2* *(in tons of CO_2 equiv./ ton produced)*	-8.9% *	-4.6% *	-5.9%	-20.0%

* *This indicator has been recalculated since 2015 to incorporate new emission factors (source of emission factors: Ademe 2020). The 2019 and 2020 values of certain subsidiaries have been corrected a posteriori and certain emission factors updated. The decrease in this indicator can be attributed to the change in scope in 2020, with the inclusion of new subsidiaries.*

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, and on-line losses.

The process of calculating our scope 3 (other indirect emissions), initiated in 2020 on the SAVENCIA Fromage & Dairy scope, continued in 2021. We were assisted for this mission by a firm specializing in this field and made an initial estimate which is currently being analysed. As for most companies in our sector, the impact of raw materials is the primary source of the Group's CO_2 emissions. The objective of this work is to refine the measurement of our environmental footprint to help reduce CO_2 emissions.

Results: Messageries Laitières logistics platform	2019	2020	2021
CO_2 emissions of the owned fleet *(in tons of CO_2 equiv.)*	2,888*	2,712 *	2,010

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

This sharp reduction in CO_2 emissions is linked to the switchover of the fleet of trucks owned directly by Messageries Laitières to Oleo 100, a 100% plant-based and fully biodegradable oil made in France.

	2019	2020	2021	2025 Target
Reduction in the carbon footprint associated with our milk collection *(volume of milk collected, in tons of CO_2 equiv. compared with 2010 in France)*	-217,000	-252,000	-282,000	-300,000

2. Control our water resources

2.1. Issue, risk and policy

Climate change, population growth and excessive water use 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 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.

In the face of 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, to identify and prevent risks and reinforce, if necessary, the means available to limit, where possible, water withdrawals from the natural environment.

The target is to reduce water withdrawals from the natural environment, per ton of production, by 10% by 2025 (*versus* 2015).

2.2. Actions implemented and results

- A working group focused on managing our water consumption was created in 2021, with the aim of sharing best practices and defining areas for improvement. It is made up of central in-house experts and operational staff, to ensure that we address the local problems encountered by our sites.
- Our site in Surgères (in the Charente-Maritime French Department) thus set up equipment at the end of 2021 to recover water which will then be used in the process and will ultimately save more than 200,000 m^3 of water.
- Campaigns to renew equipment that consumes less water, to optimize cleaning processes, took place in 2021, as in Spain, where our Valladolid site carried out a study in partnership with its supplier of detergent products to improve the efficiency of the mould washer. This work has made it possible to optimize the entire process, in particular the disinfection phase, and so reduce water consumption.
- To reduce their water consumption, many sites recover some of the water contained in milk to use for cleaning.
- Employee training and awareness-raising programmes aimed at strengthening best practices in water usage were also continued.
- The two new wastewater treatment plants built on two major sites were commissioned during the year:
  - in Saint-Brice-en-Coglès (in the Ille-et-Vilaine French Department), the new wastewater treatment plant is now fully operational. It meets both the challenges of preserving the environment and those of developing the business. This construction project was completed without interrupting the continuity of service. An improvement in the quality of wastewater treatment and a reduction in noise and olfactory nuisances thanks to the technologies implemented have been noted. Eventually, electricity consumption should decrease by about 45% compared to the old system;

- in Condé-sur-Vire (in the Manche French Departement), the usable capacity of the new station has been doubled on all the structures compared to the old installation, and again, an improvement in wastewater quality was observed. To continue optimizing the management of the station, a working group has been set up and several studies on the use of strains of bacteria are in progress.

2.3. Key performance indicators

% change *versus* 2015

	2019	2020	2021	2025 Target
Reduction of water withdrawals *(in m^3/ton produced)*	0.8%	2.3%*	2.2%	-10%

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

We are continuing our efforts to reduce water consumptions. However, the development of products from differentiated milks calls for more frequent washing and so increases our water withdrawals.

3. Optimize waste management

3.1. Issue, risk and policy

Processing activities generate waste inherent to manufacturing and packing processes. It mainly comes in the form of non-hazardous industrial waste, most of which, such as cardboard, paper, glass, steel or aluminium, is 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 to limit pollution risks.

3.2. Actions implemented and results

- An "anti-waste" working group, made up of subsidiary representatives and corporate department employees, was created to reduce the quantity of waste generated at the source and to optimize and identify local recycling opportunities. It met regularly in 2021. Roadmaps are being drawn up to reduce and better recover biowaste. Adjustments have also been made to meet regulatory requirements related to the implementation of the AGEC law (anti-waste and for the circular economy). The area relating to communication with employees and consumers is also addressed through, for example, awareness-raising campaigns on the difference between the use-by date and the best-before date, to limit waste at the time of consumption.
- Our Tessier subsidiary has recycled old cheese moulds. This operation was carried out in partnership with a disability-friendly company (sheltered workshop) whose employees removed the metal parts to make these moulds recyclable. 18 tons of plastic moulds were 100% recycled in a mixture with virgin polypropylene *via* reinjection by plastics processors.
- Our subsidiary Armor Protéines has set up a new installation on one of its sites to avoid the use of cardboard boxes to over-pack products for customers, so saving more than 100 tons of cardboard per year.
- To reduce the environmental impact of its packaging on the African market, Milkana has entered into a partnership with the Company Recyplast and undertaken an ambitious project: collecting and recycling 300 tons of plastic waste per year (and for five years), thereby creating 60 direct and indirect jobs (box managers + recyclers) in Abidjan Yopougon, Ivory Coast. Awareness-raising campaigns on ecological actions were also launched locally, in partnership with NGOs. Ten sorting containers, designed to collect waste for recovery, have been installed. Launched last June, the project has already enabled the collection of 85 tons of waste. Almost all of this waste was sorted, then reduced to flakes or granules to subsequently be recycled in the local plastics industry.

- The Servas site, in the Ain French Department (01), has implemented the recycling of single-use masks while supporting a 100% local sector. Local players take care of the sorting, the separation of materials and the transformation of masks. Some of it is recovered in the form of injected plastic parts to be transformed into flowerpots or mailboxes, for example. Tests are also underway to recover the yarn to make technical T-shirts.
- RichesMonts, specialist in raclette and mountain cheeses to be eaten hot, is involved in the Zero Waste Mountain operation, in partnership with the Mountain Riders association and the municipality of Mont-Dore (in the Puy-de-Dôme French Department). The brand organized an environmental protection awareness-raising day dedicated to its employees, who were invited to bring their families along to a waste collection operation in the mountains. This zero-waste hike, in addition to discovering the valley, made it possible to collect, sort and characterize 85 kg of waste. A meaningful partnership.
- Several actions were also carried out on our sites during the European Sustainable Development Week: raising awareness of eco-gestures, distribution of eco-bags for bulk purchases, etc.
- The deposit system for cans and containers of facility cleaning products continued in 2021.

3.3. Key performance indicators

In 2021, 68.3% of our non-hazardous waste was collected for recycling *.

	2019	2020	2021
% of non-hazardous waste collected for recycling	68.0%	67.4%	68.3%

* *Waste can be recovered in several forms: material, biological or energy.*

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

4. Developing eco-design of our packaging

4.1. Issue, risk and policy

The Group clarified its packaging goals by undertaking to develop the eco-design for packaging to reduce the risk of overproducing waste.

The Charter for Responsible Design drawn up in 2019 thus provides guidelines and focuses for the eco-design of packaging. In particular, it includes elements such as reduction measures at 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.

4.2. Actions implemented and results

- The Oxygen Steering Committee, dedicated to the eco-design of packaging and in charge of monitoring the achievement of the set goals, met three times in 2021. It defined five priority areas for action:
  - reduce the use of materials at source;
  - ban controversial materials;
  - aim for 100% recyclability or biodegradability;
  - include as many recycled materials as possible;
  - prioritize the use of renewable materials.
- This year, 10 priority subjects were selected and the buyer/packaging developer pairs, set up in 2020, presented a one-hour presentation for each subject, open to all the Group's teams concerned.
- A forum dedicated to the eco-design of packaging brought together more than 200 Group employees in March. The objectives of this event were to allow employees to take ownership of the priority areas, illustrated by concrete examples and to inspire by sharing successful experiences within the Group.
- The key performance indicator has been clarified. It is included in our internal new product approval procedures.
- Packaging eco-design projects, based on all the objectives of the Eco-Design Charter, have been initiated by all the subsidiaries. 2021 was marked by a crisis in most packaging materials, with supply shortages. The implementation of the planned optimization projects was greatly affected. However, here are a few examples:
  - Milkana Tolle Rolle and P'tit-Louis Escargolo: switch from the plastic grouping bag to a recyclable paper bag allowing the elimination of 33 tons of plastic per year;

- Elle & Vire: integration of recycled plastic in the caps of one-litre cartons and the bands of small cartons: 11 tons of virgin plastic have been replaced by recycled plastic;
- Tartare: elimination of the sleeve on the pot format, *i.e.* 44% less packaging and 70 tons of cardboard saved per year;
- Apérivrais and St Môret cheese balls: elimination of picks: 21 tons of plastic eliminated.

4.3. Key performance indicators

Recyclable or biodegradable packaging made up 85% of all packaging in 2021.

	2019	2020	2021	2025 Target
% of recyclable or biodegradable packaging	Information not available *	86.0%	85.0%	Aim for 100%

* *Indicator created in 2020.*

5. Application of the European taxonomy to the activities of SAVENCIA Fromage & Dairy

The European Taxonomy of Sustainable Economic Activities aims to establish a classification of economic activities considered environmentally sustainable on the basis of ambitious and transparent technical criteria. The implementation of this benchmark intended to distinguish the economic activities contributing to the European objective of carbon neutrality – the Green Deal – underlines the extent of the economic and industrial transformations to be accomplished and the ambition of the European authorities in terms of sustainable finance and transparency. On the strength of its environmental, social and societal commitments, SAVENCIA adheres to the approach of the European Commission in its efforts to analyse activities and define technical review criteria intended to guide investments by public and private players towards projects contributing to the transition to a sustainable and low-carbon economy [(1)].

In accordance with European Regulation 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment within the European Union (EU) [(2)], SAVENCIA Fromage & Dairy, due to its status as a public interest entity, is required to publish, for the 2021 financial year, the share of its turnover, investments and eligible operating expenses resulting from products and/or services associated with economic activities considered sustainable within the meaning of the classification and criteria defined in the Taxonomy for the first two climate objectives. SAVENCIA Holding does not, to date, fall within the scope of this Regulation. The analysis and figures presented below therefore concern the activities within SAVENCIA Fromage & Dairy (hereinafter the Group).

This first assessment of eligibility was carried out on the basis of a detailed analysis of all of the Group's activities, conducted jointly by the CSR department, the Finance Department and the Operations department, with regard to:

- the Commission Delegated Regulation of June 4, 2021 (the "Climate Delegated Act") and its annexes [(3)] supplementing Regulation (EU) 2020/852 by specifying the technical criteria for determining under which conditions an economic activity can be considered as contributing substantially to the mitigation of climate change or adaptation to it;
- the Commission Delegated Regulation 2021/2178 of July 6, 2021 and its annexes supplementing Regulation (EU) 2020/852 specifying how to calculate KPIs and the narrative information to be published [(4)].

The methodological elements from which the Group conducted its analysis are described below.

The Group will revise its methodology, its analysis and its calculations as the Taxonomy is implemented, the clarification of certain activities by the regulator, in particular the "Manufacture of food products and beverages" activities mentioned in the consultation of August 2021 of the future environmental objectives relating to biodiversity and the circular economy.

(1) https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_fr

(2) https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32020R0852

(3) https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2021)2800&from=EN

(4) https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32021R2178&from=EN

5.1. Qualification levels used by the Group

The first environmental objectives of the Taxonomy relating to the mitigation and adaptation to climate change prioritized the sectors of activity making a major contribution to greenhouse gas emissions at European Union level. Due to a business model based mainly on the production and distribution of cheese and dairy products, the activities of SAVENCIA Fromage & Dairy are not eligible with regard to these objectives. The CAPEX valued comes from investments associated with individual measures, including long-term rentals and various initiatives, such as installations promoting energy efficiency. The amount of OPEX within the meaning of the Taxonomy Regulation represents less than 3% of SAVENCIA Fromage & Dairy's total operating expenses for the 2021 financial year and is not considered significant.

5.2. Indicator calculations and explanations

The Group has calculated the indicators in accordance with the provisions of European Commission Delegated Regulation 2021/2178 of July 6, 2021 and its annexes supplementing Regulation (EU) 2020/852 based on its existing processes and reporting systems and assumptions made by management.

The results cover the financial consolidation of SAVENCIA Fromage & Dairy as of December 31, 2021.

The financial information used was sourced from the Group's information systems (monitoring of investments by the Operations department, and accounting consolidation) following the annual closing of the accounts. They were analysed and checked jointly with the CSR department, the Finance Department, the Operations department and the Audit Committee.

	Eligible sales KPIs	Eligible CAPEX KPIs
Eligibility	No turnover eligible under objectives 1 & 2 of the Taxonomy	CAPEX related to individual measures and long-term rentals
KPI Taxonomy eligibility expressed in %	0%	7.6% Proportion of eligible CAPEX related to IFRS 16: 5%

No eligible turnover has been identified with regard to the objectives of mitigation and adaptation to climate change. Due to the absence of eligible turnover, the investments and operating expenses related to the activities contributing to the turnover could not be characterised as eligible.

The analysis of the eligibility of CAPEX mainly focused on identifying that defined by the Taxonomy of individual measures – *i.e.* which is not directly linked to eligible activities but which nevertheless consists of the purchase of the production of eligible activities. In particular, for SAVENCIA Fromage & Dairy, this concerns the acquisition or long-term rental of buildings, vehicles and renovation of existing buildings as well as ad-hoc work related to the energy efficiency of buildings.

The analysis of OPEX led to the amount analysed being considered insignificant with regard to the Group's materiality thresholds. In fact, the ratio 'Taxonomy OPEX Denominator' over 'Total Group OPEX' is less than 3%, mainly made up of costs related to the manufacture and sale of products (supply, logistics, transport, marketing, promotion, and personnel costs). As a result, the low representativeness of Taxonomy OPEX, combined with the fact that the Group's activities are not eligible to date, leads the Group to be exempted from the detailed calculation of the Taxonomy OPEX KPI.

	OPEX materiality ratio
Materiality of OPEX covered by the Taxonomy[1]	2.3%

1 Direct uncapitalised costs related to (i) research and development, (ii) building renovation measures, maintenance and repairs, and all other direct expenses related to the daily maintenance of tangible assets by the Company or by a third-party subcontractor, which are necessary to ensure the continuous and efficient operation of these assets, (iii) short-term rentals.

In addition to the data published by the Group under the Taxonomy regulation, it should be noted that the Group has demonstrated a very strong commitment to the fight against climate change for many years. The objectives of the strategy, and the 2021 results, are described in greater detail in Chapter 4 Reducing our greenhouse gas emissions.

Employee wellbeing

1. Ensure the safety of our employees

1.1. Issue, risk and policy

Groupe SAVENCIA brings together close-knit entities united by a strong business culture which guides their behaviour and their actions. The wellbeing and the preservation of the physical integrity and health of the men and women working in and for the Group are the concern of all, and at every level of the organisation.

A range of actions are implemented by Groupe SAVENCIA to prevent any risk of adversely impacting the physical integrity and health of the Group's employees.

Over ten years ago, the Group initiated its focus on safety supported by the "SAFETY is OUR business" programme. This programme builds on our Health & Safety At Work Charter, cosigned by the Group's Chairman and Vice-Chairman, underscoring our target of zero accidents in the workplace.

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

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

At Group level, the initiative is 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 a Safety Manager designated for each site.

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

1.2. Actions implemented and results

- A set of operational rules intended to prevent the risk of high-severity potential accidents called "The 10 SAVENCIA Safety Essentials" was gradually rolled out in 2021. Each Safety Essential focuses on one risk and contains four rules that can be applied by everyone in all circumstances. The design of a deployment kit in all the Group's languages has ensured the roll-out of the Essentials in all SAVENCIA subsidiaries.
- The SAVENCIA Welcome e-learning training course Health and Safety at Work was added to the integration process for new employees in 2021. This specific procedure on the risk of accidents at SAVENCIA is available in several languages. It consists of a module common to all Group employees entitled Zero accident objective, and a second module dedicated to managers. A SAVENCIA Security passport is issued once the training course is completed and the employee receives 100% correct answers on the quiz.
- In September 2021, the Group organised Safety Month for the first time, during which a Safety Challenge brought together 573 registered teams, *i.e.* more than 2,500 participants. This moment of sharing around the safety rules and good practices in the Company for all of our sites and subsidiaries around the world was closed with a meeting including a speech by General Management and the awarding of prizes to the four winning teams.
- Monthly forums bringing together the entire global network of Group safety prevention specialists were organised remotely. Each forum had one of 10 SAVENCIA's Safety Essentials as its theme and enabled the sharing of best practices in terms of safety prevention through feedback and testimonials from participants.
- A new safety digital platform containing reference documents, best practices, and digital content on safety was launched in 2021 and is accessible to all Group employees.
- A plan aimed at reducing the risk of lost-time accidents at work for temporary workers has been launched in France. This plan consists of implementing a set of campaigns before, during and after the intervention of temporary workers on the industrial sites. Each quarter, a review of the system is carried out with the three partner temping agencies to continuously improve it.
- Occupational health and safety training was carried out in the subsidiaries during the financial year and represents 39% of training campaigns in the Group compared with 37% last year.
- Behavioural Safety Visits (BSV) are also regularly conducted on-site or remotely. In 2021, their number rose to 20,228. Their number is up by 31% compared with 2020.

- The frequency rate of workplace accidents. (1) for both staff on payroll and temporary employees remained stable in 2021 at 10.7 During the year, 348 accidents resulting in time off were recorded, compared with 395 in 2020.

1.3. Key performance indicators

	2019	2020	2021
% of subsidiaries with no workplace accidents resulting in time off (permanent and temporary employees) during the year	34.9%	42.9%	48.4%

The increase in this indicator is explained by the reduction in the number of lost-time workplace accidents but also by a more heterogeneous distribution of these among the SAVENCIA subsidiaries. As a reminder, the Group has set a target of "zero" workplace accidents.

2. Improve quality of life at work

2.1. 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 fulfilment and lasting performance.

To that end, and to prevent the risk of deterioration in working conditions and impact on employee wellbeing, the Group strives to promote and maintain social dialogue, 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 to improve the quality of life in the workplace.

2.2. Actions implemented and results

- The next Great Place to Work survey will be conducted group wide in 2022. The priority today is to implement the action plans prepared within each subsidiary since the last Group survey carried out in 2019.
- A Charter governing the remote working methods within the Group has been signed. It gives employees, whose position is compatible, the ability to regularly work remotely up to two days a week without forcing them to do so.
- Different aids have been offered to employees to adapt their personal environment to teleworking, such as the "IT Kit" with a double screen, the "Comfort Kit" allowing expenses for adapted equipment to be covered, and the "Ergonomic Kit" for employees whose state of health requires specific adaptation of their workstation.
- E-learning training modules were specifically launched this year to help managers and employees adapt to remote working.
- Working Conditions Interviews have been planned to validate with employees and their managers the conditions of teleworking in all its dimensions.
- In France, an anonymous listening unit is made available to employees.
- Individualized social reports were distributed to 5,940 employees in France, 19% of which were deposited in electronic format in personal safes.
- The subsidiary SAVENCIA Produits Laitiers France (SPLF) conducted the Great Place To Work survey again in 2021 and obtained a score of 75% in the trust index allowing it, after completion and submission to a dossier, to be certified Great Place To Work
- Average Group-wide seniority remained stable in 2021 at 13.3 years.

2.3. Key performance indicators

	2017-2019	2018-2020	2019-2021	2025 target
% of subsidiaries having performed an internal employee survey in the last three years (2)	98%	99%	99%	100%

(1) *Number of workplace accidents for staff on pay-roll and temporary employees * 1,000,000/number of hours worked by staff on pay-roll and temporary employees*

(2) *The calculated rates are assessed with regard to the past three years and are calculated on a comparable scope (subsidiaries present within the Group scope from 01/01/2015 to 31/12/2018 and having at least 20 permanent employees).*

3. Develop employee skills

3.1. Issue, risk and policy

Maintaining and developing know-how are at the heart of Groupe SAVENCIA's priorities.

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 favouring the development of competencies, building loyalty and maintaining the Group's competitiveness.

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

Employee training and career management play a leading role in enabling each employee to enrich their skills to achieve personal development, contribute to collective success and maintain employability. These elements help reduce the risk of a mismatch between the skill level of 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 behavioural terms, consistent with the Group's values.

To encourage employee development, the Group's career management policy favours 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 favoured for the integration of apprentices or other trainees. These methods are the most suitable for accompanying future young graduates in their first steps within the Company to offer them subsequent lasting employment within SAVENCIA.

The Group plans to continue developing employee skills and has undertaken to double the number of apprentices by 2025 compared to 2015.

3.2. Actions implemented and results

- The Top Employer certification of European countries has made it possible to obtain the Top Employer Europe label for the eighth consecutive year. These are: Germany, Belgium, Spain, France, Poland, the Czech Republic and Slovakia. China received Top Employer certification for the third year running. Brazil, South Korea and India achieved Top Employer certification for the first time.
- The Group's training offer has adapted to the health context and become more digital this year, as illustrated by the launch of the SAVENCIA Master Classes. These programmes presented by the Group's internal experts and screened live helped support the Group's skills development policy. Several training courses have thus been adapted to this format, such as the New Managers Training course, which has enabled the integration of more than 268 employees throughout the world.
- The "500 Apprentices" Group campaign aimed at recruiting 500 apprentices for the start of the school year in September was renewed in 2021. Bi-monthly meetings were organised with apprentice correspondents appointed within the French subsidiaries to follow the progress of the campaign.
- In February 2021, all the apprentices were invited to a remote meeting organised and presented by the Group's Management and former apprentices to report on their experience at SAVENCIA.
- This year, two Graduate Programmes were launched in France for the Sales & Marketing and the Operations. These programmes, lasting four to five years, include three job rotations, one of which is international, to support new SAVENCIA employees in their professional development.
- Three international subsidiaries have also developed and launched their own Graduate Programme. These are Delaco in Romania, Mlekoprodukt in Serbia and BMK in Russia.

3.3. Key performance indicators

	2019	2020	2021
% of employees trained during the year	73.8%	63.2%	74.0%

The Group has been able to adapt to the context of the health crisis and a large part of the training has been digitized, allowing the improvement of the key performance indicator in 2021. As a reminder, the Group's objective is to continue developing employee skills.

	2019	2020	2021	2025 Target
Number of ongoing apprenticeship contracts	321	439	491	458

The target of doubling the number of work-study students by 2025 *versus* 2015 has been exceeded. A review will be launched in 2022 to redefine the key performance indicator or the associated target.

4. Commit to diversity and inclusion

4.1. 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 have been signed and initiatives taken to facilitate the integration of young people (see the "Develop employee skills" chapter), the employment and continued employment of handicapped persons and gender equality.

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

To change the view of employees on disability, to keep people with disabilities in employment and to promote their recruitment, the Group is implementing a "Action Handicap" policy. The commitment is based on four areas of action:

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

4.2. Actions implemented and results

- On average, 86% of women (all socioprofessional categories combined) had the benefit of at least one training session in 2021 compared with 61% in 2020.
- A specific budget envelope is planned to make up for any pay gaps observed between men and women in equivalent positions.
- A working group made up of volunteers was set up at headquarters to identify concrete actions to be implemented to promote equality between men and women.
- Communication of the Group's 2021 gender equality index in France: 86/100 and identification of areas for improvement.
- The SAVENCIA Cheese USA subsidiary joined the United Nations global solidarity movement "#HeforShe". This solidarity campaign aims to involve men in the fight for gender equality, encouraging them to take action against the inequalities faced by men and women.
- Within the framework of the Meetings of the Organization of Serbian Businesswomen, the subsidiary Mlekoprodukt received from the Deputy Prime Minister of the Republic of Serbia and Minister of Energy the "Flower of success for the dragon woman" award which rewards the companies most attentive and committed to the fight for gender equality.
- The Arias subsidiary has been audited and the national "Equality in the Company" certification has again been successfully obtained for the next 3 years. Follow-up audits will be carried out every year to ensure that the certification is maintained.
- Throughout European Disability Employment Week, the Group is committed to raising awareness among its employees and combating stereotypes about disability through digital games, information meetings and awareness-raising workshops.
- The DUO-DAY scheme was rolled out in 2021. Thirty-four handicapped people were welcomed to discover, in pairs with an employee, the business lines and industrial or administrative activities of the Group's subsidiaries.
- A network of Disability correspondents has been set up in France to coordinate all campaigns and encourage the sharing of best practices throughout the region.
- The subsidiary Sodilac teamed up with the service provider Conseil & Handicap to develop an application accessible to all its employees delivering awareness-raising articles on the theme of disability, the recognition as a disabled worker and having a specialized feedback unit on disability.
- The percentage of disabled employees was 3.3% in 2021 compared with 3.1% in 2020.

4.3. Key performance indicators

	2019	2020	2021	2025 Target
% of women managers	42.0%	42.4%	42.6%	50.0%

The results of the key performance indicator have been virtually stable since 2019. Discussions are underway within the Group to achieve the objective of gender parity among managers by 2025.

5. Encourage solidarity commitment

5.1. Issue, risk and policy

Conscious of its economic and social impact in the territories in which it is established, and as a responsible and committed 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 weak regional roots.

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

- partnership with national employment agencies, integration of apprentices and other trainees, communication of job offers to schools;
- cooperation with schools and universities, payment of training taxes, sponsorships, employee presentations at schools.

The Group is committed to ensuring that each subsidiary supports at least one solidarity campaign.

5.2. Actions implemented and results

- The Group renewed its sponsorship agreement with Planète Urgence, which allows volunteer employees the opportunity to spend two weeks on a humanitarian mission as part of a socially inclusive vacation providing their skills to a local NGO in Africa, Asia or South America. This year, however, employees were unable to travel due to the health crisis. A newsletter was published on the socially inclusive vacation that took place in 2019 to share this humanitarian experience with all Group employees.
- Since 2011, the "Arrondi sur salaire" programme enables volunteer employees to donate the cents portion of their net monthly pay. Groupe SAVENCIA matches their donation amount. This year, 1,061 employees who joined the programme made it possible to collect and donate more than 21,000 euros to the 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, community grocery stores, market gardening, animal husbandry, dietary education etc.). For example, this year, the "Bien Nourrir l'Homme" endowment fund supported the Bayon School association in the opening of an agroecology school in Siem Reap. It offers a 12-month diploma course based on the principles of sustainable agriculture and aims to train young people from the disadvantaged regions of northern Cambodia.
- The "Bien Nourrir l'Homme" endowment fund launched its first call for external projects aimed at general interest organisations in France and received around a hundred applications. Eight winning projects were thus selected, three in France and five internationally.
- A digital cooking workshop for Food Banks was led by chef Sébastien Fare from La Maison de l'Excellence SAVENCIA to remotely train their facilitators in the creation of simple recipes.
- The Asia Pacific business teams have mobilized to carry out activities dedicated to people and the planet. For example, the Hong Kong teams have partnered with the Food Angel by Bo Charity Foundation and Hope Delivery respectively to help prepare meals for underprivileged communities.
- In partnership with the EM Lyon Business School, the subsidiaries of the Alliance Fromagère division, CF&R, Elvir, Fromarsac, Fromageries des Chaumes, Fromageries Perreault, and SPLI supported the runners in the "Raid Hannibal" by donating cheese and dairy products, thus contributing to the refreshments, snacks and meals for the 400 students from Grandes Ecoles taking part in this four-day trek in the Alps.
- In 2021, 25% of subsidiaries supported employees in carrying out solidarity campaigns in connection with our "Leading the way to better food" mission compared with 13.2% in 2020.
- In 2021, 31% of subsidiaries made employees available to carry out solidarity campaigns or events compared with 17.6% in 2020.

5.3. Key performance indicators

	2019	2020	2021	2025 Target
% of subsidiaries supporting at least one solidarity campaign(1)	30.2%	35.2%	52.7%	100%

Many solidarity campaigns were carried out by the subsidiaries in 2021, resulting in a sharp increase in the key performance indicator.

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 voluntary Oxygen approach.

1. Respect for Human rights

1.1. Issue, risk and policy

The Group is attentive to compliance with Human rights and fundamental liberties and to respecting the conventions of the International Labour Organization (ILO), in particular for the following two themes.

All the policies implemented by the Human Resources department, in accordance with the Group's culture and values, seek to promote respect for fundamental Human rights, and health and safety at work, social dialogue and the free expression of its employees, thanks to the following actions:

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

Since 2003, SAVENCIA Fromage & Dairy has been a member of the United Nations Global Compact which proposes a framework of voluntary commitments based on 10 principles relating to respect for Human rights, international labour standards, the environment and the fight against corruption.

For 19 years, SAVENCIA Fromage & Dairy has been renewing its membership and so reaffirming its commitments, particularly in terms of social requirements and fundamental Human rights, in all the countries where it operates.

The Group's Code of Ethics "The Group and its culture", which expresses its values and its identity, also recalls the principles of the United Nations pact.

The Group's Responsible Purchasing Charter also includes issues associated with promoting and respecting Human rights and labour law. By deploying this Charter among its suppliers, the Group undertakes to promote its Human rights commitments to avoid any risk of violating basic Human rights (see "Promote responsible purchasing").

(1) The key performance indicator % of subsidiaries carrying out at least one solidarity campaign in connection with our "Leading the way to better food" mission was expanded this year to better reflect the commitment of our subsidiaries in the area of solidarity. It now corresponds to the % of subsidiaries supporting at least one solidarity campaign and includes all the individual or collective initiatives undertaken by the subsidiaries or their employees to promote solidarity, both locally and internationally.

1.2. Actions implemented and results

- The Group Ethics and Culture Committee (CECG) is tasked with ensuring respect and sustainability of the Group's culture and in particular ensures compliance with ethical behaviour in all activities within the subsidiaries. This committee, which includes the Group's Chairman, Corporate Secretary, Compliance Director, Human Resources Director, Legal Director and CFO, held four meetings in 2021. 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.
- An alert mechanism and collection of reports relating to the duty of vigilance is made available to employees and stakeholders outside the Group through a single technical system of "Compliance" alerts, jointly with the Corruption alert system (see chapter "Combating corruption").
- In accordance with the law relating to the duty of vigilance of parent companies and contracting companies, a vigilance plan is established annually to assess and thus prevent serious harm related to the activities of the Company and those of its subcontractors. and suppliers, whether with regard to Human rights, fundamental freedoms, health, personal safety or the environment. This plan is available online on the Group's website.
- 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 chapter "Duty of vigilance".

1.3. Key performance indicators

The results of the deployment of the Responsible Purchasing Charter are available in the "Promote responsible purchasing" section.

2. Combating corruption

2.1. Issue, risk and policy

To avoid the risks of unethical practices, the fight against all forms of fraud and corruption is not only a regulatory requirement but a priority, rooted in our corporate culture.

Our action principles and rules of conduct are included in the Ethical Charter, "The Group and its Culture", given to each new employee joining the Group.

The Group's Ethical Charter and internal control system help prevent and detect all forms of corruption. Certain countries are subject to special scrutiny on these essential points.

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 map detailing the risks of corruption and influence peddling incurred by the Company.

The objective is to identify, assess and prioritize corruption risks to ensure an effective and appropriate compliance programme. The mapping is designed 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.

2.2. Actions implemented and results

- The deployment of training on issues related to corruption and ethics continued in 2021.
- A whistle-blowing procedure, and an Anti-corruption Code of Conduct translated into 19 languages are applied, and compliance correspondents monitor the implementation of compliance systems in all subsidiaries as closely as possible to employees.
- A Purchasing 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 whistle-blowing 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 whistle-blowing system, reviewing the proper procedure to follow, was translated into 19 languages and posted at all our sites.
- As part of Compliance with applicable laws and regulations, the Data Protection Officer (DPO) is responsible for implementing the General Data Protection Regulation (GDPR) and overseeing its application within the Group. Each of the European Union subsidiaries has appointed a GDPR correspondent who has been trained over the past two years by the DPO, as have the general managers. In addition, employees likely to be involved in data processing follow training in digital format. In 2021, 88.4% of these employees concerned were trained.
- All the Group's compliance documents are available freely on an internal digital platform.

2.3. Key performance indicators

	2019	2020	2021	2025 target
% of employees concerned *, trained on the concept of ethics and fraud	92.5%	84.9%	96.7%	100%

* *Under the so-called "Sapin II" law.*

The progress of this indicator is linked to two factors: on the one hand, the Group's desire to include this type of training in the compulsory integration process for new employees, and on the other hand, the practice of teleworking which has encouraged the development of e-learning training courses.

3. Combating tax evasion

3.1. 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 subtracking 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 loyalty, 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" countries) [(1)]. All tax, legal and cash management departments are responsible for complying with any and all applicable regulations.

(1) *List published in the Official Journal of the European Union (C 413 I/3 of 12/10/2021)*
https://www.oecd.org/fr/ctp/echange-de-renseignements-fiscaux/convention-concernant-l-assistance-administrative-mutuelle-en-matiere-fiscale.htm
https://www.oecd.org/ctp/exchange-of-tax-information/Status_of_convention.pdf

3.2. 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. [2] [3]
- 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 deliberately 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 [4].
- The Group's effective tax rate is higher than the weighted average of local tax rates incurred. In 2021, it stood at 40.6%.

3.3. Key performance indicators

	2019	2020	2021
Number of non-cooperative states and territories [1] in which the Group operates	0	0	0

In 2021, and as has been the case for many years, the Group was not established in any non-cooperative states or territories[1].

Overview and outlook

In an uncertain economic context still disrupted by the health crisis, the Group maintained the course of sustainable growth and continued the deployment of its Oxygen CSR plan with all of its subsidiaries in 2021. To promote the sharing of best practices, 870 participants from 25 different countries were brought together at Savencia CSR forums.

SAVENCIA Fromage & Dairy ranks 2nd in the consumer goods sector in the ESG Gaïa Research 2021 ranking; rewarded for its performance in social, environmental and business ethics matters. Two of our subsidiaries have also been awarded in the France Relance plan, for decarbonization projects and the development of plant-based products using French raw materials. A major investment plan has been carried out in France in favour of the decarbonization of industrial sites. A committed player in the food transition, SAVENCIA created the "Institute for a positive food" in 2020, bringing together recognised and independent experts, making scientific data available to the general public in favour of healthy and sustainable food.

In 2022, SAVENCIA will continue to support consumers towards adopting a diet that combines pleasure, naturalness and health, with #PositiveFood campaigns and balanced recipes. Keenly aware of societal changes, SAVENCIA is launching its Animal Welfare Charter in 2022, which will be rolled out gradually with farmers in France and internationally. Campaigns to reduce the environmental footprint will continue across all industrial sites, as will the eco-design action plans for packaging. After measuring its full scope carbon footprint, the Group will initiate a process to contribute to carbon neutrality. The Group received the Top Employer Europe 2022 certification, as well as in 4 countries outside Europe. Particularly committed to safety and quality of life at work, SAVENCIA will continue to deploy its progress plans in this area.

In a world that is still uncertain and unpredictable, the SAVENCIA teams demonstrate a remarkable commitment, around strong values and the Oxygen roadmap. This commitment allows us to look to the future with confidence to meet the challenge of the food and environmental transition

(1) *List published in the Official Journal of the European Union (C 413 I/3 of 12/10/2021)*
https://www.oecd.org/fr/ctp/echange-de-renseignements-fiscaux/convention-concernant-l-assistance-administrative-mutuelle-en-matiere-fiscale.htm
https://www.oecd.org/ctp/exchange-of-tax-information/Status_of_convention.pdf

(2) *https://www.consilium.europa.eu/fr/policies/eu-list-of-non-cooperative-jurisdictions/*

(3) *List published in the Official Journal of the European Union (C 413 I/3 of 12/10/2021)*

(4) *https://www.oecd.org/fr/ctp/echange-de-renseignements-fiscaux/convention-concernant-l-assistance-administrative-mutuelle-en-matiere-fiscale.htm*

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 a preferred contact for the Group's external auditors.

Scope

- "Healthy, delicious and responsible eating" aspect: 100% of subsidiaries.
- "Employee wellbeing" aspect: 100% of the workforce registered at the end of the period.
- "Environmental footprint" aspect: 100% of production sites.

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.

These documents serve as repositories for the external verification of data, in accordance with the implementing decree of Article L. 225-102-1 of the French Commercial Code.

Reporting tools

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

An annual questionnaire is sent and completed by all the subsidiaries within the CSR scope, all types of sites combined: production, logistics and sales. It collects all the required information.

Consolidation and internal control

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

They also ensure internal control over the data by checking for consistency and coherence. To this end, consistency tests are carried out on the indicators, variations are highlighted and justified.

The significant discrepancies identified are analysed with the data contributor.

External verification

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

2021 Non-Financial Performance report – KPIs Overview – SAVENCIA Fromage & Dairy

Savencia key issues	KPI	2020	2021	2025 Objective	Progress
HEALTHY, DELICIOUS AND RESPONSIBLE EATING					
Implement a Clean Label approach on 100% of new branded products	% of new branded products having adopted a Clean Label approach	65.5%	58.6%	100%	↘
Implement clear nutritional information for 100% of our branded products	% of branded retail products including per-portion nutrition labeling	42.9%	47.0%	100%	↗
A SUSTAINABLE AGRICULTURE					
Expand the Charter for Best Farming to all our milk collection areas worldwide	Expand the Charter for Best Farming practices worldwide *(% milk volume collected)*	83.1%	85.8%	100%	↗
Deploy our "Sustainable Milk Production" diagnosis	Deploy the Sustainable Milk Production diagnosis *(% volume milk collected)*	19.2%	21.6%	50%	↗
Develop responsible purchasing from all our suppliers excluding agricultural raw materials	% of Group external expenditure overseen by the Purchasing function and carried out with major suppliers under the Responsible Purchasing Charter	63.2%	68.6%	80%	↗
	% of Group external expenditures overseen by the Purchasing function and carried out with major suppliers under EcoVadis evaluations	68.7%	71.5%	80%	↗
ENVIRONMENTAL FOOTPRINT					
Reduce greenhouse gas emissions from production and transport	Reduction of GHG Scopes 1 & 2 *(tons of CO_2 equiv/ton produced)*	-4.6%	-5.9%	-20.0%	↗
Reduce carbon footprint associated with our milk collection	Reduction in the carbon footprint associated with our milk collection *(volume of milk collected, in tons of CO_2 equiv. total compared with 2010 in France)*	-252,000	-282,000	-300,000	↗
Reduce water withdrawals	Reduction of water withdrawals *(in m^3/ton produced)*	2.3%	2.2%	-10%	↘
Reinforce the sorting and recovery of industrial waste by contributing to circular solutions	% of non-hazardous waste collected for recycling	67.4%	68.3%	-	↗
Develop eco-design of our packaging	% of recyclable or biodegradable packaging	86.0%	85.0%	Aim for 100%	=

Savencia key issues	KPI	2020	2021	2025 Objective	Progress
EMPLOYEE WELLBEING					
Ensure our employees' safety	% of subsidiaries with no workplace accidents resulting in time off (permanent and temporary employees) during the year	42.9%	48.4%	Target of zero accident in the workplace	↗
Improve quality of life at work	% of subsidiaries having performed an internal employee survey in the last three years	99.0%	99.0%	100%	=
Develop competences	% of employees trained during the year	63.2%	74.0%	-	↗
	Number of apprenticeship contracts	439	491	458	↗
Commit to diversity and inclusion	% of women managers	42.4%	42.6%	50.0%	=
Encourage solidary commitment	% of subsidiaries supporting at least one solidarity campaign	35.2%	52.7%	100%	↗
SOCIETY AT LARGE					
Combat corruption	% of employees concerned, trained on the concept of ethics and fraud	84.9%	96.7%	100%	↗
Combat tax evasion	Number of non-cooperative states and territories in which the Group operates	0	0	-	=

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

For the year ended 31 December 2021

This is a free English translation 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 S.A. Shareholder's Meeting,

In our capacity as Statutory Auditors of your company (hereinafter the "entity") appointed as independent third party, and accredited by the COFRAC under number 3-1049[1], we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) of the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2021 (hereinafter, respectively, the "Information" and the "Statement"), included in Savencia S.A. management report pursuant to the requirements of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

Based on the procedures performed, as set out in the "Nature and scope of our work" section of this report, and the information collected, nothing has come to our attention that causes us to believe that the Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the Statement

The absence of a commonly used generally accepted reporting framework or established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the main elements of which are presented in the Statement and available on request from the entity's registered office.

Inherent limitations in preparing the Information

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to methodological choices, assumptions and/or estimates used for their preparation and presentation in the Statement.

Responsibility of the entity

The Board of Management is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main extra-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators, and the information provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the entity's Guidelines as mentioned previously.

(1) *Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr*

Responsibility of the Statutory Auditor, appointed as independent third party

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

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the historical financial information (actual or extrapolated) provided in accordance with Article R.225-105-I (3) and II of the French Commercial Code concerning action plans and policy outcomes, including the key performance indicators on the main risks.

As it is our responsibility to provide an independent conclusion on the Information as prepared by Management, we are not authorised to help prepare said Information, as that could compromise our independence.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements (in particular, the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation), the French duty of care law and anti-corruption and tax avoidance legislation);
- the fairness of the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional guidance

We performed our work described below in accordance with the provisions of Articles A. 225 1 and following of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and International Standard on Assurance Engagements 3000 (Revised)[(2)].

Our 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) for statutory auditors. Our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with applicable legal, regulatory and ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors relating to this engagement.

Means and resources

Our work was carried out by a team of eight people between November 2021 and March 2022 and took a total of twelve weeks.

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

Nature and scope of our work

We planned and performed our work to address the areas where we identified that a material misstatement of the Information was likely to arise.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality 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. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;

(2) ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risk(3), our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities(4).
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process 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, as presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[4] and covers between 15% and 100% of the consolidated data selected for these tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, on 28 March 2022

KPMG S.A.

Fanny Houlliot *Partner* *Sustainability Services*	Arnaud Rinn *Partner*

(3) Codevelop more sustainable sourcing with our suppliers of agricultural raw materials; Promote responsible purchasing; Respect for human rights; Combating corruption; Combating tax evasion.

(4) Fromagerie des Chaumes SAS – Jurançon plant (France); Fromageries Perreault SAS – Azé plant (France); Sofivo – Pontmain plant (France); Mleko Produkt – Zrenjanin plant (Serbia); Savencia Fromage & Dairy Czech Republic – Pribyslav plant (Czech Republic); Savencia Fromage & Dairy Hungary ZRT – Veszprem plant (Hungary); BMK – Belebey plant (Russia); Advanced Food Products – Clear Lake plant (USA).

Appendix

Key performance indicators and other quantitative results considered most important

- Percentage of subsidiaries with no workplace accidents resulting in time off (permanent and temporary employees) during the year
- Percentage of subsidiaries having performed an internal employee survey in the last three years
- Percentage of employees trained during the year
- Percentage of women managers
- Percentage of subsidiaries supporting at least one solidarity campaign
- Percentage of new branded products having adopted a Clean Label approach
- Percentage of employees having completed the nutrition training program
- Percentage of branded products including per-portion nutrition labeling
- Percentage of deployment of the Sustainable Milk Production diagnosis (% milk volume collected)
- Percentage of Group external expenditures overseen by the Purchasing function and carried out with major suppliers under EcoVadis evaluations
- Reduction of GHG Scopes 1 & 2 in tons of CO_2 equivalent / ton produced
- Reduction of water withdrawals in m^3 / ton produced
- Percentage of non-hazardous waste collected for recycling
- Rate of recyclable or biodegradable packaging
- Percentage of employees concerned, trained on the concept of ethics and fraud
- Group’s effective tax rate

Qualitative information (actions and results) considered most important

- Assistance offered to employees to adapt their personal environment to telework
- Launch of "Graduate Programs" for employees
- Inclusion and diversity policy with the "Duo-Day" program
- Rules to prevent accident risks
- Actions implemented for the transition to alternative fuels
- Measures taken in terms of eco-design of packaging
- Actions to reduce water consumption
- Awareness of eco-responsible practices
- Commitments to sustainable and responsible sourcing
- Measures to preserve the agricultural sectors
- Charter for animal welfare
- Actions taken in favor of human rights and fundamental freedoms with all actors in the value chain
- Measures in place for good business conduct and the fight against corruption
- Actions implemented to promote responsible consumption

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**		
G4-9	I.a) 1.1	Total employees	Grenelle II data available on *savencia-fromagedairy.com*	
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	38
-	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	37-38
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	39-40
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	40-41
LA 12 *	I.f) 2	Employment and insertion of handicapped persons		
LA12 HR3	I.f) 3	Anti-discrimination policy		

GRI G4	Grenelle II - Decree of 24/04/2012 Data available on savencia-fromagedairy.com		Non-Financial Performance statement	Pages
	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	38-42
	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		
II. THE ENVIRONMENT				
	II.A)	**GENERAL ENVIRONMENTAL POLICY**		
G4-1	II.a) 1.1	Corportae organization in response to environmental issues	ENVIRONMENT	29
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	24-33-34
	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	29-30 -32-33
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		

GRI G4	Grenelle II - Decree of 24/04/2012 Data available on savencia-fromagedairy.com		Non-Financial Performance statement	Pages
	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	30-31-32
-	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		27-28
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	25-26-27
EC6 EC7 EC8 EC9 HR8 SO1 SO2	III.a) 2	Local residents		
	III.B)	**RELATIONSHIPS WITH STAKEHOLDERS**		
G4 26 G4-37	III.b) 1	Dialogue	SOCIETAL	41-42
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/Combating corruption	28-29
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/Combating corruption	43-44
EN27 PR1 PR2 PR3 PR4 PR6 PR7 PR8 PR9	III.d) 2	Consumer health and safety	SOCIETAL/ Healthy Delicious and responsible eating/ Combating Food waste	21-22-23-24
			SOCIETAL/ Fighting tax evasion	44-45
HR1 HR2 HR7 HR8 HR9 HR10 HR11 HR 12	**III.E)**	**OTHER ACTIONS IN FAVOR OF HUMAN RIGHTS**		42-43

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

3

CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2021

1. Consolidated financial statements at December 31, 2021

1.1 Consolidated income statement

In thousands of euro	Notes	12 months 2021	12 months 2020
NET SALES	2	5,610,418	5,160,377
Purchases adjusted for changes in inventories	3.1	-3,534,494	-3,245,995
Personnel costs	6.1	-1,075,664	-1,013,213
Depreciation and amortization	3.2	-195,414	-184,150
Other current operating income and expenses	3.3	-558,704	-505,592
CURRENT OPERATING PROFIT	2	246,142	211,427
Other operating income and expense	4	-73,104	-55,017
OPERATING PROFIT		173,038	156,410
Financial expenses	10.1	-27,513	-33,629
Financial income	10.1	6,607	15,593
Result on net monetary position	12	2,745	3,634
Group share of associates' net income	5	1,712	127
EARNINGS BEFORE TAX		156,589	142,135
Income tax expense	7.1	-63,565	-55,859
Net income from continuing operations		**93,024**	**86,276**
NET INCOME FOR THE YEAR		93,024	86,276
Net income attributable to equity holders of the parent company		82,939	78,812
Non-controlling interests	13.4	10,085	7,464
EARNINGS PER SHARE *(IN EURO)*			
Group share			
• basic	13.3	6.05	5.72
• diluted	13.3	6.03	5.68
From continuing operations			
• basic		6.05	5.72
• diluted		6.03	5.68

SUMMARY STATEMENT OF OTHER COMPREHENSIVE INCOME

		12 months	
In thousands of euro	**Notes**	**2021**	**2020**
NET INCOME FOR THE YEAR		93,024	86,276
Other comprehensive income:			
Foreign exchange differences (1)		47,742	-105,985
Change in fair value of financial assets		-	133
Change in fair value of cash flow hedges (2)		2,461	4,109
Currency basis spread (3)		215	352
Hyperinflation (4)		14,362	7,832
Other changes		1,931	-23
Share of associates and joint ventures in recyclable components		148	-100
Total recyclable components of other comprehensive income		**66,859**	**-93,682**
Actuarial gains and losses relating to employment benefit plans		13,612	-5,177
Share of associates and joint ventures in non-recyclable components		-	-5
Total non-recyclable components of other comprehensive income		**13,612**	**-5,182**
Total other comprehensive income net of tax	**13.2**	**80,471**	**-98,864**
TOTAL COMPREHENSIVE INCOME NET OF TAX		173,495	-12,588
Group share		161,322	-19,432
Non-controlling interests	13.4	12,173	6,844

(1) Mainly relating to the following currencies: RUB, BRL, CNY, 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 13.2).
(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 euro	Notes	At December 31, 2021	At December 31, 2020 restated (*)
Intangible assets	8.1	543,868	575,176
Property, plant and equipment	8.2	1,277,077	1,189,995
Right-of-use assets for leases	8.3	65,809	65,908
Other non-current financial assets	10.2	26,472	25,698
Investments in associates	5	27,694	25,342
Non-current derivative financial instruments	10.6.1	19,199	23,154
Deferred tax assets (*)	7.2	42,450	40,813
TOTAL NON-CURRENT ASSETS		**2,002,569**	**1,946,086**
Inventories and work in progress	3.4	676,403	612,656
Trade and other receivables	3.5	1,034,375	965,199
Tax receivables		32,087	47,674
Current derivative financial instruments	10.6.1	6,242	6,404
Other current financial assets	10.3	12,380	17,096
Cash and cash equivalents	10.4	560,240	583,543
TOTAL CURRENT ASSETS		**2,321,727**	**2,232,572**
ASSETS		**4,324,296**	**4,178,658**

EQUITY AND LIABILITIES

In thousands of euro	Notes	At December 31, 2021	At December 31, 2020 restated (*)
Paid-in capital	**13.1**	**75,306**	**77,051**
Other reserves	13.1	-136,103	-199,505
Retained earnings (*)		1,544,339	1,469,955
GROUP SHARE OF EQUITY		**1,483,542**	**1,347,501**
Non-controlling interests (*)	13.4	219,493	213,567
TOTAL EQUITY		**1,703,035**	**1,561,068**
Provisions for pensions (*)	6.2	98,922	111,819
Other provisions	9	23,003	31,771
Non-current financial borrowings	10.5	298,633	301,776
Non-current lease liabilities	8.3	43,467	44,345
Other non-current liabilities	11	31,167	29,108
Non-current derivative financial instruments	10.6.2	14,681	25,667
Deferred tax liabilities	7.2	65,251	64,734
TOTAL NON-CURRENT LIABILITIES		**575,124**	**609,220**
Trade and other payables	3.6	1,272,443	1,196,619
Tax payable		21,955	22,543
Current derivative financial instruments	10.6.2	5,906	3,343
Current bank borrowings	10.5	722,454	763,638
Current lease liabilities	8.3	23,379	22,227
TOTAL CURRENT LIABILITIES		**2,046,137**	**2,008,370**
LIABILITIES		**2,621,261**	**2,617,590**
EQUITY AND LIABILITIES		**4,324,296**	**4,178,658**

(*) Application of the April 2021 IFRIC update concerning employee benefits, see 5.1 of the "Notes to the consolidated financial statements".

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

1.3. Consolidated cash flow statement

In thousands of euro	Notes	12 months 2021	12 months 2020
Net income from continuing operations		**93,024**	**86,276**
Income taxe expense	7.1	63,565	55,859
Amortization and provisions	3.2	195,414	184,150
Gains and losses on disposal of assets		3,718	4,866
Group share of results of associates	5	-1,712	-127
Net financial expense		7,751	11,585
Other non-cash expenses and income (1)		44,033	35,073
Gross operating margin		**405,793**	**377,682**
Interest paid (2)		-14,521	-21,358
Interest received		6,289	10,220
Income tax paid		-53,043	-42,026
Change in working capital	3.7	-42,929	60,691
NET CASH FLOW FROM OPERATING ACTIVITIES		**301,589**	**385,209**
Acquisitions of subsidiaries, operating units and non-controlling interests (3)	1	-5,159	5,850
Disposals of activities net of cash transferred		-	124
Purchase of tangible and intangible non-current assets	2	-229,423	-199,303
Proceeds from disposal of assets		2,949	4,534
Acquisition/disposal of financial assets and changes in other current financial assets		1,809	-12,120
Dividends received (including dividends received from associates)		199	216
NET CASH USED IN INVESTING ACTIVITIES		**-229,625**	**-200,699**
Net cash flow from financing activities		-1,757	-3,512
Capital increase received from minority shareholders		-761	-828
New borrowings	10.5	10,787	79,935
Repayments of borrowings	10.5	-74,537	-23,147
Repayment of lease obligations	8.3	-27,567	-26,229
Dividends paid		-26,995	-1,290
NET CASH FLOW GENERATED BY FINANCING ACTIVITIES		**-120,830**	**24,929**
Impact of foreign exchange differences		13,574	-14,831
Net change in cash and cash equivalents		**-35,292**	**194,608**
OPENING CASH BALANCE	**10.4**	**524,605**	**329,997**
CLOSING CASH BALANCE	**10.4**	**489,313**	**524,605**

(1) Including the impact of non-current provisions for contingencies and charges (€32.2 million in 2021, of which €14.6 million on the Sodilac CGU and €24.5 million on the Russia CGU (see note 8.1), compared with €34.1 million in 2020 of which €23.7 million on the Russia CGU) and the impact of the restatement for Argentina's hyperinflation (€3.7 million in 2021 against €0.3 million in 2020).
(2) Including interest paid on lease obligations (see note 8.3).
(3) In 2021, this is the amount paid in respect of the exercise of the option to buy back 4% of the B.M.K. Share capital. In 2020, this was the opening cash position of CF&R.

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

1.4. Consolidated statement of changes in equity

	Equity attributable to the Company's shareholders					
	Paid-in capital	**Other reserves**	**Retained earnings**	**Total Group share of equity**	**Non-controlling interests**	**Total consolidated equity**
anIn thousands of euro	(Note 13.1)	(Note 13.1)			(Note 13.4)	
EQUITY AT JANUARY 1, 2020, PUBLISHED	**80,563**	**-93,449**	**1,376,305**	**1,363,419**	**100,918**	**1,464,337**
Impact of IFRS IC IAS 19 (*)			7,845	7,845	817	8,662
EQUITY AT JANUARY 1, 2020, RESTATED	**80,563**	**-93,449**	**1,384,150**	**1,371,264**	**101,735**	**1,472,999**
Dividends distributed			-	-	-1,290	-1,290
Total comprehensive income at December 31, 2020		**-106,056**	**86,624**	**-19,432**	**6,844**	**-12,588**
Purchase/sale of treasury shares	-3,512			-3,512	-	-3,512
Change in share capital	-	-	-	-	-	-
Changes in reporting scope:						
• Put options granted to non-controlling interests			-824	-824	-201	-1,025
• Increase further to business combinations			-	-	106,484	106,484
• Change in percentage of equity			5	5	-5	-
EQUITY AT DECEMBER 31, 2020, RESTATED	**77,051**	**-199,505**	**1,469,955**	**1,347,501**	**213,567**	**1,561,068**
Dividends distributed			-20,560	-20,560	-6,435	-26,995
Total comprehensive income at December 31, 2021		**63,402**	**97,920**	**161,322**	**12,173**	**173,495**
Purchase/sale of treasury shares	-1,745			-1,745	-2	-1,757
Change in share capital	-	-	-	-	-	-
Changes in reporting scope:						
• Put options granted to non-controlling interests			-2,977	-2,977	201	-2,776
• Increase further to business combinations			-	-	-	-
• Change in percentage of equity			1	1	-1	-
EQUITY AT DECEMBER 31, 2021	**75,306**	**-136,103**	**1,544,339**	**1,483,542**	**219,493**	**1,703,035**

(*) *Application of the April 2021 IFRIC update concerning employee benefits, see 5.1 of the "Notes to the consolidated financial statements".*

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 at 42, rue RIEUSSEC -78220 VIROFLAY cedex - 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 is controlled by SAVENCIA Holding SCA, a company registered in France.

Its activity, the production, distribution and marketing of dairy and Cheese Products, operates within two segments: "Cheese Products" and "Other Dairy Products" (see note 2).

The consolidated financial statements were approved by the Board of Directors on March 10, 2022. Unless otherwise stated they are expressed in thousands of euro. They will become definitive after their approval by the Annual General Meeting scheduled for April 21, 2022.

1.5.1. Basis of preparation of the consolidated financial statements

Pursuant to European Regulation (EC) No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the Group's consolidated financial statements at December 31, 2021 have been prepared in accordance with the IFRS Framework as published by the IASB and adopted in the European Union as at the same date. In addition, these financial statements have also been prepared in accordance with the IFRS issued by the IASB (International Accounting Standards Board). 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 the financial statements in accordance with IFRS requires the application certain critical accounting estimates. Management is also required to exercise its judgment when applying accounting methods.

The Group applies the new texts applicable on a mandatory basis from January 1, 2021 and in particular the amendment to IFRS 4 – Extension of the temporary exemption from applying IFRS 9, the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 within the context of the Interest Rate Benchmark Reform – Phase 2 and IFRS 16 Rent Concessions beyond June 30, 2021.

With regard to this reform at Group level, existing contracts in foreign currencies are at a fixed rate not indexed to an IBOR rate. Euro-denominated contracts are at a fixed rate or indexed to the Euribor, which is not affected by the reform. There were no changes to contracts in 2021 relating to this reform. Furthermore, the Group is researching the potential impact of this on its valuations for future years. Indeed, some yield curves used to value financial instruments are based on the IBOR for certain maturities and will therefore have to be replaced as and when required.

These amendments thus have no impact on the financial statements at December 31, 2021. The Group also applied the final IFRIC IC agenda decisions in 2021, in particular:

IAS 2 - Estimated costs necessary to make the sale when determining the net realizable value of inventories, published in June 2021. This decision has no impact on the financial statements at December 31, 2021.

IAS 38 - Intangible assets - Recognition of configuration or customization costs in a cloud computing arrangement, published in March 2021. The configuration and customization costs incurred by a customer in a SaaS (*Software as a Service*) arrangement that do not meet the criteria of an intangible asset must be recognized as an expense at the time the services are received if they are separate or if they are provided by a non-subcontracted service provider to the SaaS provider. These costs are recognized over the term of the contract if the services are not separate or provided by the SaaS provider or its subcontractor.

This decision has a small impact on the 2021 consolidated financial statements (see note 8). However, it could have an impact on the Group's financial statements depending on the IT projects carried out over the coming years;

IAS 19 - Employee Benefits - Attributing Benefit to Periods of Service, published in April 2021.

The IFRIC clarification relates to defined-benefit plans that meet the following three conditions:

1. The granting of rights paid in the form of a single benefit upon retirement is subject to the beneficiary being employed by the Company at the time of retirement;
2. Entitlements are based on years of service with the Company at the time of retirement;
3. Benefits are capped after a certain number of years of service.

In France, the plans concerned are therefore mainly retirement benefit plans, the scales of which are defined according to a number of months capped at a certain number of years of service, as well as certain L137-11 post-employment benefit plans - known as Article 39 - which are also capped. Regimes applicable abroad were not impacted.

The IFRIC interpretation reduces the vesting period to the period prior to retirement within the limit of the number of years of service allowing the maximum number of rights to be acquired. Entitlements are therefore distributed on a straight-line basis over the period preceding retirement age and making it possible to obtain capped entitlements. This method has the effect of reducing the obligations for plans whose rights are capped at a certain length of service.

The application of this clarification is treated as a change in method in accordance with IAS 8. The impact of the decrease in defined-benefit obligations is recognized in equity at the beginning of the comparative period, *i.e.* January 1, 2020.

The impacts are summarized in the table below. The impact on the 2020 income statement and cash flow statement is not material.

ASSETS

In thousands of euro	January 1, 2021	January 1, 2020
Investments in associates		852
Deferred tax assets	-3,775	-3,099
TOTAL NON-CURRENT ASSETS	**-3,775**	**-2,247**
ASSETS	**-3,775**	**-2,247**

EQUITY AND LIABILITIES

In thousands of euro	January 1, 2021	January 1, 2020
Other reserves		
Retained earnings	7,845	7,845
Group share of equity	**7,845**	**7,845**
Non-controlling interests	1,670	817
Total equity	**9,515**	**8,662**
Provisions for pensions	-13,290	-10,909
TOTAL NON-CURRENT LIABILITIES	**-13,290**	**-10,909**
EQUITY AND LIABILITIES	**-3,775**	**-2,247**

The Group did not apply the other standards and interpretations not mandatory in 2021 but which may be applied early during the financial year, in particular the 2018-2020 annual amendments relating to IFRS 9 and IFRS 16, the amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a Contract, the amendments to IFRS 3 – Reference to the Conceptual Framework, and the amendments to IAS 16 – Property, Plant and Equipment - Proceeds before Intended Use and IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The Group is not affected by the annual improvements to IFRS standards 2012-2026.

1.5.2. General accounting principles

The accounting principles are included in the corresponding notes to the consolidated financial statements. They are presented as text on a blue background. The following accounting principles apply to all financial statements.

1.5.2.1. 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.

1.5.2.1.1. 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 by SAVENCIA Fromage & Dairy 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.

For each business combination, the SAVENCIA Fromage & Dairy Group values non-controlling interests 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 acquisition date 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.

When the calculation of goodwill results in a negative difference, a profit is recognized directly in the income statement.

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 IFRS 10, 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.

1.5.2.1.2. 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, net sales and expenses equating with its interest in the joint operation.

1.5.2.1.3. 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.

1.5.2.1.4. Elimination of intra-group 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.

1.5.2.1.5. Foreign currency translation

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 translated at the exchange rate prevailing at the reporting date. Foreign exchange differences arising from the aforementioned transactions are recognized in the income statement.

For consolidation purposes, Group entities' assets and liabilities expressed in foreign currencies are translated into euro using the exchange rates applicable at the year-end. Income and expense items expressed in foreign currencies are translated using the average annual exchange rates, this average rate being an approximate value of the exchange rate on the date of the transaction in the absence of significant variations or the exchange rate applicable on the date of the transaction. At year-end, foreign exchange differences arising from the new translation of the Group's net assets compared to the end of the previous year, as well as those arising from the translation at the year-end exchange rate and transactions translated at the average or effective exchange rate 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 rate applicable 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.

1.5.2.1.6. Fair value estimate

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.

1.5.2.1.7. Critical accounting estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires that the Group uses its judgment to produce estimates and applies certain assumptions liable to affect the value of the Group's assets, liabilities, equity and earnings. These estimates and assumptions mainly relate to the valuations of goodwill, other intangible assets, property, plant and equipment, provisions, post-employment benefit obligations and deferred taxes. The estimates used by the Group are prepared on the basis of the information available at the time of preparation of the consolidated financial statements and are detailed in the applicable notes (see notes 4, 8.1, 8.2, 7.2 and 9).

Note 5.2.1.1	Control	Exercise of judgment in certain situations on the existence or not of control and ongoing assessment of the control status which may lead to changes in the scope of consolidation, in particular in the event of modification or termination of the shareholders' agreement or circumstances transforming protective rights into substantive rights
Notes 4, 5, 8	Determination of recoverable amounts in impairment tests (goodwill, intangible assets, property, plant and equipment, equity-method investments)	Sensitivity to the discount rate, the long-term growth rate, the assumptions of the long-term plan affecting the expected cash flows; Assessment of trends in the main markets; Sensitivity to commodity prices, in particular the trading prices of milk and butter and powder; Sensitivity to financial assumptions relating to exchange rates, the cost of foreign currency hedges, inflation and interest rates;
Notes 4, 9	Risk of resource outflows following litigation or claims	Assessment of facts and circumstances Assumptions underlying the quantification of legal positions Identification and unwinding of uncertain legal positions
Note 6	Employee benefits	Sensitivity to the discount rate Nature and scope of social agreements
Note 7.1	Tax uncertainties	Assessment of the facts and circumstances Assumptions underlying the quantification of tax positions Identification and unwinding of uncertain tax positions
Note 7.2	Deferred taxes	Assessment of the recovery period for deferred tax assets
Note 10	Assets, liabilities and financial income	Assessment of financial risks: market, foreign exchange, interest rate, credit and liquidity risks. Assessment and control system for fair value measurements of financial and non-financial assets and liabilities

1.5.2.2. Main income statement indicators

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.).

1.5.2.2.1. Nets sales

Consolidated net sales 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. 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. 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 net sales 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 net sales applicable to the benefits granted for future use is deferred. The deferred net sales, 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.

1.5.2.2.2. 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.

NOTE 1. SIGNIFICANT EVENTS OF THE PERIOD

Effects of the covid-19 pandemic

In 2020, the pandemic impacted performance in contrasting ways; halting of the Food service and sales of products by weight and conversely, a rise in Retail sales. The two impacts combined almost neutralized each other in terms of net sales.

In 2021, the buoyancy of sales in the mass retail sector and the gradual recovery of Food service sales indicate a positive trend.

However, in a still uncertain climate, the Group has continued to implement its contingency plans and control costs specifically linked to employee safety.

All these costs and savings measures related to Covid-19 are recognized under Current Operating Profit, in line with the recommendations of professional bodies.

Highlights

An exceptional flooding occurred at Corman SA, a subsidiary of the SAVENCIA Group located in Goé in Belgium, on July 15, 2021.

As the Company's management had taken all necessary steps in advance to ensure employee safety, no injuries were suffered as a result of the bad weather.

Very quickly, a business continuity plan was implemented. The Group was able to subcontract part of its production to both internal and external parties. The gradual reopening of production lines will continue throughout 2022 and it is expected to reach 80% capacity by the end of the year.

In 2021, the impact of operating losses was fully offset by the implementation of *ad hoc* offsetting actions (subcontracting, reduction in advertising campaigns, etc.) and the record of an insurance claim to be received in relation to this period.

Given the extent of the incident, there was significant damage to inventories and production equipment. Site cleaning and refurbishment costs were also high. All of these costs, representing a total of €26.5 million in respect of 2021, are recognized under "Other Operating Expenses".

In accordance with the Group's insurance policy, potential compensation on this site is capped at €10 million.

Overall, the potential impact on cumulative net income for all financial years concerned is expected to be approximately €40 million. This assessment excludes investments and does not take into account any potential compensation from the Wallonia region, the entitlement conditions of which vary according to the different scenarios being studied.

Changes in consolidation scope

During the 2021 financial year:

Concerning the "Cheese Products" sector.

- Exercise of the call and put option on 4% of the shares of Belebeevski Molochny Kombinat (B.M.K.) on May 25, 2021 for an amount of €5 million, in accordance with the terms of the contract. The Group thus owns 100% of this entity.
- Acquisition on October 6, 2021 by Alternative Foods LLC, a subsidiary of Zausner Foods Corp., of the assets of Hope Foods LLC for USD 12.7 million, a leading producer of hummus and other plant-based dips located in Colorado, USA. The Hope brand is a welcome addition to Savencia's portfolio in the United States, with new premium plant-based products that are perfectly aligned with the Group's strategy. The assets were valued at fair value on the transaction date. The assets represent USD 8.4 million, including a brand valued at USD 2.8 million, property, plant and equipment amounting to USD 4.7 million and USD 0.9 million in inventories. The transaction generated goodwill of USD 4.3 million.

The impact of this activity on the Group's net sales for the fourth quarter of 2021 was €2.6 million, for a Group share of net income of -€0.5 million. Integration on January 1, 2021 would have had an impact of €12.9 million on consolidated net sales and the Group share of net income would have been -€2 million.

During the 2020 financial year:

Concerning the "Cheese Products" sector.

- 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 control of CF&R Gestion, the Company responsible for the operational management of CF&R SCA. This transaction allows CF&R to benefit from Savencia's expertise in cheese specialties and its 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 immaterial capital loss and acquisition of control from May 1, 2020, generating goodwill of €4.5 million. In the consolidated financial statements, CF&R is thus recognized by the equity method until April 30, 2020 and then fully consolidated from that date.

On the date of acquisition, assets totaled €385 million, including intangible assets and property, plant and equipment for €189.2 million and €5.8 million of cash. Current and non-current liabilities amounted to €173.8 million. Equity totaled €211.2 million, €105.6 million of which is the Group's share.

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

- 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 finalized the allocation of the provisional goodwill of €11.8 million, which was thus adjusted to €7.1 million after allocation of €6.9 million to property, plant and equipment, which were valued by a third-party appraiser, and the recognition of €2.2 million in deferred tax liabilities.

Concerning the "Other Dairy Products" sector.

- Sale of the 20% stake in Premium Lab, generating an immaterial capital gain of €0.1 million.

NOTE 2. SEGMENT REPORTING

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

This standard requires that segment information be presented in accordance with internal reporting regularly reviewed by the Chief Executive Officer, the main operational decision-maker, in order to assess the performance of each operating segment and ensure the appropriate allocation of resources. Internal reporting disclosures are prepared in compliance with the accounting standards applied by the Group.

The segments are specified in accordance with IFRS 8. Segment profit/(loss) represent the results of each segment's activity. Head office expenses as well as research and development costs are reallocated to the sectors concerned.

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.

The Group's segment reporting is based on the internal reporting used by the Chief Executive Officer, the Group's main operational decision-taker.

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

	12 months							
	Cheese Products		Other Dairy Products		Other items		Total	
In thousands of euro	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net sales by segment	3,449,711	3,185,482	2,324,590	2,136,231	99,676	91,394	5,873,977	5,413,107
Inter-segment net sales	-125,325	-130,305	-58,219	-51,862	-80,015	-70,563	-263,559	-252,730
Third party net sales	3,324,386	3,055,177	2,266,371	2,084,369	19,661	20,831	5,610,418	5,160,377
Depreciation, amortization and provisions	-121,417	-117,174	-63,676	-58,514	-10,321	-8,462	-195,414	-184,150
Current operating income	153,801	165,145	116,567	74,466	-24,226	-28,184	246,142	211,427
Current operating margin (1)	4.5%	5.2%	5.0%	3.5%			4.4%	4.1%
Reorganization costs	-3,047	-8,877	785	-410	-1,912	-7,650	-4,174	-16,937
Asset impairments (2)	-28,532	-33,456	-14,379	-4,084	-	-	-42,911	-37,540
SEGMENT PROFIT/(LOSS)	**122,222**	**122,812**	**102,973**	**69,972**	**-26,138**	**-35,834**	**199,057**	**156,950**

(1) The calculation of operating profit margin (current operating profit/net sales ratio) is not relevant for the "Other items" segment.
(2) See note 4.

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

	Cheese Products		Other Dairy Products		Other items		Total	
In thousands of euro	**At December 31, 2021**	**At December 31, 2020**	**At December 31, 2021**	**At December 31, 2020**	**At December 31, 2021**	**At December 31, 2020**	**At December 31, 2021**	**At December 31, 2020**
Net intangible and tangible assets	1,243,491	1,200,346	483,039	466,413	160,224	164,320	1,886,754	1,831,079
Financial assets	5,515	4,726	3,281	3,465	17,676	17,507	26,472	25,698
Investments in associates	26,865	24,461	829	881	-	-	27,694	25,342
TOTAL NON-CURRENT ASSETS (*)	**1,275,871**	**1,229,533**	**487,149**	**470,759**	**177,900**	**181,827**	**1,940,920**	**1,882,119**

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

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

	12 months							
	Cheese Products		Other Dairy Products		Other items		Total	
In thousands of euro	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Investment in tangible and intangible non-current assets	148,684	128,056	71,900	59,580	8,839	11,667	229,423	199,303

Reconciliation of segment profit to net income for the year:

In thousands of euro	12 months 2021	12 months 2020
Segment profit/(loss)	**199,057**	**156,950**
Other operating income and expenses (*)	-26,019	-540
Operating income	**173,038**	**156,410**
Financial expenses	-27,513	-33,629
Financial income	6,607	15,593
Result on net monetary position	2,745	3,634
Group share of associates' net income	1,712	127
Earnings before tax	**156,589**	**142,135**
Income tax expense	-63,565	-55,859
Net income for the year	**93,024**	**86,276**

(*) Including litigation and the "Other" line (see note 4).

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

	2021			2020		
	12 months		At December 31	12 months		At December 31
In thousands of euro	**Net sales**	**Investment in tangible and intangible non-current assets**	**Total non-current assets**	**Net sales**	**Investment in tangible and intangible non-current assets**	**Total non-current assets**
France	1,761,192	134,622	1,028,668	1,625,845	114,407	1,018,077
Rest of Europe (*)	2,181,439	36,236	518,349	2,078,739	35,165	532,491
Rest of the world	1,667,787	58,565	393,903	1,455,793	49,731	331,551
TOTAL	**5,610,418**	**229,423**	**1,940,920**	**5,160,377**	**199,303**	**1,882,119**

(*) Germany is the only country accounting for more than 10% of Group net sales with the exception of France; €717 million in 2021, against €673 million in 2020.
No further details can be given without compromising trade secrets and the Company's interests.

NOTE 3. CURRENT ITEMS OF OPERATING ACTIVITY

3.1. 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 net sales. 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.

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	12 months	
In thousands of euro	**2021**	**2020**
Raw materials and goods consumed (*)	-3,482,458	-3,263,685
Other consumption	-253,185	-232,098
Sales of surpluses and by-products and exchanges of milk (*)	201,149	249,788
TOTAL	**-3,534,494**	**-3,245,995**

(*) 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 €98.1 million in 2021, against €84 million in 2020.

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.

3.2. Depreciation, amortization and provisions

	12 months	
In thousands of euro	**2021**	**2020**
Depreciation and amortization (*)	-193,317	-182,442
Movements on operating provisions	-2,097	-1,708
TOTAL	**-195,414**	**-184,150**

(*) Including amortization of the rights of use relating to IFRS 16 leases (see note 8.3).
Including in 2020, €11.3 million of amortization further to the integration of CF&R on May 1, 2020.

3.3. Other current operating income and expenses

	12 months	
In thousands of euro	**2021**	**2020**
Purchased services	-515,943	-464,730
Taxes (excluding taxes on income)	-47,722	-47,178
Other net operating income (*)	4,961	6,316
TOTAL	**-558,704**	**-505,592**

(*) Other operating income notably includes €3.4 million of research tax credits (€3.3 million in 2020).

Purchased external services included €3.6 million of Statutory Auditors' fees in 2021 (€4.1 million in 2020), of which €1.9 million paid to KPMG SA and €1.7 million to Deloitte. Other services rendered totaled €0.2 million (€0.2 million in 2020), of which €0.1 million for Deloitte and €0.1 million for KPMG SA. These sums essentially concern attest reports and agreed procedures.

3.4. Inventories and work in progress

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 finished products are valued at cost, which includes direct production costs and an allocation of production overheads and depreciation of production facilities. It does not include 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.

In thousands of euro	**At December 31, 2021**	**At December 31, 2020**
Raw materials, work in progress and miscellaneous items (*)	312,735	258,948
Goods purchased for resale	43,650	44,290
Finished products	367,238	356,161
Impairment losses	-47,220	-46,743
TOTAL	**676,403**	**612,656**

(*) Changes in inventories are impacted by the increase in the prices of raw materials and by changes in the trading prices of industrial products.

Inventories increased by €63.7 million compared to 2020 (including a change of +€52.9 million and a currency effect of +€10.8 million).

The impairment losses relate essentially to inventories of intermediate and finished products. In 2021, an impairment reversal of €0.4 million was recognized for inventories, compared with €9.6 million in 2020, due to changes in the trading prices of industrial products and the limited impact of the Covid-19 crisis on export sales.

3.5. Trade and other receivables

Trade and other receivables are initially recognized at their transaction cost and subsequently at amortized cost, corresponding to their nominal value. The line item also includes prepaid expenses. Credit risk may be hedged by specific insurance policies. Only unhedged risks are subject to impairment, in the amount of expected losses at maturity. These impairments reflect the likelihood of counterparty default and the expected loss rate, taking into account observed historical default rates. 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.

In thousands of euro	At December 31, 2021	At December 31, 2020
Trade receivables	866,393	807,862
Payroll and tax receivables (excluding taxes on income)	103,405	107,548
Miscellaneous receivables	64,099	51,281
Prepayments and other miscellaneous items	20,953	20,745
Impairment losses	-20,475	-22,237
TOTAL	**1,034,375**	**965,199**

The Group has little exposure to credit risk in respect of its trade receivables. Firstly, our products are essentially sold to major distributors. 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 €0.4 million at December 31, 2021, compared to €2.7 million at December 31, 2020.

In 2021, an impairment reversal on trade receivables was recognized in the amount of €3.3 million, primarily for Food service customers in the USA and Asia due to the health crisis, compared with an impairment of €3.7 million in 2020.

Prepayments mainly comprise insurance. In 2021, the Miscellaneous receivables item included €6.3 million of income receivable from insurers following the flooding at Corman SA.

PROVISIONS FOR IMPAIRMENT OF TRADE RECEIVABLES BY MATURITY

	Unsecured trade receivables		Impairment		Average rate of impairment	
In millions of euros	At December 31, 2021	At December 31, 2020	At December 31, 2021	At December 31, 2020	At December 31, 2021	At December 31, 2020
Not yet due	177	233	-1	-3	0.7%	1.3%
Overdue by 1 to 3 months	22	32	-1	-2	4.0%	5.3%
Overdue by 3 to 6 months	2	2	-2	-1	93.8%	36.8%
Overdue by more than 6 months	9	12	-8	-9	96.6%	77.7%
TOTAL	**210**	**279**	**-12**	**-15**		

3.6. Trade and other payables

In thousands of euro	At December 31, 2021	At December 31, 2020
Operating payables	758,068	687,078
Fixed asset payables	9,154	7,841
Payroll and tax liabilities (excluding taxes on income)	325,816	320,431
Deferred net sales	11,487	7,506
Other payables (*)	167,918	173,763
TOTAL	**1,272,443**	**1,196,619**

(*) In 2021, "Other payables" included the benefits granted to customers and the call and put option on 30% of Palace Industries shares, the value of which was nil at the end of the 2021 financial year.
In 2020, "Other payables" included benefits granted to customers. They also included the 4% call and put option on B.M.K. securities for €5 million and the 30% call and put option on Palace Industries securities, the value of which was nil at the end of the 2020 financial year.

In 2020, the total amount included €94.7 million of trade and other payables related to the entry into the scope of consolidation of CF&R.

3.7. Change in working capital

In thousands of euro	At December 31, 2021	At December 31, 2020
Trade receivables	-55,464	-29,105
Inventories	-52,899	-11,254
Trade payables	63,804	-27,540
Miscellaneous receivables and payables	1,630	128,590
TOTAL	**-42,929**	**60,691**

In 2021, the change in working capital requirement is explained by the growth in activity, the rebuilding of a very low level of inventory at the end of 2020 and the significant increase in the prices of dairy raw materials and the trading prices of industrial products.

In 2020, the change in working capital requirement was affected by changes in the trading prices of industrial products and the increase in accrued payroll costs and benefits granted to customers. In addition, the "Miscellaneous receivables and payables" item was affected by a scope effect due to the entry of CF&R.

NOTE 4. NON-CURRENT ITEMS OF OPERATING ACTIVITY

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.

In thousands of euro		12 months 2021	12 months 2020
Reorganizations [1]		-4,174	-16,937
Impairment of assets	(note 8)	-42,911	-37,540
Litigation and compensation		-1,040	2,787
Claims [2]		-25,015	-1,340
Capital Gains and losses on disposal of fixed assets		258	-2,120
Other items		-222	133
TOTAL		**-73,104**	**-55,017**

(1) In 2021, this mainly included the reorganization plans in Central Europe and the continuation of the reorganization plans in France.
(2) In 2021, mainly the incident following the flooding of the Corman SA Goé site for -€26.5 million (see note 1).

In 2020, this included €10.9 million for the cost of closure of the Rambol plant (including €6.5 million of reorganization costs and €4.4 million of asset impairment).

NOTE 5. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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.

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

In thousands of euro	12 months 2021	12 months 2020
Group share in pre-tax results	2,140	244
Group share of income tax	-428	-117
NET GROUP SHARE	**1,712**	**127**

At December 31, 2021, the change in Investments in joint ventures and associates is accounted for as follows:

In thousands of euro	At December 31, 2021	At December 31, 2020 restated *
At January 1, 2021, published	**25,342**	**134,761**
Impact of IFRS IC IAS 19 [(*)]	-	852
At January 1, 2021, restated [(*)]	**25,342**	**135,613**
Change in consolidation scope [1]	-	-110,012
Result for the period	1,712	127
Dividends distributed	-199	-216
Other items [2]	701	-67
Impact of foreign exchange differences	138	-103
CLOSING BALANCE	**27,694**	**25,342**

(1) In 2020, mainly exit of CF&R.
(2) In 2021 and 2020, subscription to the share capital of Compagnie Fromagère de Tunisie.
(*) Application of the April 2021 IFRIC update concerning employee benefits, see 5.1 of the "Notes to the consolidated financial statements".

NOTE 6. PERSONNEL COSTS AND EMPLOYEE BENEFITS

6.1. Personnel costs

In thousands of euro	12 months	
	2021	**2020**
Gross remuneration	-673,394	-643,879
Social contributions	-276,259	-259,838
Profit-sharing	-35,173	-27,654
Temporary personnel	-91,830	-82,184
Grants received	992	342
TOTAL	**-1,075,664**	**-1,013,213**

The Group had an average headcount of 21,927 employees (including temporary employees) in 2021 (compared with 21,021 in 2020). This headcount breaks down as follows: 10,169 in France, 6,499 in Europe (excluding France) and 5,259 in other countries. Of the employees working in France, 18% were employed as managers, 32% as technicians or supervisors and 50% as operatives.

6.2. Employee benefits

Employee benefit obligations

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.

The last stock option plan dated December 15, 2011 was exercisable until December 15, 2021. At the closing date of December 31, 2021, there were no longer any stock option plans outstanding.

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 by independent actuaries.

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.

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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	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Discount rate [1]	0.90%	0.36%	0.90%	0.36%	1.80%	1.60%	0.65% to 1%	0.05% to 0.55%
Inflation rate	1.80%	1.80%	1.90%	1.80%	3.50%	3.10%	1.90%	1.70%
Rate of salary increases	2.20%	2.20%	3.00%	3.00%	n/a	n/a	1.90%	1.80%

(1) 0.30% for pension plans and labor medals in 2021 (0.10% in 2020).

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 €3 million for France and €7 million for Germany.

An increase in the inflation rate of more than 0.50% would increase the obligations by €2.9 million for France and €2.2 million 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.

	2021	2020 restated (*)
CHANGES IN BENEFIT OBLIGATIONS		
Opening benefit obligations, published	**191,424**	**185,933**
Impact of IFRS IC IAS 19		-10,909
Opening benefit obligations, restated	**191,424**	**175,024**
Interest expense	1,063	1,112
Current service cost	9,555	9,655
Past services costs	57	-396
Actuarial differences relating to demographic assumptions	32	-3,375
Actuarial differences relating to financial assumptions	-14,403	11,395
Actuarial differences relating to experience adjustments	950	-1,030
Benefits paid	-6,130	-5,833
Internal transfers	46	22
Tax and administration charges	-176	-221
Translation differences	531	-517
Movements of business combinations		5,539
Other transactions	1,686	49
Closing benefit obligations	**184,635**	**191,424**
CHANGES IN PLAN ASSETS		
Opening plan assets	**79,605**	**80,467**
Yield on plan assets	540	508
Services served by the fund	-3,634	-3,466
Contributions paid to the fund by Group companies	3,379	2,926
Internal transfers		-7
Tax and administration charges	-207	-195
Translation differences	561	-433
Actuarial gain/loss	5,304	-384
Movements of business combinations		
Other transactions	165	189
Closing plan assets	**85,713**	**79,605**
CHARGES FOR THE YEAR		
Current service cost	9,555	9,655
Past services costs	57	-396
Total service cost	**9,612**	**9,259**
Interest expense	1,063	1,112
Yield on plan assets	-540	-508
Net interest expense	**523**	**604**
Other transactions	-3	-299
Charges for the year	**10,132**	**9,564**
ACTUARIAL GAINS AND LOSSES IMPACTING COMPREHENSIVE INCOME		
-Gains and losses relating to demographic assumptions	32	-3,375
-Gains and losses relating to financial assumptions	-14,403	11,395
-Gains and losses relating to experience adjustments	950	-1,030
-Gains and losses relating to assets (other than financial income)	-5,304	384
Total	**-18,725**	**7,374**

	2021	2020 restated (*)
CHANGES IN PROVISIONS		
Opening provisions, published	**111,819**	**105,465**
Impact of IFRS IC IAS 19		-10,909
Opening provisions, restated	**111,819**	**94,556**
Charges for the year	10,132	9,564
Actuarial gains and losses impacting other comprehensive income	-18,725	7,374
Benefits paid directly by employer	-2,496	-2,367
Translation differences	-30	-85
Contributions paid to the fund by Group companies	-3,379	-2,926
Transfers and other adjustments	1,601	164
Movements of business combinations		5,539
Closing provisions	**98,922**	**111,819**
RECONCILIATION OF NET BENEFIT OBLIGATIONS AND PROVISIONS		
Net obligations	**184,635**	**191,424**
Plan assets	-85,713	-79,605
Closing provisions	98,922	111,819

(*) Application of the April 2021 IFRIC update concerning employee benefits, see 5.1 of the "Notes to the consolidated financial statements".

The closing benefit obligations value of €184.6 million at December 31, 2021 breaks down as follows:

- €33.2 million for wholly non-funded plans;
- €151.4 million for partially funded plans.

The contributions for 2021 in respect of French companies totaled €0.4 million.

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, 2021 breaks down as follows:

	France		Germany		UK		Belgium	
	2021	2020	2021	2020	2021	2020	2021	2020
Equity instruments	46.4%	34.4%	20.0%	15.7%	9.9%	17.9%	-	-
Borrowing instruments	44.6%	51.4%	20.5%	25.3%	79.9%	71.6%	-	-
Real estate	8.1%	13.2%	19.7%	17.1%	-	-	-	-
Insurance contracts	-	-	-	-	-	-	100.0%	100.0%
Other items	1.0%	1.0%	39.8%	41.8%	10.2%	10.5%	-	-

NOTE 7. INCOME TAX EXPENSE

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 calculated on 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. A provision is recognized whenever the expectations of profit, and therefore of tax charges for the next three financial years are not adequate to ensure the recovery of the net deferred tax assets.

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.

In accordance with IFRIC 23 "Uncertainty over Income Tax Treatments" applicable since 2019, which contains provisions relating to the recognition of income tax in the event of uncertainty over income tax treatments in application of IAS 12 "Income Taxes", the Group uses its judgment to identify uncertainties related to tax treatments. The Group conducts an inventory of potential risks and assesses whether this interpretation should have an impact on its consolidated financial statements. It concluded that it was likely that the treatments used would be accepted by the tax authorities. This application had no effect on the financial statements.

7.1. Income tax expense

The Income tax expense breaks down as follows:

	12 months	
In thousands of euro	**2021**	**2020**
Current tax	-68,221	-56,698
Deferred taxes	4,656	839
TOTAL	**-63,565**	**-55,859**

The income tax expense differs from the theoretical amount arising from the application of the French tax rate on profits of consolidated subsidiaries for the following reasons:

In thousands of euro	12 months 2021	12 months 2020
Earnings before tax	156,589	142,135
Tax rate in France (%)	**28.41%**	**32.02%**
Theoretical tax based on the current tax rate in France	**44,483**	**45,516**
Difference between foreign and French tax rates (1)	-857	-4,335
Restatement of tax for associates	-439	-24
Non-taxable profits and non-deductible expenses (2)	6,882	5,613
Current and deferred taxes related to the classification of France's CVAE as income tax	5,244	8,668
Tax credits	-1,710	-1,396
Capitalization of previously unrecognized tax losses (3)	-1,729	-634
Changes in tax rate affecting deferred taxes (4)	1,101	-866
Hyperinflation (5)	4,560	1,556
Other items (6)	6,030	1,761
Income tax expense	**63,565**	**55,859**
Weighted average tax rate	40.59%	39.30%

(1) *As foreign tax rates are often lower than in France.*
(2) *Including the €9-million impact of impaired goodwill in 2021 against €5.4 million in 2020.*
(3) *Tax losses capitalized according to the likelihood of recovery of these losses: in 2021, the outlook for income and tax expenses for the next three years of certain companies led to the recognition of €1.7 million in additional deferred tax assets, compared to €0.6 million in 2020.*
(4) *Taking into account the effects of changes in tax rates in Argentina in 2021 and expected changes in France by 2022 on deferred taxes.*
(5) *Accounting treatment of hyperinflation in Argentina. Excluding this effect, the effective tax rate in 2021 would be 37.7%, versus 38.2% in 2020.*
(6) *Of which tax on dividends and impact of tax audits.*

In 2020, one subsidiary was notified of a tax adjustment totaling €19.5 million in principal and interest. The subsidiary, having wholly refuted the allegations, had therefore not recorded any liability in this respect as at December 31, 2020. The tax authority concerned ultimately notified an adjustment of €0.8 million in principal and interest during the first half of 2021, most of which will be disputed.

7.2. Deferred tax

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

Deferred tax assets relate principally to post-employment and other employee benefits, 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. These deficits are mainly carried forward without limit.

Unrecognized deferred tax assets totaled €44.4 million at December 31, 2021 and €47.7 million at December 31, 2020. They mainly concern unused deficits, including €13 million for South America, €9.4 million for France, €4.4 million for Spain, €4 million for Luxembourg, €5.1 million for Poland, €2.9 million for Egypt and €5.6 million for other countries.

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

The amount of deferred tax income for the year is €4.7 million, mainly related to deferred taxes on employee benefits.

Deferred taxes of -€3.2 million are recognized in other comprehensive income in respect of the 2021 financial year. These mainly concern the deferred tax on changes in the fair value of financial instruments and on actuarial gains and losses (see note 13.2).

To take into account the various tax reforms, particularly in France, deferred tax assets and liabilities are measured on the basis of newly adopted tax rates and the collection schedule. The net impact of these reforms in 2021 is a deferred tax expense of €0.5 million for France, compared with €0.8 million in 2020.

In thousands of euro	At January 1, 2021, restated (*)	Expenses/ Income	Change in fair value	Actuarial gains/losses	Other items	Foreign exchange differences	At December 31, 2021
Intangible assets and property, plant and equipment	-121,499	-386	-	-	2,153	-1,299	-121,031
Lease under IFRS 16	414	104	-	-	-	-	518
Provisions	31,102	-1,999	-	-	-751	972	29,324
Provisions for employee benefits	25,970	4,240	-	-5,114	233	216	25,545
Financial instruments	-1,510	258	-927	-	58	-3	-2,124
Tax losses	79,607	-4,576	-	-	-	522	75,553
Other deferred tax	9,659	3,408	-	-	483	225	13,775
Total deferred tax	**23,743**	**1,049**	**-927**	**-5,114**	**2,176**	**633**	**21,560**
Impairment of deferred tax assets	-47,664	3,608	-	-	-	-305	-44,361
TOTAL	**-23,921**	**4,657**	**-927**	**-5,114**	**2,176**	**328**	**-22,801**
Of which:							
Deferred tax assets	40,813						42,450
Deferred tax liabilities	64,734						65,251

(*) Application of the April 2021 IFRIC update concerning employee benefits, see 5.1 of the "Notes to the consolidated financial statements".

NOTE 8. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

8.1. Intangible assets

Intangible assets include the goodwill and intangible assets acquired such as management information systems that meet the criteria of an intangible asset, 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 Group's share of the fair value of the identifiable net assets acquired, measured as of the date of acquisition. Goodwill relating to the acquisition of associates is included in "Investments in associates". Goodwill recognized separately is tested for impairment at least once a year and more frequently if there are indications of an impairment loss. It is measured at cost less any accumulated impairment losses. Impairment losses on goodwill 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.

Intangible assets acquired are recognized at their acquisition cost. They 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). Due to the reputation of the brands acquired, their useful lives cannot be determined and they are therefore not amortized. They are subject to impairment testing at least once a year or more often if there is an indication of an impairment loss. Impairment testing is carried out under the same conditions as for goodwill.

Costs related to the acquisition of software licenses and their deployment are recognized as assets on the basis of the costs incurred to acquire and deploy them, provided that the criteria for defining an intangible asset are satisfied and in particular that control of this asset is demonstrated. In this case, the configuration and customization costs that do not meet the criteria of an intangible asset must be recognized as an expense at the time the services are received if they are separate or if they are provided by a non-subcontracted service provider to the SaaS provider. These costs are recognized over the term of the contract if the services are not separate or provided by the SaaS provider or its subcontractor. 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.

Implementation phase	Costs related to	Accounting treatment of related costs
Pre-project phase	Selection of a service provider Project plan development	as an expense when incurred as an expense when incurred
Installation and implementation	Installation and installation of customer-owned or leased equipment (e.g. servers)	Included in the cost of the property, plant and equipment or the corresponding right of use
	Configuration, implementation and customization of the SaaS software - services performed by the application software supplier (or its agent)	• if the services are separate from the SaaS access, the costs are expensed when the services are provided. • if the services are not separate from the SaaS access, the costs are expensed over the term of the SaaS contract (deferred expense)
	Configuration, implementation and customization of the SaaS software - services performed by another service provider or internally	as an expense when incurred
	Development of interface modules to the customer's existing on-premises systems or additional customized functionalities	as an intangible asset if and only if the Group controls the intellectual property of the code written for the modification of the existing software or the development of a new on-premises software and if the recognition criteria of IAS 38 are met. Otherwise, as an expense when incurred.
Data conversion	Purchase of data conversion software	as intangible assets depreciable over the expected useful life (assessed in particular according to the nature of the projects).
	Purging or cleaning existing data, transferring data from the old to the new system, creating new or additional data and converting the old data to the new system.	as an expense when incurred
After implementation	Training costs Testing and ongoing maintenance costs Software access costs in continuous SaaS mode	as an expense when incurred as an expense when incurred as an expense when incurred

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 to 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 reliably measure 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.

In thousands of euro		Goodwill [1]	Intellectual property rights and brands [2]	Other rights of use	Total
At December 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					
OPENING NET CARRYING AMOUNT		**379,197**	**162,559**	**18,344**	**560,100**
Translation differences		-23,633	-253	-335	-24,221
Acquisitions		-	4,434	4,827	9,261
Disposals		-	-578	-1,311	-1,889
Impairment losses		-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]		-	-	-	-
Depreciation and 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 December 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**
2021					
OPENING NET CARRYING AMOUNT		**356,547**	**200,447**	**18,182**	**575,176**
Translation differences		7,903	130	35	8,068
Acquisitions	(note 1)	3,666	4,510	1,652	9,828
Disposals		-	-99	-736	-835
Impairment losses		-39,117	4	-28	-39,141
Reclassifications [4]		-	4,101	-4,281	-180
Other changes [6]		-	-	-911	-911
Impact of hyperinflation [5]		-	4	1	5
Depreciation and amortization		-	-7,893	-249	-8,142
Impact of operations in process of sale		-	-	-	-
NET CARRYING AMOUNT		**328,999**	**201,204**	**13,665**	**543,868**
At December 31, 2021					
Gross value		410,255	327,570	33,386	771,211
Cumulative depreciation, amortization and impairment		-81,256	-126,366	-19,721	-227,343
NET CARRYING AMOUNT		**328,999**	**201,204**	**13,665**	**543,868**

(1) Net goodwill for the "Cheese Products" segment totaled €158.4 million, against €174.4 million at December 31, 2020. Net goodwill for the "Other Dairy Products" segment totaled €170.5 million, against €182 million at December 31, 2020.
(2) The net carrying amount for the "Cheese Products" segment brands was €144.6 million, against €142.3 million at December 31, 2020, and the net carrying amount for the "Other Dairy Products" segment brands was €33.7 million, against €33.7 million at December 31, 2020.
(3) In 2020, full consolidation of CF&R (+€71.6 million) and allocation of Papillon goodwill (-€4.6 million).
(4) Activation of intangible assets in progress.
(5) Impact of hyperinflation in Argentina.
(6) Including reversal of intangible assets corresponding to the configuration and customization costs of software used in SaaS recognized in 2020 following the application of the April 2021 IFRIC clarification.

Intangible assets with indefinite useful lives represented a total net carrying amount of €507.3 million at December 31, 2021, compared with €532.5 million at December 31, 2020. They consist of goodwill and brands.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives are not amortized 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. The level of testing is based on organizational and strategic criteria. It is based in particular on the operation of the business activities, which is based on shared resources and thus creates synergies between the various entities that make up these CGUs.

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.

Impairment (charged as a priority to goodwill) is recognized under 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.

Impairment testing:

Impairment losses recorded in 2021 and 2020 are the result of impairment tests carried out either on all cash-generating units that have intangible assets with an indefinite useful life, or on cash-generating units for which there are signs of impairment losses, notably by comparing the change in current operating income with the latest forecasts. In the context of the pandemic, the future cash flows of the CGUs identified as sensitive are subject to increased vigilance.

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 AMOUNTS OF INTANGIBLE ASSETS AND TANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

In millions of euro	Carrying amounts of goodwill and brands		Carrying amounts of other intangible assets and tangible assets (*)		Discount rate		Long-term growth rate	
	At December 31, 2021	At December 31, 2020	At December 31, 2021	At December 31, 2020	At December 31, 2021	At December 31, 2020	At December 31, 2021	At December 31, 2020
CHEESE PRODUCTS								
WESTERN EUROPE	133.01	133.01	408.50	391.51	6.5%	7.0%	1.0%	1.0%
CF&R	71.38	71.38	110.42	108.09	6.5%	7.0%	1.0%	1.0%
SOUTHERN EUROPE	5.87	5.87	21.49	19.00	7.5%	8% to 8.5%	1.0%	1.0%
CENT. EUR. (EU)	13.45	13.33	65.74	69.04	7% to 9.50%	7% to 10%	1.0%	1.0%
ROMANIA	15.73	15.99	4.81	3.10	9.0%	10.0%	1.0%	1.0%
UKRAINE	-	-	1.12	0.88	15.0%	17.5%	1.0%	1.0%
RUSSIA	33.11	54.26	42.87	38.09	11.0%	11.0%	2.0%	2.0%
SERBIA	-	-	1.05	0.59	10.5%	12.0%	1.0%	1.0%
USA: Cheese	23.88	16.26	60.87	50.33	7.5%	7.0%	1.0%	1.0%
USA: PALACE INDUSTRIES	-	-	5.92	5.47	7.5%	7.0%	1.0%	1.0%
BRAZIL/URUGUAY	-	-	41.64	36.95	10.0%	11.00%	2.0%	2.0%
CHILE	0.42	0.47	2.47	2.74	8.5%	8.5%	2.0%	2.0%
BSI	-	-	74.37	63.12	7.5%	8.0%	2.0%	2.0%
INDIA	-	-	1.82	1.79	10.5%	11.0%	2.0%	2.0%
JAPAN	-	-	4.34	4.55	6.0%	6.0%	1.0%	1.0%
EGYPT	-	-	0.47	0.31	16.5%	19.0%	1.0%	1.0%
OTHER DAIRY PRODUCTS								
FRANCE MILK ZONES	123.78	123.78	215.37	200.05	6.5%	7.0%	1.0%	1.0%
SODILAC	11.35	25.93	0.39	0.44	6.5%	7.0%	1.0%	1.0%
POLAND: PASLEK	-	-	21.37	23.19	8.0%	8.0%	1.0%	1.0%
USA: AFP	2.09	1.93	67.69	59.50	7.5%	7.0%	1.0%	1.0%
CORMAN	23.14	23.14	45.50	44.68	6.5%	7.0%	1.0%	1.0%
CHINA: SINODIS	28.06	25.16	1.50	1.30	7.5%	8.0%	2.0%	2.0%
ARGENTINA: MILKAUT	-	-	31.67	23.03	33.0%	38.0%	2.0%	2.0%
KOREA: BAKE PLUS	10.11	10.11	3.49	3.48	7.0%	7.0%	2.0%	2.0%
Other	11.91	11.90	78.78	81.42	6.5%	7.0%	1.0%	1.0%
TOTAL	**507.29**	**532.52**	**1,313.66**	**1,232.65**				

(*) Excluding IFRS 16 right-of-use assets.

In 2021, 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 led to the impairment of goodwill, intangible assets and property, plant and equipment for a total net amount of €42.9 million for the period (see table below).

STATEMENT OF IMPAIRMENT OF INTANGIBLE AND TANGIBLE ASSETS

	Intangible assets			Tangible assets					Total	
In millions of euro	**Goodwill**	**Other items**	**Total intangible assets**	**Land**	**Buildings, fixtures and fittings**	**Plant, machinery and equipment**	**Other items**	**Total tangible assets**	**2021**	**2020**
Rambol			-					-	-	4.4
CFR			-		0.3			0.3	0.3	-
CENT. EUR. (EU)			-	0.1	1.5	1.6		3.2	3.2	-
RUSSIA	24.5		24.5		9.2			0.2	24.7	23.7
USA: PALACE INDUSTRIES			-					-	-	4.5
SODILAC	14.6		14.6					-	14.6	-
POLAND: PASLEK			-					-	-	4.6
Other items			-			0.1		0.1	0.1	0.3
TOTAL	**39.1**	**-**	**39.1**	**0.1**	**2.0**	**1.7**	**-**	**3.8**	**42.9**	**37.5**

In 2020, the forecasts of the long-term plan, taking into account changes in the markets and competition, the difficult economic situation of certain countries not expected to exit the crisis in the near future, as well as specific structural situations facing certain entities, led to the impairment of intangible assets and property, plant and equipment for a total net amount of €37.5 million, including impairments of which €23.7 million for BMK (Russia), €4.6 million for Paslek (Poland), the long-term plans for these two CGUs had been affected by delays in the implementation of development projects, €4.5 million for Palace Industries (United States) whose activity was strongly impacted by the health crisis, €4.4 million for the closure of the Rambol site and €0.3 million net of reversals for the other CGUs.

At the end of December 2021, cumulative asset impairment totaled €121.2 million, mainly comprising €16.2 million for the Eastern Europe CGUs, €48 million for Russia, €14.3 million for Brazil/Uruguay, €9.3 million for Southern Europe, €25 million for France, €4.5 million for the United States, €2.9 million for Egypt and €1 million for Argentina.

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					
	At December 31, 2021			At December 31, 2020		
In millions of euro	Discount rate +0.5%	Current operating margin rate decreased by 10% (*)	Long-term growth rate decreased by 0.5% (*)	Discount rate +0.5%	Current operating margin rate decreased by 10% (*)	Long-term growth rate decreased by 0.5% *
CHEESE PRODUCTS						
CF&R	9.6	19.7	6.5	8.2	10.6	5.6
RUSSIA: B.M.K.	4.9	8.8	3.9	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	**14.5**	**28.5**	**10.4**	**19.2**	**29.3**	**13.1**

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

8.2. 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.

In thousands of euro		Land	Buildings, fixtures and fittings	Plant, equipment and tooling	Other items	Total
At December 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						
OPENING NET CARRYING AMOUNT		**52,082**	**275,951**	**501,653**	**254,364**	**1,084,050**
Translation 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 losses		-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 December 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**
2021						
OPENING NET CARRYING AMOUNT		**52,947**	**314,572**	**566,934**	**255,542**	**1,189,995**
Translation differences		477	6,267	9,449	4,306	20,499
Acquisitions (4)		36	19,607	44,442	156,671	220,756
Disposals		-110	-674	-4,089	-306	-5,179
Impairment losses		-72	-3,294	-748	-102	-4,216
Reversal of impairment		-	4,395	-4,193	37	239
Reclassifications (2)		466	38,817	89,555	-128,446	392
Impact of hyperinflation (3)		489	2,834	3,607	774	7,704
Depreciation and amortization		-	-32,319	-99,593	-21,201	-153,113
Impact of operations in process of sale		-	-	-	-	-
NET CARRYING AMOUNT		**54,233**	**350,205**	**605,364**	**267,275**	**1,277,077**
At December 31, 2021						
Gross value		56,834	970,255	2,324,239	476,038	3,827,366
Cumulative depreciation, amortization and impairment		-2,601	-620,050	-1,718,875	-208,763	-2,550,289
NET CARRYING AMOUNT		**54,233**	**350,205**	**605,364**	**267,275**	**1,277,077**

(1) In 2020, full consolidation of CF&R.
(2) Entry into service of tangible assets under construction.
(3) Impact of hyperinflation in Argentina.
(4) Including Hopes Foods LLC property, plant and equipment acquired for €3.9 million.

Investment subsidies were recognized as a deduction from the assets in question for an amount of €40.7 million in 2021, of which €27.6 million from the sale of Energy Saving Certificates (ESC), compared with €8.8 million in 2020. Items of property, plant and equipment in progress in the "Other" item totaled €186.5 million in 2021, against €176 million in 2020; an increase in line with the projected development of production capacities for certain activities.

8.3. IFRS 16 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 balance sheet. Lease charges thus only include those charges relating to 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 introduces a single model for recognizing leases on the balance sheet. The lessee recognizes a "right-of-use" asset, which represents its right to use the underlying asset, and a lease liability in respect of its obligation to pay the rent.

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

The "right of use" asset is initially measured at cost and subsequently, at amortized cost less any cumulative 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, any new estimate of the amount payable in respect of any residual value guarantee or, where applicable, any revaluation of the exercise of a purchase option or 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 corresponds to the interest rate implicit in the contract or, if it cannot be easily determined, the incremental borrowing rate. The Group generally uses the latter as the discount rate. This rate is calculated by currency and by maturity on the basis of the Group's financing rate, to which is added a spread at subsidiary level to take into account the specific risks and economic climates of 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.

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 cash flow statement, the repayment of principal is classified within financing cash flows. The related interest payments are classified within operating cash flows.

Impacts on the financial statements for the period:

At December 31, 2021, the main impacts of IFRS 16 on the financial statements are as follows:

Impacts on the consolidated income statement:

	12 months	
In thousands of euro	**2021**	**2020**
Depreciation and amortization	-28,328	-26,946
Other current operating income and expenses	30,321	28,445
CURRENT OPERATING PROFIT	**1,993**	**1,499**
Other operating income and expense	27	-242
OPERATING PROFIT	**2,020**	**1,257**
Interest expenses on lease obligations	-2,139	-2,216
Net foreign exchange impact	-152	-666
EARNINGS BEFORE TAX	**-271**	**-1,625**
Deferred taxes	104	99
NET INCOME FOR THE YEAR	**-167**	**-1,526**

Impacts on the balance sheet:

ASSETS

In thousands of euro	**At December 31, 2021**	**At December 31, 2020**
Right-of-use assets for leases	65,809	65,908
Deferred tax assets	17,279	18,680
ASSETS	**83,088**	**84,588**

EQUITY AND LIABILITIES

In thousands of euro	**At December 31, 2021**	**At December 31, 2020**
Retained earnings	-1,331	-2,863
EQUITY	**-1,331**	**-2,863**
Non-current lease liabilities	43,467	44,345
Deferred tax liabilities	16,761	18,266
Total non-current liabilities	**60,228**	**62,611**
Trade and other payables	812	2,613
Current lease liabilities	23,379	22,227
Total current liabilities	**24,191**	**24,840**
EQUITY AND LIABILITIES	**83,088**	**84,588**

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

RIGHT-OF-USE ASSETS

In thousands of euro	Land	Buildings, fixtures and fittings	Plant, equipment, machinery and tooling	Other items (*)	Total
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	-	-	-	-	-
OPENING NET CARRYING AMOUNT	**477**	**34,578**	**13,589**	**17,264**	**65,908**
Translation differences	2	787	31	158	978
New assets recognized	74	11,158	7,670	8,176	27,078
Depreciation and amortization	-68	-10,781	-8,349	-9,130	-28,328
Modifications of contracts	-	-782	378	228	-176
Reclassification	501	-	-	-108	393
Hyperinflation	-	67	-30	-81	-44
NET CARRYING AMOUNT AT YEAR-END	**986**	**35,027**	**13,289**	**16,507**	**65,809**
Gross value	1,184	60,930	28,744	34,399	125,257
Accumulated amortization and depreciation	-198	-25,903	-15,455	-17,892	-59,448
Accumulated impairment	-	-	-	-	-

(*) Leases essentially for handling equipment and motor vehicles.

LEASE OBLIGATIONS

In thousands of euro	At December 31, 2021	Current	Non-current
BALANCE AT OPENING	**66,572**	**22,227**	**44,345**
Increase	26,652		
Repayment	-27,567		
Translation differences	995		
Modifications of contracts	194		
BALANCE AT YEAR-END	**66,846**	**23,379**	**43,467**

	At December 31, 2021	At December 31, 2020
Within one year	23,379	22,227
Years 2 to 5	30,700	33,561
After the 5th year	12,767	10,784
TOTAL	**66,846**	**66,572**

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 euro	**2021**	**2020**
Low-value lease payments (≤ €5,000)	-1,468	-1,875
Short-term leases (< or = 12 months)	-2,930	-2,821
Variable lease payments	-8,073	-5,235
Non-deductible VAT	-660	-709
Other (*)	-712	-1,895
TOTAL	**-13,843**	**-12,535**

(*) Leases not eligible for other reasons.

ADDITIONAL INFORMATION:

	12 months	
In thousands of euro	**2021**	**2020**
Lease payments for leases not covered by IFRS 16	15,633	13,835
Amount of firm commitments for leases not started at year-end	1,700	132

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

NOTE 9. OTHER PROVISIONS AND CONTINGENT LIABILITIES

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.

In thousands of euro	Reorganization	Other risks and charges	Total
At January 1, 2020	**24,485**	**8,637**	**33,122**
Translation differences	-55	-399	-454
Provisions (1)	8,439	7,649	16,088
Uses	-13,923	-4,874	-18,797
Changes in consolidation scope (3)	1,303	509	1,812
At December 31, 2020	**20,249**	**11,522**	**31,771**
Translation differences	6	-39	-33
Provisions (1)	1,162	6,638	7,800
Uses (2)	-12,035	-4,500	-16,535
AT DECEMBER 31, 2021	**9,382**	**13,621**	**23,003**

(1) In 2021, provisions for reorganization totaled €1.2 million, provisions for other risks and charges totaled €6.6 million, of which €3.3 million related to litigation, and other provisions for risks and charges amounted to €3.3 million.
In 2020, provisions for reorganization mainly concerned the plan to close the Rambol plant for €6.4 million.
(2) Full consolidation in 2020 of CF&R – including a €1.3-million provision for the closure of the Coutances site.
(3) Reversals of provisions for reorganization totaled €12 million, of which €9.9 million was used and the remaining €2.1 million is no longer required.
Reversals of provisions for other risks and charges totaled €4.6 million, of which €2.5 million was used and the remaining €2.1 million is no longer required

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 2021, two dairy producers took Savencia to court for, in their view, the incorrect application by Savencia of its contractual obligations. However, Savencia considers that it has complied with the terms of its contracts and that, as such, the companies' requests are unjustified and do not give rise to the recognition of provisions.

In 2020, in the context of an asset disposal, a subsidiary in the United States faced unjustified claims from a partner. The subsidiary wholly refutes the claims and has thus not recognized any provision for litigation in that respect.

At December 31, 2021, the principal contingencies and disputes covered by provisions were €9.4 million for reorganization (December 2020: €20.2 million), €6.4 million for social disputes (December 2020: €7.1 million), €3.8 million for commercial risks and disputes (December 2020: €1 million), and €3.4 million for other risks (December 2020: €3.5 million).

NOTE 10. FINANCING AND FINANCIAL INSTRUMENTS

10.1. Net financial income (expense)

Financial expenses include interest on funds borrowed from third parties. They also include bank commissions and exchange rate differences.

Financial income includes interest earned on funds placed with third parties. It also includes foreign exchange differences on financial assets and liabilities. Gains and losses on interest rate hedging instruments affecting the income statement are also recorded on this line.

In thousands of euro	12 months	
	2021	**2020**
Financial interest expenses (1)	-7,201	-11,591
Bank commissions (*)	-7,039	-9,012
Interest expenses on lease obligations (2)	-2,248	-2,216
Other net financial expenses (**)	-4,990	-10,810
Net outcome of interest rate hedging	-539	-
Net foreign exchange impact	-5,496	-
Financial expenses	**-27,513**	**-33,629**
Financial income (3)	6,607	10,698
Net outcome of interest rate hedging (4)	-	72
Net foreign exchange impact	-	4,823
Financial income	**6,607**	**15,593**
Net financial expenses	**-20,906**	**-18,036**
Of which interest expenses, net (1)+(2)+(3)+(4)	*-3,381*	*-3,037*

(*) Including €1.5 million in bank commissions in 2021, in particular in respect of the renewal of the syndicated loan signed on June 17, 2021, compared to €3.3 million at December 31, 2020, mainly for an amendment to extend the previous syndicated loan.
(**) In 2020, included €2.9 million of impairment of financial assets related to Financière Louis.

10.2. Other non-current 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.

In thousands of euro	At December 31, 2021	At December 31, 2020
Loans and receivables	14,377	15,709
Long-term investments measured at fair value through profit or loss (> 1 year)	12,134	12,416
Impairment (*)	-39	-2,427
TOTAL	**26,472**	**25,698**

(*) In 2020, impairment of the loan granted to Financière Louis.

Financial assets include Horizon Agroalimentaire convertible bonds for €2.8 million, Cathay III shares for €1.9 million and FnB Europe Fund SLP Private Equity for €1.6 million. Other investments are insignificant.

10.3. 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.

10.4. 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. Bank deposits and fixed-rate investments must also be subject to a negligible risk of change in value; those with maturities in excess of three months and that do not meet the aforementioned conditions, or those with maturities 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 at year-end on the basis of market prices for listed instruments or by using appropriate discounted cash flow modeling techniques incorporating market data for other instruments.

In thousands of euro	At December 31, 2021	At December 31, 2020
Cash	325,983	361,756
Cash equivalents	234,257	221,787
CASH AND CASH EQUIVALENTS	**560,240**	**583,543**

Cash equivalents mainly include DATs and commercial papers.

Cash and cash equivalents as presented in the cash flow statement may be reconciled with the consolidated balance sheets as follows.

In thousands of euro	At December 31, 2021	At December 31, 2020
Cash and cash equivalents	560,240	583,543
Bank overdrafts and financial current accounts	-70,927	-58,938
NET CASH POSITION	**489,313**	**524,605**

10.5. Borrowings and other financial liabilities excluding leases

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.

In thousands of euro	At December 31, 2021	Non-current	Current	At December 31, 2020	Non-current	Current
Borrowings from financial and similar institutions (*)	680,622	7,199	673,423	727,397	9,197	718,200
Deferred liabilities for profit-sharing payments	12,630	9,764	2,866	11,855	9,049	2,806
Bond issues	291,476	281,670	9,806	292,667	283,530	9,137
Current bank facilities	36,359	-	36,359	33,495	-	33,495
BORROWINGS AND FINANCIAL LIABILITIES AT YEAR-END	**1,021,087**	**298,633**	**722,454**	**1,065,414**	**301,776**	**763,638**

(*) 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 2021, the Group renegotiated the syndicated loan agreement with the banks to extend its term (5 years plus a 2-year extension of the loan maturity).

In 2021, the line "Bonds" includes five private loans. The first was issued in 2011 and 2013 (maturing respectively in 2025 and 2026) with a residual nominal amount of $102.5 million, and repayment began in 2019. The second was issued in 2016 with a nominal amount of €20 million and is repayable in five annual installments from 2027. The third was issued in with a nominal amount of €130 million and is repayable in five annual installments from 2028. The fourth was issued in 2018 with a nominal amount of €30 million and is repayable progressively from 2029. The fifth was issued in 2019 with a nominal amount of €20 million and is repayable in five annual installments from 2030.

For the 2021 financial year, average outstanding bank borrowings totaled €1,178 million.

The average interest rate was 1.23% in 2021, 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 euro	At December 31, 2021	At December 31, 2020
Within one year	722,454	763,638
From year 2 to year 5 inclusive	96,561	84,738
After the 5th year	202,072	217,038
TOTAL	**1,021,087**	**1,065,414**

BREAKDOWN BY CURRENCY:

In thousands of euro	At December 31, 2021	At December 31, 2020
EUR	892,241	936,812
JPY	499	1,642
USD	90,660	92,036
Other currencies	37,687	34,924
TOTAL	**1,021,087**	**1,065,414**

BREAKDOWN BY TYPE OF INTEREST RATE:

In thousands of euro	At December 31, 2021	At December 31, 2020
Fixed rate borrowings	348,972	342,378
Floating rate borrowings	672,115	723,036
TOTAL	**1,021,087**	**1,065,414**

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

The change in gross borrowing may be analyzed as follows:

The above breakdown is before the impact of hedging (see note 10.6.2).

In thousands of euro	At December 31, 2021	At December 31, 2020
Opening borrowings	**1,065,414**	**1,097,252**
New borrowings	10,787	79,935
Repayments of borrowings	-74,537	-23,147
Change in bank facilities and financial current accounts	12,621	-70,922
Foreign exchange differences	6,802	-18,091
Change in consolidation scope (*)	-	387
BORROWINGS AT YEAR-END	**1,021,087**	**1,065,414**

(*) In 2020, full consolidation of CF&R.

Gross financial debt was down by €44.3 million compared with December 31, 2020. Including investments classified as other current financial assets net of active cash, net debt decreased by €16.3 million, showing a net balance of €448.5 million at December 31, 2021.

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 does not include the IFRS 16 lease obligation in accordance with our banking covenants.

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 euro	**At December 31, 2021**	**At December 31, 2020**
Non-current borrowings and debts towards financial institutions	-298,633	-301,776
Current bank borrowings	-722,454	-763,638
Borrowings and financial liabilities	**-1,021,087**	**-1,065,414**
Other current financial assets	12,380	17,096
Cash and cash equivalents	560,240	583,543
Net debt	**-448,467**	**-464,775**
Treasury shares	20,245	18,487
NET FINANCIAL DEBT	**-428,222**	**-446,288**

10.6. Financial risk management and financial instruments

Financial risk management

FINANCIAL RISK

Through its activities, the Group is exposed 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.

Said risk management complies with policies approved by the Company's 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 set out the instruments which may be used, the maximum amounts authorized, the possible counterparts and the controls to be performed.

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.

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.

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.

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 3.5), investments (see note 10.2) and derivative financial instruments with asset balances (see note 10.6.1).

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.

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 10.5 and 10.6.2).

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 4.27% 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 during the 2021 financial year.

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

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 derivative financial instruments are measured at their fair value. 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.

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.

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.

For fair value hedges on interest rate swaps and commodities, the hedges were 100% effective. There was therefore no income or expense recognized on the ineffective portion.

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.

10.6.1. Derivatives financial instruments - Assets

In thousands of euro	At December 31, 2021 Fair value	At December 31, 2021 Underlying	Maturity in 2022 Fair value	Maturity in 2022 Underlying	Maturity > 2022 Fair value	Maturity > 2022 Underlying
Fair value hedges						
Commodity derivatives	904	-	904	-	-	-
Interest rate swaps (1)	12,895	90,500	1,880	8,830	11,015	81,670
Currency derivatives	-	-	-	-	-	-
Instruments held for trading						
Currency derivatives	3,312	60,003	3,312	60,003	-	-
Interest rate derivatives (2)	8,184	100,000	-	-	8,184	100,000
Commodity derivatives	146	-	146	-	-	-
TOTAL	**25,441**	**-**	**6,242**	**-**	**19,199**	**-**
Of which: classified as current	6,242	-	6,242	-	-	-
Of which: classified as non-current	19,199	-	-	-	19,199	-

(1) Maturity in 2022 (8,830), 2023 to 2024 (8,830 per year), 2025 (46,352) and 2026 (17,658).
(2) Maturity in 2027 (100,000).

In thousands of euro	At December 31, 2020 Fair value	At December 31, 2020 Underlying	Maturity in 2021 Fair value	Maturity in 2021 Underlying	Maturity > 2021 Fair value	Maturity > 2021 Underlying
Fair value hedges						
Commodity derivatives	-	-	-	-	-	-
Interest rate swaps (1)	9,228	91,680	1,057	8,150	8,171	83,530
Interest rate options	-	-	-	-	-	-
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	-	-	-
TOTAL	**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).

10.6.2. Derivative financial instruments - Liabilities

In thousands of euro	At December 31, 2021		Maturity in 2022		Maturity > 2022	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Interest rate swaps [(1)]	7,186	100,000	-	-	7,186	100,000
Instruments held for trading						
Currency derivatives	5,764	254,578	5,764	254,578	-	-
Interest rate derivatives [(2)]	7,495	100,000	-	-	7,495	100,000
Commodity derivatives	142	-	142	-	-	-
TOTAL	**20,587**	**-**	**5,906**	**-**	**14,681**	**-**
Of which: classified as current liabilities	5,906	-	5,906	-	-	-
Of which: classified as non-current	14,681	-	-	-	14,681	-

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

In thousands of euro	At December 31, 2020		Maturity in 2021		Maturity > 2021	
	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**	**-**	**-**	**-**
TOTAL	**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.

Interest rate hedging

Cash flow hedges have been treated as trading instruments since 2008 with two exceptions: the loan in USD and the €100 million of swaps arranged in March 2018, which are considered as cash flow hedges and affect other 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 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 items			Total		
Loans and financial liabilities	**Fixed rates**	**Variable rates**	**Total**	**Fixed rates**	**Variable rates**	**Total**	**Fixed rates**	**Variable rates**	**Total**
Pre-hedging	**251,740**	**640,501**	**892,241**	**97,232**	**31,614**	**128,846**	**348,972**	**672,115**	**1,021,087**
• Swap	100,000	-100,000					100,000	-100,000	
• Cap	-	-					-	-	
Post-hedging	**351,740**	**540,501**	**892,241**	**97,232**	**31,614**	**128,846**	**448,972**	**572,115**	**1,021,087**
Other current financial assets		9,757	9,757		2,624	2,624		12,380	12,380
Cash and cash equivalents		355,651	355,651		204,589	204,589		560,240	560,240
TOTAL NET CASH ACQUIRED		**365,408**	**365,408**	**-**	**207,213**	**207,213**	**-**	**572,621**	**572,621**

Analysis of sensitivity to increase in short-term interest rates at December 31, 2021:

A 1% increase in short-term rates would impact the Group's gross variable debt by €5.7 million.

This increase in short-term rates would also have an estimated impact of €5.7 million on floating-rate short-term investments. The overall impact of an increase in short-term rates on the Group's financial income would therefore be immaterial.

Foreign currency hedging

Forward contracts and options - latent hedge at December 31, 2021.

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 December 31, 2021**
CHF EUR	-18,475	CHF	17,335	EUR	-507	-17,883	EUR	1.0331
CNY EUR	-726,458	CNY	98,300	EUR	-431	-100,971	EUR	7.1947
GBP EUR	-37,309	GBP	44,000	EUR	-168	-44,401	EUR	0.8403
JPY EUR	-1,927,963	JPY	14,675	EUR	-65	-14,787	EUR	130.3800
USD EUR	-104,548	USD	89,038	EUR	-1,373	-92,308	EUR	1.1326
BRL USD	-24,392	BRL	4,422	USD	134	-3,859	EUR	5.5802
CNY USD	-60,809	CNY	9,484	USD	-63	-8,452	EUR	6.3524
Other currencies					21	-31,920	EUR	
TOTAL					**-2,452**	**-314,581**	**EUR**	

Currency variation sensitivity analysis: a 1% fluctuation in the main currencies (CNY, USD, GBP, BRL, JPY and CHF), based on a rate prevailing at December 31, 2021, would have an impact of €2.8 million on the Group's financial result.

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

ASSETS

In thousands of euro	Derivative financial instruments through profit or loss (1)	Hedging derivatives (2)	Financial assets at fair value through profit or loss (2)	Loans and receivables valued at amortized cost	Carrying amount	Fair value
At December 31, 2021						
Other financial assets at fair value through profit and loss (> 1 year)	-	-	10,948	-	10,948	10,948
Non-current financial assets held for trading	-	-	1,185	-	1,185	1,185
Non-current financial loans and receivables	-	-	-	14,339	14,339	14,339
Other non-current financial assets	**-**	**-**	**12,133**	**14,339**	**26,472**	**26,472**
Interest rate derivatives	8,184	11,015	-	-	19,199	19,199
Non-current derivative financial instruments	**8,184**	**11,015**	**-**	**-**	**19,199**	**19,199**
Trade receivables	**-**	**-**	**-**	**854,287**	**854,287**	**854,287**
Current loans & receivables	**-**	**-**	**-**	**1,198**	**1,198**	**1,198**
Commodity derivatives	-	904	-	-	904	904
Other commodity derivatives	146	-	-	-	146	146
Other currency derivatives	3,312	-	-	-	3,312	3,312
Interest rate derivatives	-	1,880	-	-	1,880	1,880
Current derivative financial instruments	**3,458**	**2,784**	**-**	**-**	**6,242**	**6,242**
Current financial assets held for trading	**-**	**-**	**9,756**	**2,624**	**12,380**	**12,380**
Financial current accounts	-	-	-	70,009	70,009	70,009
Cash	-	-	-	255,974	255,974	255,974
Cash equivalents	-	-	234,257	-	234,257	234,257
Cash and cash equivalents	**-**	**-**	**234,257**	**325,983**	**560,240**	**560,240**
TOTAL ASSETS	**11,642**	**13,799**	**256,146**	**1,198,431**	**1,480,018**	**1,480,018**

(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.

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 breakdown 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: fair value based on inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly;
- Level 3: use of non-observable data.

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

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

LIABILITIES

In thousands of euro	Derivative financial instruments through profit or loss (1)	Hedging deriva-tives (2)	Financial liabilities at fair value through profit or loss(2)	Financial liabilities measured at amortized cost	Carrying amount	Fair value
At December 31, 2021						
Bond issues	-	-	-	281,670	281,670	281,670
Other borrowings	-	-	-	60,430	60,430	60,430
Non-current financial borrowings and debts	**-**	**-**	**-**	**342,100**	**342,100**	**342,100**
Non-current debts relating to put options granted to minority shareholders	-	-	31,165	-	31,165	31,165
Other items	-	-	2	-	2	2
Other non-current liabilities	**-**	**-**	**31,167**	**-**	**31,167**	**31,167**
Interest rate derivatives	7,495	7,186	-	-	14,681	14,681
Non-current derivative financial instruments	**7,495**	**7,186**	**-**	**-**	**14,681**	**14,681**
Trade payables	**-**	**-**	**-**	**758,068**	**758,068**	**758,068**
Guarantees deposits received	**-**	**-**	**-**	**3,014**	**3,014**	**3,014**
Other commodity derivatives	142	-	-	-	142	142
Other currency derivatives	5,764	-	-	-	5,764	5,764
Current derivative financial instruments	**5,906**	**-**	**-**	**-**	**5,906**	**5,906**
Current financial liabilities	-	-	-	674,907	674,907	674,907
Financial current accounts	-	-	-	34,567	34,567	34,567
Current bank facilities	-	-	-	36,359	36,359	36,359
Current borrowings	**-**	**-**	**-**	**745,833**	**745,833**	**745,833**
TOTAL LIABILITIES	**13,401**	**7,186**	**31,167**	**1,849,015**	**1,900,769**	**1,900,769**

(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.

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.

For fair value hedges on interest rate swaps and commodities, the hedges are 100% effective. There was therefore no income or expense recognized on the ineffective portion.

ASSETS

In thousands of euro	Derivative financial instruments through profit or loss [(1)]	Hedging derivatives[(2)]	Financial assets at fair value through profit or loss [(2)]	Loans and receivables valued at amortized cost	Carrying amount	Fair value
At December 31, 2020						
Other financial assets at fair value through profit and loss (> 1 year)	-	-	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 derivatives	114	-	-	-	114	114
Other currency derivatives	5,233	-	-	-	5,233	5,233
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 based on inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly.

LIABILITIES

In thousands of euro	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
Other 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 based on inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly.

NOTE 11. OTHER NON-CURRENT LIABILITIES

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).

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 33.33% of Bressor Alliance and 20% of Bake Plus. The change over the period corresponds to the change in fair value of these options on shares of consolidated companies.

Short-term call and put options are classified under "Trade and other payables" (see note 3.6). As such, the call and put option for 30% of Palace Industries is valued at zero and is exercisable. The call and put option for 4% of Belebeevski Molochny Kombinat was exercised during the 2021 financial year (see note 1).

NOTE 12. 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 the income statement 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 (as per the assets, liabilities and equity, income and expenses are measured on the basis of the year-end closing exchange rate).

CHANGES IN THE PRICE INDEX IN ARGENTINA

	2011 (*)	2017.12	2018.12	2019.12	2020.12	2021.12
Closing index	457.7	1,656.62	2,459.85	3,782.82	5,122.21	7,699.20
Change on 2011		262%	437%	726%	1,019%	1,582%
Change on N-1			48%	54%	35%	50%

(*) Date of the Group's takeover of Milkaut.

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

In thousands of euro	12 months 2021	12 months 2020
Net sales	32,577	20,285
Purchases adjusted for changes in inventories	-28,812	-17,080
Personnel costs	-6,620	-4,545
Depreciation and amortization	-3,738	-2,269
Other operating income and expenses	-3,428	-2,363
CURRENT OPERATING PROFIT	**-10,021**	**-5,972**
Other current operating income and expense	150	137
OPERATING PROFIT	**-9,871**	**-5,835**
Net financial income (expense)	-120	261
Result on net monetary position	2,745	3,634
EARNINGS BEFORE TAX	**-7,246**	**-1,940**
Income tax expense	-3,360	-639
Net income from continuing operations	-10,606	-2,579
NET INCOME FOR THE YEAR	**-10,606**	**-2,579**

BALANCE SHEET

In thousands of euro **Assets**	At December 31, 2021	At December 31, 2020
Total non-current assets	20,479	14,472
INVENTORIES AND WORK IN PROGRESS	**707**	**606**
Total current assets	707	606
ASSETS	**21,186**	**15,078**

In thousands of euro **Equity and liabilities**	At December 31, 2021	At December 31, 2020
Other reserves	24,375	13,886
Retained earnings	-10,606	-2,579
GROUP SHARE OF EQUITY	**13,769**	**11,307**
Non-controlling interests	2	2
TOTAL EQUITY	**13,771**	**11,309**
Deferred tax liabilities	7,415	3,769
TOTAL NON-CURRENT LIABILITIES	**7,415**	**3,769**
LIABILITIES	**7,415**	**3,769**
EQUITY AND LIABILITIES	**21,186**	**15,078**

NOTE 13. EQUITY

13.1. Paid in capital and other reserves

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.

	Evolution of paid-in capital				
In thousands of euro	**Number of shares outstanding**	**Ordinary shares**	**Other paid-in capital**	**Treasury shares**	**Total**
BALANCE AT JANUARY 1, 2020	**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**
Share purchase option plan					
• Value of services rendered			-		-
• Sale of treasury shares	10,414				-
• Purchase of treasury shares	-31,640			-1,745	-1,745
BALANCE AT DECEMBER 31, 2021	**13,693,800**	**14,033**	**81,478**	**-20,205**	**75,306**

In thousands of euro	Evolution in other reserves				
	Hedging reserves	**Financial assets at fair value recognized in OCI**	**Actuarial gains and losses**	**Translation differences**	**Total**
BALANCE AT JANUARY 1, 2020	**-11,827**	**2,742**	**-27,105**	**-57,259**	**-93,449**
Revaluation – tax effect		133			133
Cash flow hedges					-
• Changes in fair value during the financial year	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 items	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	**-7,366**	**2,875**	**-32,197**	**-162,817**	**-199,505**
Cash flow hedges					-
• Changes in fair value during the financial year	3,603				3,603
• Tax on fair value losses	-927				-927
Actuarial gains and losses – gross			17,486		17,486
Actuarial gains and losses – tax effect			-4,834		-4,834
Foreign exchange differences					-
• Group				47,926	47,926
• Associates			-	148	148
Other items	-	-	-	-	-
BALANCE AT DECEMBER 31, 2021	**-4,690**	**2,875**	**-19,545**	**-114,743**	**-136,103**

the Company's share capital, fully paid-up at December 31, 2021, comprises 14,032,930 shares with a par value of €1 per share.

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

At December 31, 2021, SAVENCIA SA held 339,130 treasury shares (317,904 at December 31, 2020), 11,035 of which are held under the Group's liquidity contract (6,491 in 2020). The Group's share purchase option plans represented 0 share at December 31, 2021 (51,100 at December 31, 2020). Additional paid-in capital totaling €81,479 thousand at December 31, 2021 includes the legal reserve (€1,613 thousand), share and merger premiums (€73,610 thousand) and share purchase options (€6,256 thousand).

Share purchase options have been granted to certain corporate officers and/or managers of the Company and the Group's affiliates. Their exercise prices are equal to the average market prices for the twenty days preceding their date of issue. They may be exercised within ten years from their date 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 stock option plan dates back to 2011 and represented 51,100 shares at December 31, 2020. It was exercisable until December 15, 2021 and the options are therefore extinguished as at December 31, 2021.

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

	2021		2020	
	Weighted average exercise (euros per share)	Options	Weighted average exercise (euros per share)	Options
At January 1	45.50	51,100	50.31	106,100
Granted	46.87	-10,414	46.87	-750
Expired	45.15	-40,686	57.11	-54,250
At December 31	**-**	**-**	**43.15**	**51,100**

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

	Options outstanding	
	2021	2020
December 15, 2021 (*)	-	51,100
	-	**51,100**

(*) Expiry date.

13.2. Breakdown by type of other comprehensive income

	12 months					
	2021			2020		
In thousands of euro	Pre-tax amount	Tax effect	Amount net of tax	Pre-tax amount	Tax effect	Amount net of tax
Foreign exchange differences	47,742	-	47,742	-105,985	-	-105,985
Change in fair value of financial assets	-	-	-	-	133	133
Change in fair value of cash flow hedges	3,399	-938	2,461	4,461	-352	4,109
Currency basis spread	204	11	215	467	-115	352
Hyperinflation	14,362	-	14,362	7,832	-	7,832
Other transactions	-933	2,864	1,931	-33	10	-23
Share of associates and joint ventures in recyclable components	148	-	148	-100	-	-100
Total recyclable components of other comprehensive income	**64,922**	**1,937**	**66,859**	**-93,358**	**-324**	**-93,682**
Actuarial gains and losses on post-employment benefit plans	18,726	-5,114	13,612	-7,374	2,197	-5,177
Other transactions	-	-	-	-	-	-
Share of associates and joint ventures in non-recyclable components	-	-	-	-	-5	-5
Total non-recyclable components of other comprehensive income	**18,726**	**-5,114**	**13,612**	**-7,374**	**2,192**	**-5,182**
OTHER COMPREHENSIVE INCOME	**83,648**	**-3,177**	**80,471**	**-100,732**	**1,868**	**-98,864**

13.3. Dividends per share

Basic earnings per share are calculated by dividing the net income attributable to shareholders of SAVENCIA SA by the number of ordinary shares outstanding during each period, excluding treasury shares purchased by the Company (see note 13.1).

	2021	2020
Net income attributable to shareholders of SAVENCIA SA (In thousands of euro)	82,939	78,812
Weighted average number of shares in circulation	13,706,869	13,777,689
Basic earnings per share (€)	**6.05**	**5.72**

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

	2021	2020
Net income attributable to shareholders of SAVENCIA SA (In thousands of euro)	82,939	78,812
Weighted average number of shares in circulation	13,706,869	13,777,689
Dilutive effect of share purchase options	48,367	105,469
Adjusted weighted average number of shares	13,755,236	13,883,158
Diluted earnings per share (€)	**6.03**	**5.68**

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Dividends paid out in 2021 amounted to €1.5 per share. Under its policy of prudent management given the context, the Group did not pay out any dividends in 2020. At the Annual General Meeting to be held on April 21, the Board of Directors will propose the payment of a dividend of €1.5 per share in respect of the financial year ended December 31, 2021.

13.4. Non-controlling interests in the group activities and cash flow

Non-controlling interests break down as follows:

Non-controlling interests (*i.e.* minority interests)

	Compagnie Laitière Européenne		Other items		Total	
		12 months		12 months		12 months
In thousands of euro	2021	²020 restated (*)	2021	2020 restated (*)	2021	2020 restated (*)
% voting rights	14.14%	14.14%	-	-	-	-
% held by minority shareholders	14.14%	14.14%	-	-	-	-
Share of net income	5,255	5,812	4,830	1,652	10,085	7,464
Share of other comprehensive income	1,678	-149	410	-471	2,088	-620
Share of total comprehensive income	6,933	5,663	5,240	1,181	12,173	6,844
Cumulative non-controlling interests (*)	188,177	184,018	31,316	29,549	219,493	213,567
Dividends paid to non-controlling interests	2,774	893	3,661	397	6,435	1,290

(*) Application of the April 2021 IFRIC update concerning employee benefits, see 5.1 of the "Notes to the consolidated financial statements".

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

BALANCE SHEET

	Compagnie Laitière Européenne	
In thousands of euro	**At December 31, 2021**	**At December 31, 2020 restated ***
Current assets	846,071	870,320
Non-current assets	643,479	650,309
Assets	**1,489,550**	**1,520,629**
Equity	581,621	560,327
Current liabilities	716,517	697,236
Non-current liabilities	191,412	263,066
Equity and liabilities	**1,489,550**	**1,520,629**

INCOME STATEMENT

	12 months	
In thousands of euro	**2021**	**2020**
Net sales	2,277,756	2,055,326
Net income	19,288	26,076
Net income (loss) for the period	24,067	25,919

CASH FLOW STATEMENT

	12 months	
In thousands of euro	**2021**	**2020**
Operating cash flow	95,048	122,245
Investment cash flow	-78,401	-59,341
Financing cash flow	-66,928	-8,689
Impact of exchange rate fluctuations	40	2,180
Opening cash balance	**-72,133**	**-128,528**
Closing cash balance	**-122,374**	**-72,133**
Net change in cash and cash equivalents	-50,241	56,395

NOTE 14. OFF-BALANCE SHEET COMMITMENTS

The Group's contingent assets and liabilities comprised

- €13.6 million of equity investment commitments (2020: €12.6 million) given and received, only concerning Italian company Ferrari in 2021;
- Commitments given concerning the funding of the Company. Financial guarantees provided to Group companies totaling €97.8 million (2020: €83.3 million).
- Commitments relating to operating activities:

In respect of commitments given:

Commitments in respect of short-term leases totaled €6.7 million for 2021 (2020: €2.9 million).

Firm commitments for leases under IFRS 16 that had not started at closing totaled €1.7 million, against €0.1 million at end-2020.

Other commitments given totaled €98.6 million, primarily purchase commitments (2020: €96 million).

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 represented €43.4 million (2020: €32.7 million), including €6.6 million in respect of CO2 quotas (2020: €1.1 million).

NOTE 15. 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 share capital. The balance is held by numerous other shareholders whose shares are dealt in on the Paris stock exchange. Certain SAVENCIA SA subsidiaries are not fully owned (see note 17 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 cooperatives totaling €72.2 million in 2021 (against €73.9 million in 2020) and purchases totaling €845.8 million in 2021 (against €824.9 million in 2020).

The Group handles cash management for related parties. In this respect, it received payments of €1.3 million in 2021 (€1.6 million in 2020).

Group sales to associates totaled €7.4 million in 2021 (2020: €79.2(*) million) and purchases from associates totaled €22 million (2020: €81.9 (*) million), essentially relating to sales and purchases of dairy materials.

Compensation packages for company Directors totaled €3.1 million (€4.6 million in 2020). They break down as follows for 2021: €3.0 million of short-term benefits, €0.1 million 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 2020 or 2021.

The main Directors include the Chairman of the Board of Directors, the Chief Executive Officer and the other Board members.

(*) In 2020, this included transactions with CF&R for the first four months of 2020, with 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 16. POST-BALANCE SHEET EVENTS

An international crisis is developing as a result of the conflict between Russia and Ukraine. The Savencia Group has nearly 1,500 employees in these two countries and is working to ensure their safety. Currently, the Ukrainian plant is not located in a critical area and the teams there are doing all they can to continue operations. In Russia, the cheese production and distribution activities are continuing due to the fact that they are essential activities required to feed the population.

The Group's financial exposure is limited in these two countries. The cumulative contributions of these two countries to the Group's net sales and balance sheet is less than 3%.

However, this crisis has the potential to have serious global repercussions in terms of shortages, inflation and financial impacts that are likely to have implications for the Savencia Group. At the time of writing, it is too early to assess the potential impacts.

NOTE 17. LIST OF MAIN COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Fully consolidated entities	Siren N°	Country	% voting rights		% interest	
			12/31/2021	12/31/2020	12/31/2021	12/31/2020
France						
SAVENCIA SA	847 120 185	FRANCE	Parent	Parent	Parent	Parent
Alliance Laitière Européenne SAS	388 435 539	FRANCE	100.00	100.00	100.00	100.00
Armor Protéines SAS	679 200 287	FRANCE	100.00	100.00	85.86	85.86
B.G. SAS	331 339 275	FRANCE	99.97	99.97	99.97	99.97
Bressor Alliance SA	379 657 570	FRANCE	66.66	66.66	66.66	66.66
Bressor SA	383 228 764	FRANCE	99.74	99.74	66.48	66.48
C.F.V.A. SAS	314 830 050	FRANCE	99.97	99.97	99.97	99.97
Compagnie des Fromages & RichesMonts	501 645 196	FRANCE	50.00	50.00	42.93	42.93
CF&R Gestion SAS	501 653 612	FRANCE	51.00	51.00	43.79	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
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

Fully consolidated entities	Siren N°	Country	% voting rights		% interest	
			12/31/2021	12/31/2020	12/31/2021	12/31/2020
France						
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
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
SB Alliance Informatique	780 876 405	FRANCE	100.00	100.00	85.86	85.86
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
Vivre Vert	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	99.90	95.90
Alternative Foods LLC		UNITED STATES	100.00	-	100.00	-
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	100.00	96.00	100.00	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 GmbH		GERMANY	100.00	100.00	42.93	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		IRLANDE	55,00	55,00	47,23	47,23

Fully consolidated entities	Siren N°	Country	% voting rights		% interest	
			12/31/2021	12/31/2020	12/31/2021	12/31/2020
Other countries						
Corman SA		BELGIUM	100.00	100.00	85.86	85.86
Delaco Distribution		ROMANIA	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	100.00	100.00
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	100.00	100.00
Milkaut		ARGENTINA	99.98	99.98	99.98	99.98
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

Fully consolidated entities	Siren N°	Country	% voting rights		% interest	
			12/31/2021	12/31/2020	12/31/2021	12/31/2020
Other countries						
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	100.00	100.00	100.00
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	100.00	100.00
SAVENCIA Services Europe a.s.		CZECH REPUBLIC	100.00	100.00	100.00	100.00
SAVENCIA Vallée des Fromages		RUSSIA	100.00	100.00	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
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		% interest	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
France					
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
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, 2021

This is a free translation into English of the statutory auditors' report on the consolidated 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 information concerning the Group presented in the management report.

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

To the Savencia SA Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Savencia SA for the year ended December 31, 2021.

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, 2021 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 and Risk 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, 2021 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 regarding 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 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 goodwill and intangible assets with indefinite lives

Risk identified

As of December 31, 2021, the Group's net intangible assets mainly comprised trademarks with indefinite lives (€178 million) and goodwill (€329 million) allocated by cash-generating unit (CGU) or groups of CGU. Some of these assets may present an impairment risk relating to internal or external factors, whose changes may have an impact on the cash flow forecasts of the CGUs to which these assets are allocated, and therefore on the calculation of their recoverable amount.

The Group's management conducts impairment tests on these assets annually and when there is an indication of a loss in value. The impairment testing methods and the main assumptions used are presented in Note 8.1 "Intangible assets" to the consolidated financial statements. These tests gave rise to the recognition of goodwill impairment in the amount of €39 million for the year.

The estimated recoverable amount of these non-financial assets and the outcome of these tests are sensitive to the assumptions used, particularly those involving significant judgment by management such as:

- primary market trends, changes in the cost of commodities, particularly the price of milk and the stock market price of butter and powder, and more generally the cash flows relating to the use of these assets;
- discount rates and long-term growth rates applied to the future cash flows;
- methods of allocating the tested assets to the CGUs or groups of CGU.

We considered the assessment of the recoverable amount of these assets, particularly those with a recoverable amount that is close to their carrying amount, to be a key audit matter due to their materiality in the consolidated balance sheet and the significant estimates and judgment required by management to determine the assumptions used in conducting the impairment tests.

How our audit addressed this risk

We obtained an understanding of the process adopted by the Group to conduct the impairment tests, and verified the consistency of the approach used by management to allocate the assets to the CGUs or groups of CGU with the management tracking set up within the Group.

We adapted our approach according to the materiality of the impairment risk which is higher for CGU assets with a recoverable amount close to their carrying amount.

Our procedures consisted in:

- assessing the components of the CGU recoverable amounts and their consistency with those taken into account in cash flow forecasts;
- assessing the reasonableness of the main assumptions used to determine future cash flow forecasts with regard to the economic and financial context of each CGU and the factors contributing to the price calculation of the main production cost component (milk, fat);
- analyzing the consistency of future cash flow forecasts with past results, budgets and business plans determined by Group management and our knowledge of the activities supported by interviews with the Group's management control department;
- conducting, with the help of our valuation specialists, an independent analysis of certain key assumptions used by management in its tests, particularly those relating to the discount and perpetual growth rates used for the future cash flows, with reference to market data and analyses of comparable companies;
- testing, on a sampling basis, the mathematical accuracy of the Group's calculations and reviewing the sensitivity analyses conducted by management in relation to our own sensitivity analyses;
- verifying that Note 8.1 "Intangible assets" to the consolidated financial statements provides appropriate disclosure on the main assumptions used and the analyses of the sensitivity of these assets' recoverable amounts to a change in these assumptions.

Specific verifications

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

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

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements 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*), prepared under the responsibility of Chairman, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of Savencia SA by the Shareholders' Meeting of May 22, 1977 for KPMG SA and April 22, 2021 for Deloitte & Associés.

As of December 31, 2021, Deloitte & Associés and KPMG were respectively in the 1st and 45th years of their total uninterrupted engagement, of which respectively 1 and 42 years since the company's shares 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 and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk 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 financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, 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 and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. 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 and Risk 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 report.

We also provide the Audit and Risk Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 28, 2022

The Statutory Auditors

KPMG Audit

Division of KPMG S.A.

Arnaud RINN

Deloitte & Associés

Emmanuel GADRET

2. Parent company financial statements for the 2021 financial year

2.1 Income statement

In thousands of euro	Notes	2021	2020
Operating net sales	2.1	43,533	29,814
Operating costs	2.1	-68,258	-60,720
Operating income	2.1	-24,725	-30,906
Net financial income	2.2	28,188	-431
Current income before taxes		3,463	-31,337
Exceptional net income	2.3	1,138	-3,681
Profit before tax		4,601	-35,018
Taxes on income	2.4	12,673	13,399
NET INCOME FOR THE YEAR		**17,274**	**-21,619**

2.2 Cash flow statement

In thousands of euro	Notes	2021	2020
Gross operating surplus		-29,422	-19,020
Change in working capital requirement		12,708	-2,038
Other cash flows associated with the Company's activity		48,443	15,290
Net cash flow from activity [A]		**31,729**	**-5,768**
Intangible/corporal capital investments		-1,489	-5,016
Financial investments		-50	-1
Other cash receipts and disbursements		135,082	10,017
Investment flows [B]		**133,543**	**5,000**
Share capital			
Dividends paid		-20,560	
Cash from new loans			
Repayments of loans		-7,347	-11,610
Funding flows [C]		**-27,907**	**-11,610**
CHANGE IN CASH [A + B + C]		**137,365**	**-12,378**
Net cash at opening		-636,328	-623,950
Net cash at closing	3.9	-498,963	-636,328
CHANGE IN CASH AND CASH EQUIVALENTS		**137,365**	**-12,378**

2.3. Balance sheet assets

In thousands of euro		Gross amounts	Amortization and provisions	2021 Net amounts	2020 Net amounts
Intangible assets	**3.1**	**56,152**	**-32,937**	**23,215**	**24,813**
Concessions, patents and similar rights		53,399	-32,937	20,462	18,623
Purchased goodwill		1,548		1,548	1,548
Other intangible assets		1,205		1,205	4,642
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**	**1,570,401**	**-1,091**	**1,569,310**	**1,703,850**
Investments in subsidiaries		1,288,991	-1,044	1,287,947	1,287,409
Receivables associated with investments in subsidiaries	3.8	280,291		280,291	415,373
Other locked-in securities		856	-47	809	479
Loans					
Other financial assets		263		263	589
Total non-current assets		**1,626,826**	**-34,028**	**1,592,798**	**1,728,936**
Current assets	**3.8**	**156,438**	**-340**	**156,098**	**113,248**
Miscellaneous receivables	3.4	50,560	-25	50,535	49,311
Marketable securities	3.5	85,557	-315	85,242	54,927
Cash and cash equivalents		20,321		20,321	9,010
Adjustment accounts with debit balances	**3.10**	**24**		**24**	**60**
TOTAL ASSETS		**1,783,288**	**-34,368**	**1,748,920**	**1,842,244**

2.4. Balance sheet liabilities

In thousands of euro	Notes	2021 Amounts before appropriation	2020 Amounts before appropriation
Equity	**3.6**	**804,288**	**808,853**
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		360,495	402,674
Net income for the period		17,274	-21,619
Investment grants			
Regulated provisions		10,342	11,621
Provisions for risks and future costs	**3.7**	**5,849**	**14,043**
Payables	**3.8**	**938,400**	**1,019,123**
Other bonds		276,331	283,664
Miscellaneous financial liabilities		636,153	716,912
Supplier payables and similar amounts		20,431	12,378
Tax and social liabilities		857	2,294
Payables for non-current assets		16	99
Other payables		4,612	3,776
Adjustment accounts with credit balances		**383**	**225**
TOTAL LIABILITIES		**1,748,920**	**1,842,244**

2.5. Notes to the financial statements

Highlights

The renewal of the syndicated contract in June 2021, for a period of five years, with two options allowing an extension until June 2028.

NOTE 1. ACCOUNTING PRINCIPLES

The Company's statutory accounts have been prepared on the basis of the accounting standards embodied in ANC regulation 2014-03 as modified by ANC regulations 2015-06, 2016-07, 2018-01 and 2013-02, amended on November 5, 2021.

The basic method used to value the items recorded in the accounts is the historical cost method.

The accounting rules and methods are described below by heading.

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. Software maintenance costs are recognized as expenses as and when they are 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.

The net carrying amount of other intangible assets is compared each year with their value in use, which corresponds to the discounted future cash flow forecasts. Any excess of net carrying amount over value in use is the subject of impairment.

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 a useful life of more than one year and a unit value of more than €500 are recognized as industrial equipment and tooling. They are amortized over a period of five years from the 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 an external valuation, 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

Income and expenses in foreign currencies are recorded at their equivalent value on the transaction date.

Debts, receivables and cash in foreign currencies are presented in the balance sheet at their exchange value at the year-end rate. The differences resulting from the discounting of debts and receivables in foreign currencies at the latter rate are recorded in the balance sheet under "Foreign exchange differences". Any unrealized foreign exchange losses that are not offset are subject to a provision for risks.

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

Non-maturing instruments hedging transactions during the year are recognized in the balance sheet so as to ensure a symmetrical treatment with the receivables or liabilities hedged.

1.6. Management of financial risks and financial instruments

The Company's activities expose it to market risks mainly comprising foreign exchange risks and/or interest rate risks. Its management of those risks is designed to minimize their potentially unfavorable impact on the Company's financial performance. Derivative financial instruments are used to hedge certain exposures.

Said risk management complies with policies approved by the Company's Board of Directors. Financial risks are identified, measured and hedged. For each category of transactions, specific procedures set out the instruments which may be used, the maximum amounts authorized, the possible counterparts and the controls to be performed.

Derivative financial instruments are used to hedge the foreign exchange and interest rate exposures with which the Company is confronted in the framework of its operations.

The main derivatives used are firm or optional forward foreign currency purchases or sales and currency or interest rate swaps.

The results of hedging are recognized on a symmetrical basis to the results recognized for the hedged items. If positions do not qualify for hedge accounting, they are measured at their market value and the resulting gains or losses are recognized in profit or loss.

1.7. Investment grants

Investment grants are recognized in the income statement at the same rate as the depreciation expense for the assets concerned, with the exception of Energy Savings Certificates (CEE), which are immediately recognized as non-recurring income.

1.8. Regulated provisions

The application of tax incentives makes it possible to calculate tax-deductible depreciation (useful lives and declining rates) in a different way from that used for accounting depreciation (useful life and straight-line rate). However, tax regulations require that the difference between these two methods be recorded in this item.

1.9. 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.

1.10. Taxes on income and determination of taxable profit or loss

Taxes on income are those payable for the financial 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 INCOME STATEMENT

2.1. Operating income

In thousands of euro	2021	2020
Operating net sales	**43,533**	**29,814**
Operating net sales essentially comprises royalties billed to subsidiaries		
Royalties	31,009	29,138
Other income	524	676
Reversal of provisions (**)	12,000	
Operating costs	**-68,258**	**-60,720**
Other purchases and external expenses (*) (**)	-58,866	-46,674
Taxes (excluding taxes on income)	-968	-886
Gross remuneration	-303	-355
Social contributions	-230	-275
Joint operations		
Other costs	-588	-644
Depreciation, amortization and provisions (**)	-7,303	-11,886
OPERATING INCOME	**-24,725**	**-30,906**

(*) Of which €901,000 for the legal audit of the financial statements by Statutory Auditors for the 2021 financial year. In 2020, this amount was €945,000. Consultancy and/or service provider fees totaled €47,000. They were nil in 2020.
(**) External expenses include the completion of reorganization operations and other associated expenses. They should be offset by the reversal of the €12 million provision allocated previously.

2.2. Net financial income

In thousands of euro	2021	2020
Income from investments	**32,779**	**7,150**
Dividends received (*)	32,241	7,019
Net impairment	538	131
Net financial expenses	**-4,560**	**-7,449**
Financial Income	6,263	7,306
Financial expenses (**)	-10,823	-14,755
Foreign exchange and various	**-31**	**-132**
NET FINANCIAL INCOME (EXPENSE)	**28,188**	**-431**

(*) Due to the health crisis, the French subsidiaries had exceptionally waived dividends in 2020, which resumed in 2021.
(**) Financial expenses were down significantly, due to demand for notes issued by SAVENCIA SA that has returned to a pre-crisis levels in terms of both volume and issue rate.

2.3. Exceptional net income

In thousands of euro	2021	2020
Exceptional expenses (*)	-842	-356
Exceptional income (*)	207	18
Net gains and losses on disposal of fixed assets		
Movements in tax-driven amortization	1,279	-2,876
Movements in provisions for risks (**)	494	-467
EXCEPTIONAL NET INCOME (EXPENSE)	**1,138**	**-3,681**

(*) The net amount of exceptional revenues and expenses for 2021, which amounted to -€635,000, mainly corresponds to donations made on the one hand, and a downward adjustment in the revenue receivable from subsidiaries for the unrealized losses on the Group's stock option plan on the other.
(**) This is mainly a reversal of the €539,000 provision for unrealized losses on the Group's stock option plan.

2.4. Taxes on income

In thousands of euro	2021	2020
Tax credits specific to SAVENCIA S.A.	549	274
Tax consolidation credits	11,947	13,124
Net tax charge for prior years	177	1
TOTAL	**12,673**	**13,399**

Latent taxes

The deferred taxes in respect of tax-driven amortization and other temporary differences represent a future tax charge, based on a 25% tax rate, of €1,505 thousand, compared to a future tax income of €110 thousand in 2020:

In thousands of euro	2021	2020
Future additional tax	**-2,585**	**-3,196**
For tax-driven amortization	-2,585	-3,196
For other tax adjustments		
Future tax relief	**1,080**	**3,306**
For non-deductible provisions		
For other non-deductible expenses	1,080	3,306
For tax losses carried forward		
NET FUTURE ADDITIONAL TAX	**-1,505**	**110**

NOTE 3. NOTES TO THE BALANCE SHEET

3.1. Intangible assets

	Change in intangible assets				
In thousands of euro **Topics**	**Amount at 12/31/2020**	**Increases**	**Transfers**	**Decreases**	**Amount at 12/31/2021**
Gross values	**54,747**	**1,435**		**-30**	**56,152**
Concessions, patents and similar rights	48,557	1	4,871	-30	53,399
Purchased goodwill	1,548				1,548
Other intangible assets (*)	4,642	1,434	-4,871		1,205
Depreciation and amortization	**-29,934**	**-3,003**			**-32,937**
Concessions, patents and similar rights	-29,934	-3,003			-32,937
Purchased goodwill					
Other intangible assets					
NET INTANGIBLE ASSETS	**24,813**	**-1,568**		**-30**	**23,215**

(*) At closing, other intangible assets represent the cost of software under development.

3.2. Property, plant and equipment

In thousands of euro **Topics**	**Amount at 12/31/2020**	**Change in property, plant and equipment** **Increases**	**Transfers**	**Decreases**	**Amount at 12/31/2021**
Gross values	**273**				**273**
Land					
Buildings					
Plant and equipment					
Other tangible fixed assets	273				273
Assets under construction					
Depreciation and amortization					
Land					
Buildings					
Plant and equipment					
Other tangible fixed assets					
NET PROPERTY, PLANT AND EQUIPMENT	**273**				**273**

3.3. Non-current financial assets

In thousands of euro **Topics**	**Amount at 12/31/2020**	**Change in non-current financial assets** **Increases**	**Decreases**	**Amount at 12/31/2021**
Gross values	**1,705,432**	**668**	**-135,699**	**1,570,401**
Investments in subsidiaries	1,288,991			1,288,991
Receivables associated with subsidiaries (*)	415,373	291	-135,373	280,291
Other non-current investments (**)	479	377		856
Loans				
Other financial assets	589		-326	263
Impairment	**-1,582**	**-88**	**579**	**-1,091**
Investments in subsidiaries	-1,582	-41	579	-1,044
Receivables associated with subsidiaries				
Other locked-in securities		-47		-47
Loans				
Other financial assets				
NET FINANCIAL ASSETS	**1,703,850**	**580**	**-135,120**	**1,569,310**

(*) Receivables related to investments in subsidiaries correspond to loans with a term of five years, of which €135 million were repaid early.
(**) Including 11,035 treasury shares held at December 31, 2021 under a liquidity contract. At the end of the previous financial year, 6,491 shares were held.

3.4. Other receivables

In thousands of euro	At December 31, 2021	At December 31, 2020
Financial current accounts	30,562	15,422
Other receivables	19,973	33,889
OTHER NET RECEIVABLES	**50,535**	**49,311**

3.5. Marketable securities

In thousands of euro	At December 31, 2021	At December 31, 2020
The Company's portfolio of marketable securities comprises French securities as follows:		
Gross values	**85,557**	**55,211**
Shares in UCITS	1,500	1,500
Shares in other mutual funds		
Treasury notes, term deposits etc.	65,000	36,000
Treasury shares (*)	19,057	17,711
Impairment	**-315**	**-284**
Shares in UCITS	-315	-284
Shares in other mutual funds		
Treasury notes, term deposits etc.		
Treasury shares		
NET MARKETABLE SECURITIES	**85,242**	**54,927**

(*) At December 31, 2021, SAVENCIA SA held 328,095 treasury shares classified as market securities for an acquisition value of €19,057 thousand. The average market price of SAVENCIA SA shares for the month of December 2021 was €61.77. The overall percentage of self-owned capital was 2.42%, including the 11,035 shares held under the liquidity contract. At the end of the previous financial year, SAVENCIA SA held 311,413 treasury shares. The overall percentage of self-owned capital was 2.27%, including the 6,491 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. At December 31, 2021, the Company's main shareholder was SAVENCIA Holding SCA, with a direct holding of 66.64% of the share capital representing 79.84% of the total voting rights. In addition, at February 28, 2022, the only shareholder holding more than 5% of the share capital was Silchester Northern Trust, which held 5.14% of the share capital and 3.03% of the voting rights.

STATEMENT OF CHANGES IN EQUITY

In thousands of euro	Share capital	Other paid-in capital	Reva-luation reserve	Legal reserve	Regu-lated reserves	Other reserves	Retained earnings	Regu-lated provi-sions	Net income for the period	Total
Position at January 1, 2021 (before appropriation of earnings)	**14,033**	**73,231**	**378**	**1,613**		**326,922**	**402,674**	**11,621**	**-21,619,**	**808,853**
Share capital reduction										
Tax-driven provisions										
Reversal of provisions								-2,333		-2,333
Charges for the period								1,054		1,054
Distribution of dividend							-21,049			-21,049
Other reductions										
Transfer to reserve										
Dividends not distributed (for treasury shares)							489			489
Transfer to retained earnings							-21,619		21,619	
Net income for 2021									**17,274**	**17,274**
Position at December 31, 2021 (before appropriation of earnings)	**14,033**	**73,231**	**378**	**1,613**		**326,922**	**360,495**	**10,342**	**17,274,**	**804,288**

The stock options from the last allocation plan expired on December 15, 2021. No options are now outstanding.

The provision for risk in the amount of €529,000, corresponding to the difference between the acquisition price of the shares and the exercise price of the stock options granted was therefore reversed in full.

3.7. Provisions for risks and future costs

	Change in provisions				
	Amount at 12/31/2020	Endowment	Recovery used	Unused recovery	Amount at December 31, 2021
In thousands of euro	14,043	5,026	12,807	413	5,849

Provisions for risks and future costs at December 31, 2021 were mainly impacted by commitments made paid to Group employees, litigation, particularly tax litigation, and other operating expenses.

3.8. Payables and receivables by maturity

		Maturities		
In thousands of euro	Total amount	< 1 year	1-5 years	> 5 years
Payables				
Financial liabilities				
Other bonds	276,331	7,333	68,998	200,000
Miscellaneous financial liabilities	636,153	636,153		
Operating and miscellaneous liabilities	25,916	25,916		
TOTAL	**938,400**	**669,402**	**68,998**	**200,000**

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 euro	Total amount	< 1 year	> 1 year
Receivables			
Receivables associated with investments in subsidiaries	280,291	25,291	255,000
Operating, financial and miscellaneous receivables	50,535	50,535	
Marketable securities and cash	105,563	104,378	1,185
TOTAL PROVISIONS, NET	**436,389**	**180,204**	**256,185**

3.9. Cash

Cash and cash equivalents per the cash flow statement may be reconciled as follows with the balance sheets presented:

In thousands of euro	**At December 31, 2021**	**At December 31, 2020**
Marketable securities and cash	105,563	63,938
Financial current accounts - assets (*)	30,587	15,593
Bank borrowings and treasury notes	-635,113	-689,158
Financial current accounts - liabilities (*)		-26,701
NET CASH AND CASH EQUIVALENTS AT YEAR-END	**-498,963**	**-636,328**

(*) Current account balances change according to subsidiaries' cash requirements or surpluses.

3.10. Adjustment and similar accounts

In thousands of euro	**At December 31, 2021**	**At December 31, 2020**
Prepaid expenses	**24**	**60**
Prepaid expenses comprise bank interest and commissions		
Deferred revenue	**383**	**225**
Deferred revenue comprises deferred interest income		
Accrued revenue		
Loans, investments and hedging instruments	673	751
Unrealized losses for stock options		309
Receivable from other operating expenses	42	8,400
TOTAL ACCRUED REVENUE	**715**	**9,460**
Accrued expenses		
Borrowings, miscellaneous financial liabilities and hedging instruments	1,600	1,697
Suppliers payables	5,839	728
Tax and social liabilities	693	713
TOTAL ACCRUED EXPENSES	**8,132**	**3,138**

3.11. Guarantees and financial commitments given and received

In thousands of euro	At December 31, 2021	At December 31, 2020
Commitments received		
Bank guarantees		
Commitments given		
Lump-sum pension benefits (*)	143	103
Credit facilities allocated to subsidiaries	97,770	83,333

(*) *Pension commitments are outsourced to Eparinter. The fair value of the assets paid in this respect is €96,000. The future liability discounted at 0.90% per annum amounts to €143,000. In accordance with ANC Regulation No. 2013-02 as amended on November 5, 2021, the option for a straight-line distribution of pension benefits from the date on which each year of service counts towards the acquisition of these rights was retained.*

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 nominal value of existing swaps at December 31, 2021 was €176 million, compared to €184 million in 2020, and relate to hedging instruments. These were subscribed with a related company.

3.13. Personnel

Gross payroll for 2021 amounted to €303,000 (2020: €355,000). The Company had 2 employees at both December 31, 2021 and December 31, 2020.

The remuneration of Board members amounted to €588,000 in 2021 (2020: €646,000).

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 equity investments

(In thousands of euro unless stated otherwise)

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 required to publish its financial information				
1. Subsidiaries (at least 50% of their share capital held by the Company)				
France				
SAS	Study and research	SOREDAB - La Boissière School (78)	75	7,601
SAS	Service provider	SOGASI - Viroflay (78)	25,910	-445
SAS	Holding	SAVENCIA Fromage & Dairy EUROPE - Viroflay (78)	294,760	318,754
SA	Holding	ALLIANCE LAITIERE EUROPEENNE – Paris (75)	231,900	164,852
SAS	Holding	SAVENCIA Fromage & Dairy INTERNATIONAL - Viroflay (78)	122,513	337
SAS	Holding	FROMAGERS MASTER Co. - Viroflay (78)	17	-24
SAS	Services	SOGEPS - Cond. on Vire (50)	4,287	213
Other countries				
SARL	Holding	EUREXPAN BV – Breda (Netherlands)	10,414	326,210
AS	Services	SAVENCIA SERVICES EUROPE (Czech Republic)	20,000 thousand CZK	8,031 thousand CZK
2. Equity investments (10%-50% of share capital held by the Company)				
B. Summary information for other subsidiaries and investments				
Non-resumed subsidiaries at paragraph A				
French entities (in aggregate)				
Foreign entities (in aggregate)				

% of share capital held	Carrying amount of shares held: Gross	Carrying amount of shares held: Net	Loans and advances granted by Savencia SA	Guarantees provided by Savencia SA	Revenue excl. taxes of the last financial year	Result of the last period	Gross dividends received by the Company during the year
98	74	74			11,338	3,819	3,412
100	27,980	27,980			10,500	9,196	
100	429,363	429,363	1,247			27,420	19,651
100	255,180	255,180	15,587			-164	
100	313,033	313,033	13,533			33,173	
100	91					-4	
100	4,287	4,287			28,146	488	
100	256,055	256,055				4,347	9,175
100	783	783			CZK 150,693 thousand	CZK 3,743 thousand	
	134	33	220				3
	2,011	1,159					

2.6 Statutory auditors' report on the financial statements

For the year ended December 31, 2021

This is a free 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 French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Company presented in the management report.

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

To the Savencia SA Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Savencia SA for the year ended December 31, 2021.

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 of December 31, 2021 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 and Risk 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, 2021 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 regarding 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 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

Risk description

Equity investments and related receivables were recorded in the balance sheet for a net amount of €1,288 million, representing 74% of total assets.

As stated in Note 1.3 “Non-current financial assets” to the financial statements, a provision for impairment of equity investments is recognized if, at the year-end, their gross amount exceeds their fair value. In addition to the share of the subsidiary’s equity represented by the equity investments, their fair value also takes into account the economic and financial potential of the subsidiary based on discounted future cash flows or an external valuation if available.

The estimated value of the investments requires management judgment when choosing the items to be considered (historical or forecast data) and with regard to the assumptions used to determine the future cash flow forecasts, the rate used to discount the cash flows and the perpetual growth rate used for the terminal value.

The competition and economic environment faced by certain subsidiaries may result in the decline in their activity and operating income. In this context, and given the inherent uncertainties surrounding certain items and particularly the probable realization of forecasts, we considered the correct measurement of equity investments and related receivables to be a key audit matter.

How our audit addressed this risk

To address the risk relating to the measurement of equity investments and related receivables, we reviewed the procedures implemented by Savencia to determine the value in use of these assets.

For measurements based on historical data, we verified that the equity values used were consistent with the financial statements of the entities concerned and greater than the carrying amount of the investments, and if not, that an alternative valuation was adopted or an impairment loss was recognized.

For measurements based on forecast data, we performed a critical review of the methods used by your Company to conduct the impairment test, mainly by:

- assessing the consistency of cash flow forecasts with the budget forecasts and long-term plans presented by Management to the Board of Directors and with our knowledge of the Group and its business sector;
- reviewing the reliability of the process used to determine the forecasts with regard to differences between past results and the corresponding budgets;
- verifying, with the help of our valuation department, the reasonableness of the rate used to discount the future cash flows and the terminal flow with regard to the economic context and the practices of the main participants in the Group’s market.

In addition to assessing the fair values of the equity investments, our work also consisted in evaluating the recoverability of related receivables with respect to the equity investment analyses. Finally, we reviewed the disclosures in Notes 1.3 “Non-current financial assets”, 3.3 “Non-current financial assets” and 3.16 “Subsidiaries and affiliates” to the financial statements.

SPECIFIC VERIFICATIONS

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

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

We have no comments to make on the fair presentation and consistency with the financial statements of the information given in the Board of Directors’ management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

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

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors’ report on corporate governance contains the information required by Articles L.225-37-4, L. 22-10-10 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 relating to remunerations and benefits received by or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises 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 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 identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements 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*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of Savencia SA by the Shareholders' Meeting of April 22, 2021 for Deloitte & Associés and May 22, 1977 for KPMG SA.

As of December 31, 2021, Deloitte & Associés and KPMG were respectively in the 1st and 45th years of their total uninterrupted engagement, of which respectively 1 and 42 years since the company's shares 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 and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk 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, 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 and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. 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 and Risk 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 and Risk Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 28, 2022

The Statutory Auditors

KPMG Audit	**Deloitte & Associés**
Division of KPMG S.A.	Emmanuel GADRET
Arnaud RINN	

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CORPORATE GOVERNANCE

1. Report on corporate governance

This report, which covers the 2021 financial year, was prepared in accordance with the provisions of the French Commercial Code and approved by the Board of Directors on March 10, 2022.

1.1. Information on the composition, operation 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. Duties and powers of the Board

The Board of Directors determines the strategic orientations of the Company's business and oversees their implementation. Subject to the powers expressly granted to shareholders' Meetings and within the limits of the corporate purpose, it deals with any issue affecting the smooth running of the Company and settles matters through its deliberations.

The Board carries out the controls and verifications it deems relevant. Each year, it reviews the main points of the management report and other reports presented to shareholders, as well as the resolutions presented to the shareholders' Meeting.

The Board of Directors is vested by the Law, its articles of association and its internal regulations with specific powers.

In the context of its duties, the Board has the following powers, the list of which is not exhaustive:

- it sets the Company's objectives and defines its strategic orientations, while respecting the Group culture and values;
- it appoints the corporate officers responsible for managing the Company within the framework of the strategy adopted;
- it chooses the method of organization (separation or not of the functions of Chairman and Chief Executive Officer);
- it approves the parent company financial statements and prepares the annual consolidated financial statements; it controls the management and verifies the reliability and clarity of the information provided to shareholders and to the markets, through the financial statements or on the occasion of major transactions;
- it regularly analyzes, in line with the strategy, the opportunities and the risks within the scope of the Company's activity and the measures taken as a result;
- it ensures that the Company's financial performance is based on a long-term perspective by taking into account the Group's sustainable development in its environmental and social aspects;
- it ensures the implementation of a non-discrimination and diversity policy within it, and seeks a balanced representation of women and men on the Executive Committee;
- it ensures the implementation of a system for the prevention and detection of corruption and influence peddling and receives all the information necessary for this purpose.

It is also the responsibility of the Board of Directors, due to its understanding of the medium- and long-term characteristics of family businesses, to guarantee the Group's long-term independence. As such, the Board supports the Chairman in the performance of these duties.

1.1.1.2. Composition of the Board

At December 31, 2021, the Board of Directors was composed of fifteen members:

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

Mrs. Dominique DAMON's term of office as Director ended on April 22, 2021. Mrs. Sophie de ROUX was appointed as a Director by the shareholders' Meeting of April 22, 2021. Mr. Pascal BRETON was reappointed as Censor by the shareholders' Meeting of April 22, 2021.

The Directors represent all shareholders and act in the best interests of the Company at all times. They must master the strategic challenges of the markets in which the Company operates.

The Board of Directors regularly reviews its composition and that of its Committees, with regard to the Company's shareholding structure and the representation of diversity within it.

The term of office of Directors was set at one year when the Company was listed on the stock market and has not changed since then. It ensures a change in the composition of the Board of Directors to meet the Company's needs in terms of useful expertise and skills.

The Board of Directors pays particular attention to the selection of its members. As part of its ongoing mission, the Management and Compensation Committee (MCC) regularly reviews the composition of the Board, particularly with regard to the representation of diversity within it (gender, age, skills, experience, independence, etc.), maintaining a forward-looking watch on its evolution.

When the need to invite a new Director onto the Board is identified, the Management and Compensation Committee defines the profile of the candidates. Co-opting is preferred, but the use of a recruitment firm is not excluded. Candidates are assessed to ensure their ability to contribute to the Group's strategic challenges and integrate themselves into its culture and values. The Management and Compensation Committee presents its recommendations to the Board of Directors.

The Board of Directors strives to ensure the best possible balance in its composition and that of its Committees, which reflect a variety and complementarity of genders, national and international expertise, experience and cultures, in order to enable it to carry out its duties fully in light of the diversity of the Group's activities.

Thus, the Board of Directors has six women among its members; Mrs. Anne-Marie CAMBOURIEU, Mrs. Clare CHATFIELD, Mrs. Maliqua HAIMEUR, Mrs. Martine LIAUTAUD, Mrs. Annette MESSEMER and Mrs. Sophie de ROUX, *i.e.* 40% of its workforce.

The Board of Directors also ensures that its composition includes at least one third of Independent Directors, in accordance with recommendations on corporate governance.

A Director is independent when he or she has no relationship of any kind whatsoever with the Company, its Group or its Management that could compromise the exercise of his or her freedom of judgment. Thus, an Independent Director is any non-executive corporate officer of the Company or its Group or its Management, who has no particular interest (major shareholder, employee or other) with them.

The definition of Independent Director is discussed by the Management and Compensation Committee and decided upon by the Board at the time of the appointment of a Director and annually for all Directors.

With regard to the criteria set by article 9.5 of the AFEP-MEDEF Code, the Board of Directors considered that nine Directors were deemed independent as of December 31, 2021: Mrs. Anne-Marie CAMBOURIEU, Mrs. Clare CHATFIELD, Mrs. Maliqua HAIMEUR, Mrs. Martine LIAUTAUD, Mrs. Annette MESSEMER, Mr. Xavier GOVARE, Mr. Christian MOUILLON, Mr. Vincenzo PICONE and Mr. Robert ROEDER.

SAVENCIA SA's Internal Regulations contain provisions designed to ensure that Directors have no conflicts of interest with the Company. In particular, they must declare all their offices and positions held, both in France and abroad, and refrain from holding or exercising any offices, positions or duties for the benefit of any competitor of the Group or likely to result in a conflict of interest. In addition, each member of the Board is required to prepare, at the time of his or her appointment or renewal by the shareholders' Meeting, a sworn statement relating to the existence, potential existence or lack of a situation of conflict of interest. In addition, when a decision on which the Board of Directors is called to deliberate is likely to place the Director in a situation of conflict of interest, this Director must immediately inform the Chairman as such and, in consultation with him, abstain from taking part in the corresponding vote, or even leave the meeting during the deliberation and the voting on this decision.

1.1.1.3. Meetings and operation of the Board of Directors

The Board sets the schedule of its meetings, which are held bimonthly unless a meeting is deemed urgent or necessary in terms of the Company's interests.

The documents to be reviewed in order for the Directors to make a decision are attached to the notice of meeting or sent in the following days and ideally no less than five days prior to the Board meeting.

The Board of Directors regularly assesses its ability to meet the expectations of the shareholders who have entrusted it with the management of the Company, by reviewing its composition, organization and operation, which also involves reviewing its Committees.

This assessment is an opportunity to take stock of the operating methods of the Board of Directors, to check that important matters are suitably prepared and discussed and to assess the effective contribution of each Director to the work of the Board.

The Board is assessed as follows:

- once a year, the Board of Directors discusses its operation;
- a formal assessment is carried out at least every three years, the Board of Directors having the option, if it so chooses, to be assisted by an external consultant.

Minutes of Board meetings are prepared after each meeting and sent to all Board members, who are invited to comment. Any observations are discussed at the next Board meeting. The final text of the minutes of the previous meeting is then submitted to the Board for approval.

The Board of Directors has approved a procedure to regularly assess whether agreements relating to ordinary transactions and concluded under normal conditions meet these conditions. This procedure encompasses several steps aimed at identifying the agreements falling within its scope and ensuring their proper classification. It specifies that directly or indirectly interested persons do not take part in the assessment and may not, where applicable, take part in the deliberations or in the voting on their authorization.

During 2021, the Board of Directors met six times.

The Board of Directors devoted most of its work to corporate governance, monitoring the activity, reviewing the annual and interim financial statements and regulated information, as well as the strategy and its implementation, external development operations and the preparation of the Annual General Meeting. It also focused on monitoring the effects of and measures related to the health crisis.

In terms of regulated information, the Board of Directors reviewed the half-yearly and annual information and revenue for the first and third quarters of 2021. Meetings concerning the annual or interim financial statements are systematically preceded by a meeting of the Audit and Risk Committee. The Board of Directors discussed and approved the consistency of each of the press releases relating to these subjects before their distribution.

At each meeting of the Board of Directors, time is provided for discussion in the absence of the Chief Executive Officer and an update is presented on the Group's activity and results.

An annual update is also made on financing put in place or renewed during the financial year.

In terms of governance, the Board of Directors decided on the independence of its members with regard to the criteria set out in the AFEP-MEDEF Code and examined the candidacies of new Directors. The Board of Directors validated the key stages of the recruitment of the new Chief Executive Officer.

The Board of Directors, considering the increasing importance of corporate social responsibility in the strategy, and the significant investment that it requires, has decided to split the Management and Compensation and Corporate Social Responsibility Committee in two separate Committees.

Directors receive compensation, the amount of which is set annually by the General Meeting and distributed by the Board of Directors. A fixed fee is provided for each Board of Directors' meeting attended by the Director, in addition to fees for their participation on the various Committees of the Board of Directors and, where applicable, when they carry out work or services between Board meetings.

In addition to the Board of Directors' operating rules set out above in the Company's articles of association, the Board has adopted Internal Regulations that define the rights and duties of the Directors and specify the operating procedures of the Board of Directors and its Specialized Committees in accordance with the articles of association. The Company's internal regulations are available on the Company's website.

1.1.1.4. Preparation of the work and duties of the specialized committees

In accordance with the provisions of the articles of association and the law, the Board has set up three specialized Committees in the spirit of good corporate governance.

A. The Audit and Risk Committee

The Audit and Risk Committee is responsible for:

(i) generally assisting the Board in its work to prepare the financial statements;

(ii) assessing the process of preparing financial information and, where applicable, making recommendations to ensure its integrity;

(iii) analyzing the Company's procedures aimed at identifying and prioritizing the main risks incurred by the Group, ensuring the relevance and effectiveness of the internal and external control systems;

(iv) ensuring the implementation of a vigilance plan within the meaning of articles L. 225-102-4-I et seq. of the French Commercial Code, the monitoring and continuous updating of risk mapping and systems to prevent and detect corruption and influence peddling, the relevance of the measures taken to ensure compliance with stock market ethics and the compliance of the Group's practices, in all circumstances, with applicable regulations;

(v) assessing the level of security of the information systems, both in terms of risks of attack and operational reliability;

(vi) controlling the conditions under which the Statutory Auditors perform their duties.

The Audit and Risk Committee obtains all documents required to carry out these duties.

It hears the Statutory Auditors, Executive corporate officers, the Chief Financial Officer, the Legal Director, the Director of Tax, the Director of Risk, the Director of Insurance and the Director of Information Systems, without this list being exhaustive.

These hearings must be held, when the Committee so wishes, without the presence of Executive Management.

The Committee also meets with Head of Internal Audit. It is informed of the internal audit program and receives internal audit reports or a periodic summary of these reports.

The Committee reports to the Board of Directors on its work, in particular by submitting reports, particularly for the closing of the financial statements. It immediately informs the Board of Directors of any difficulties encountered in the performance of its duties.

The Audit and Risk Committee has at least three members, who are Directors. Its members are selected on the basis of their financial and accounting expertise and any additional professional experience useful to its work.

It may not include the Chairman or an executive corporate officer among its members. The Audit and Risk Committee is comprised of at least two thirds Independent Directors and is chaired by an Independent Director.

All members of the Audit and Risk Committee are qualified and have significant professional experience, particularly in the financial and/or accounting and/or auditing fields.

The composition of the Committee was as follows at December 31, 2021: Mr. Christian MOUILLON, Chairman, Mrs. Martine LIAUTAUD and Mrs. Annette MESSEMER (Independent Directors), Mr. Xavier GOVARE (Independent Director), Mr. François WOLFOVSKI, members and Mr. Pierre LAVERGNE (Secretary). It met four times in 2021.

As part of its duties in 2021, the Audit and Risk Committee examined various points including:

- the consolidated financial statements for the 2020 financial year as well as the interim consolidated financial statements for 2021;
- the budgets, in particular the 2022 budget and long-term plans;
- the follow-up of internal audits and the action plans requested following these audits;
- the duties and work of the Statutory Auditors and the authorization, where applicable, of duties not directly related to their audit of the financial statements;
- the review of the main risks and the internal control and risk management system in place. To this end, the Committee interviewed the departments identified in the risk management procedure and examined changes to the risk mapping as well as the business continuity plans.

B. The Management and Compensation Committee

Until April 22, 2021, the Compensation and Management Committee (hereinafter the CMC) also acted as the Corporate Social Responsibility Committee.

The Compensation and Management Committee's main duties cover the following areas:

(i) making recommendations to the Board of Directors on the appointment, renewal and succession planning of Directors, Censor and Executive Corporate Officers;

(ii) studying and recommending the definition of the compensation and fringe benefits of the Executive Corporate Officers as well as the methods for distributing the compensation allocated to the Directors and Censor;

(iii) assisting the Board of Directors in its assessment of the Group's Human Resources policy.

To carry out its duties, the Compensation and Management Committee may consult the Statutory Auditors, the Executive corporate officers and the Director of Human Resources, without this list being exhaustive. It obtains all of the relevant documentation.

Executive Management reports any difficulties it encounters in its operations or organization to this Committee.

The Compensation and Management Committee reports to the Board of Directors on its work, in particular through the submission of reports, if necessary, backing up its proposals.

The Compensation and Management Committee has at least three members, Directors or Censors. These may not include the Chairman of the Board of Directors or an executive corporate officer. It is chaired by an Independent Director.

The composition of the Committee was as follows at December 31, 2021: Mrs. Clare CHATFIELD (Independent Director, Chairwoman), Mrs. Anne-Marie CAMBOURIEU (Independent Director), Mr. Xavier CRUSE, Mr. Ignacio OSBORNE, members and Mr. Laurent MAREMBAUD (Secretary).

In 2021, the Committee met six times. As part of its mission and with regard to recurring issues, the Committee issued recommendations on the composition and operation of the Board of Directors, and notably its succession plans. The Committee carried out and reported to the Board of Directors on the recruitment process for the new Chief Executive Officer. Its work also focused on compensation: the key elements of the Group's compensation policy as well as the compensation of Executive Corporate Officers (methods and setting of quanta for the fixed and variable portions). The Committee also approved the terms and conditions for the distribution of the exceptional bonus under the previously approved Alizé 21 plan. The Committee set the rules for distributing the Board of Directors' compensation package. The Committee's work also focused on changes to the organization in line with the strategic plan.

The Committee examined the draft performance share system submitted to the shareholders' Meeting of April 22, 2021.

With regard to more *ad hoc* subjects, the Committee focused on the impact of the health crisis on working methods and the information system project.

The Committee approved the text of the Board of Directors' operating Charter.

C. The Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee has existed as a separate body since the end of April 2021. Its duties are to assist the Board of Directors in assessing the challenges of corporate social responsibility in order to anticipate associated opportunities, challenges and risks. It assesses the policies implemented for the Group as well as the progress of the corresponding main action plans for the various aspects of corporate social responsibility.

To carry out its duties, the Corporate Social Responsibility Committee may speak to the Statutory Auditors, Executive Corporate Officers, CSR, Compliance, Human Resources and Operations Directors, without this list being exhaustive. It obtains all of the relevant documentation.

The Committee comprises at least three members who are Directors or Censors and is chaired by an Independent Director.

The composition of the Corporate Social Responsibility Committee was as follows at December 31, 2021: Mrs. Maliqua HAIMEUR (Independent Director, Chairwoman), Mr. Xavier GOVARE, Mr. Christian MOUILLON, Mr. Robert ROEDER (Independent Directors), Mr. Armand BONGRAIN, members and Mrs. Fabienne BORONNI (Secretary).

In 2021, the Committee met four times. As part of its duties, it monitored the implementation of the Oxygen corporate program, and analyzed the progress of indicators and action plans. Its work also focused on the monitoring and analysis of the Statement of Non-Financial Performance and the CSR indicator monitoring table. With regard to regulations, the Committee examined the EU Green Pact, the European Green Taxonomy and their consequences for the Group.

SUMMARY PRESENTATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

	Personal information			
	Age at the date of the meeting	Gender	Nationality	Number of shares
BONGRAIN Alex Chairman of the Board of Directors	70 years old	M	French	4,306
TORRIS Jean-Paul Chief Executive Officer	69 years old	M	French	_
BONGRAIN Armand	68 years old	M	French	100
CAMBOURIEU Anne-Marie	62 years old	F	French	100
CHATFIELD Clare	64 years old	F	French	100
GOVARE Xavier	64 years old	M	French	100
HAIMEUR Maliqua	65 years old	F	French	100
LIAUTAUD Martine	71 years old	F	French	100
MESSEMER Annette	57 years old	F	German	100
MOUILLON Christian	66 years old	M	French	100
OSBORNE Ignacio	68 years old	M	Spanish	206
PICONE Vincenzo	49 years old	M	Italian	100
ROEDER Robert	57 years old	M	French-American	100
de ROUX Sophie	57 years old	F	French	100
WOLFOVSKI François	63 years old	M	French	3,008
CRUSE Xavier (representing SAVENCIA Holding)	69 years old	M	French	4,500

* *Member of the MCC until April 22, 2021.*

Experience	Position on the Board					
Number of offices held in other listed companies	Independence	Initial date of appointment	Expiry of term of office	Years of service on the Board at the date of the meeting	Member of Board Committees	Rate of attendance at Board meetings
0	N	2004	1-year term	18 years	N	100%
0	_	_	_	_	N	_
0	N	2004	1-year term	18 years	CSR Committee 100%	100%
0	Y	April 2019	1-year term	3 years	MCC 100%	100%
0	Y	April 2016	1-year term	6 years	Chairwoman of MCC 100%	100%
0	Y	April 2017	1-year term	5 years	Audit and CSR Committee 100%/ 100%	100%
0	Y	April 2018	1-year term	4 years	Chairwoman of the CSR Committee * 100%	100%
0	Y	April 2013	1-year term	9 years	Audit Committee 100%	100%
0	Y	April 2020	1-year term	2 years	Audit Committee 100%	83.33%
0	Y	April 2018	1-year term	4 years	Chairman of the Audit Committee and member of the CSR Committee 100%/ 100%	100%
0	N	April 2009	1-year term	13 years	MCC 100%	100%
0	Y	April 2020	1-year term	2 years	N	100%
0	Y	April 2020	1-year term	2 years	CSR Committee 100%	100%
0	N	April 2021	1-year term	1 year	N	100%
0	N	April 2020	1-year term	2 years	Audit Committee 100%	100%
0	N	April 2018	1-year term	4 years	MCC 100%	100%

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1.1.2. List of offices and positions held in any Company by each corporate officer

Mr. Alex BONGRAIN, Chairman of the Board of Directors

born on March 16, 1952 in Neuilly-sur-Seine (92) - French nationality
Director since April 2004
4,306 SAVENCIA shares

Other offices and positions held in France:

Director	Chairman of the Board of Directors
• SODIPAG SA • SPAGNY SA • SIPARAL SAS	• BIEN NOURRIR L'HOMME

Other offices and positions held abroad:

Chief Executive Officer	Chairman	Director
• SB MANAGEMENT • AND SERVICES SA • SB INTERNATIONAL • EUFIPAR • EUREXPAN • SAVENCIA Fromage & Dairy Europarticipations • SAVENCIA Fromage & Dairy Netherlands • PATURAIN FINANCE BV	• BR INVESTISSEMENT	• 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 Suisse

Professional activities/positions held over the past 5 years that have expired:

Legal representative
• SAVENCIA Fromage & Dairy Europe • SDG SAS

Mr. Armand BONGRAIN

Born on June 9, 1953 in Nancy (54) - French nationality
Member of the Corporate Social Responsibility Committee
Director since April 2004
100 SAVENCIA shares

Other offices and positions held in France:

Chairman of the Supervisory Board	Director
• SAVENCIA Holding	• BIEN NOURRIR L'HOMME

Other offices and positions held abroad:

Director	Manager
• Eurospecialities Food	• EQUATEUR INVESTMENTS

Professional activities/positions held over the past 5 years that have expired:

Chief Executive Officer	Director
• EUFIPAR SA • SB MANAGEMENT AND SERVICES SA	• SODIPAG SA

Mrs. Anne-Marie CAMBOURIEU

Born on July 24, 1959 in Aurillac (France) - French nationality
Member of the Management and Compensation Committee
Independent Director
Director since April 2019
100 Savencia shares

Other offices and positions held in France:

Chairwoman and Founder	Executive Talent Advisor	Member of the Advisory Board
• Sustainable Human Resources Consulting	• Beyond-Associés	• Human and Work

Professional activities/positions held over the past 5 years that have expired:

Member of the Supervisory Board	Director	HR Director
• Nexans Deutschland GmbH	• Fondation Nexans	• Nexans

Mrs. Clare CHATFIELD

Born December 21, 1957 in Santos (Brazil) - French nationality
Chairwoman of the Management and Compensation Committee
Independent Director
Director since April 2016
100 SAVENCIA shares

Other offices and positions held in France:

Managing Director	Director and member of the Audit Committee
• L.E.K Consulting SARL	• DAHER

Professional activities/positions held over the past 5 years that have expired:

Director	Member of the Board of Directors
• Antalis	• XPO Europe

Other offices and positions held abroad:

Managing Director	Director and member of the Audit Committee
• L.E.K Consulting SARL	• GXO Logistics

Mrs. Xavier CRUSE

Born March 23, 1953 in Talence (33) - French nationality
Permanent representative of SAVENCIA Holding, Vice-Chairman of the Board of Directors of SAVENCIA SA and Member of the Management and Compensation Committee
Director since April 2018
4,500 Savencia shares

Other offices and positions held in France:

Permanent representative	Member of the CNR	Manager
• SAVENCIA Holding	• Groupe Bernard	• SC Bernard Participations
Member of the Supervisory Board	**Director**	**Member of the Management Board**
• SAVENCIA Holding	• SA Groupe Bernard	• SC Domaine de Chevalier

Professional activities/positions held over the past 5 years that have expired:

Chairman of the Board of Directors	Permanent representative	Director
• BSI	• BR Investissements, Director of Arab French Compagny • SAVENCIA Fromage & Dairy Europe, Director of Arab French Compagny	• SB International • Mashreq des Produits Laitiers • SAVENCIA Fromage & Dairy India • Fromagers Associés Japan • SAVENCIA Fromage & Dairy Japan • La Compagnie Fromagere
Legal representative		
• Sinodis Hong Kong Limited • Sinodis Shanghaï		

Mrs. Sophie de ROUX

Born July 27, 1964 in Suresnes (92) - French nationality
Director since 2021
100 SAVENCIA shares

Other offices and positions held in France:

- Member of the Supervisory Board of SAVENCIA Holding
- Director, Member of the Audit Committee and Member of the Risk Committee of AXA Assurances IARD Mutuelle
- Director, Member of the Audit Committee and Member of the Risk Committee of AXA Assurances Vie Mutuelle
- Director and Treasurer of the Fondation François Sommer (Fondation RUP)
- Director of the PHEC association
- Director of the APPOS association

Other offices and positions held abroad:

- Director and Member of the Audit Committee of Verlinvest Group (Belgium)
- Director of Verlinvest SA (Belgium)

Professional activities/positions held over the past 5 years that have expired:

- Chairwoman of Corporate Value Associates France
- Director of Microwave Vision Group
- Director, Chairwoman of the Audit Committee and Member of the Compensation Committee of Sapec SA (Belgium)
- Director and Member of the Audit and Compensation Committees of Zetes (Belgium)

Mr. Xavier GOVARE

Born January 18, 1958 in Suresnes (92) - French nationality
Member of the Corporate Social Responsibility Committee and the Audit and Risk Committee
Independent Director
Director since April 2017
100 SAVENCIA shares

Other offices and positions held in France:

Director	Manager
• PURE SALMON FRANCE	• TOKI EDER Conseils et Participations • TOKIMMO

Professional activities/positions held over the past 5 years that have expired:

Chairman of the Management Board	Director
• LABEYRIE FINE FOODS	• MY MONEYTIME • LOGISMOSE MEYERS (DK) • MANAGER • FAMILY SERVICE GROUPE

Mrs. Maliqua HAIMEUR

Born September 7, 1956 in Le Rove (13) - French nationality
Chairwoman of the Corporate Social Responsibility Committee
Independent Director
Director since April 2018
100 SAVENCIA shares

Other offices and positions held in France:

Chairwoman of the Board of Directors

- École Nationale Supérieure de Chimie de Rennes

Mrs. Martine LIAUTAUD

Born May 15, 1950 in Rennes (35) - French nationality
Member of the Audit and Risk Committee Independent Director
Director since April 2013
100 SAVENCIA shares

Other offices and positions held in France:

Chairwoman and founder

- LIAUTAUD & Cie
- WOMEN BUSINESS MENTORING INITIATIVE (WBMI)
- WOMEN INITIATIVE FOUNDATION

Member

- Strategic Steering Committee of CentraleSupelec
- Paris-Saclay University Strategic Steering Committee

Professional activities/positions held over the past 5 years that have expired:

Director

- American Chamber of Commerce in France, Amcham
- CentraleSupelec

Mrs. Annette MESSEMER

Born August 14, 1964 in LUDWIGSHAFEN AM RHEIN (GERMANY) - German nationality
Member of the Audit and Risk Committee
Independent Director
Director since April 2020
100 SAVENCIA shares

Other offices and positions held in France:

Member of the Board of Directors of SOCIÉTÉ GÉNÉRALE S.A.
Member of the Board of Directors of IMERYS S.A.

Other offices and positions held abroad:

- Member of the Supervisory Board of BABBEL AG

Professional activities/positions held over the past 5 years that have expired:

- Director of ESSILORLUXOTTICA S.A.
- Director of Essilor S.A.
- Member of the Supervisory Board of K+S AG
- Member of the Executive Committee, Group Director/Director of the Corporate Clients division of Commerzbank AG in Frankfurt

Mr. Christian MOUILLON

Born September 15, 1955 in Macôn (71) - French nationality
Chairman of the Audit and Risk Committee and Member of the Corporate Social Responsibility Committee
Independent Director
Director since April 2018
100 SAVENCIA shares

Other offices and positions held in France:

Director and Chairman	Chief Executive Officer
• ESCP Business School • Fondation ESCP Business School • Strategic Committee of ESCP Business School	• CHM advisory

Other offices and positions held abroad:

Member

- Audit Committee of ESCP Business School
- Appointments Committee of ESCP Business School
- Advisory Board member 73 strings, Supervisor

Professional activities/positions held over the past 5 years that have expired:

Other

- Partner and Global Vice Chairman of EY
- Director and Chairman of the various structures of EY

Mr. Ignacio OSBORNE

Born June 28, 1953 in Puerto de la Cruz (Spain) - Spanish nationality
Member of the Management and Compensation Committee
Director since April 2009
206 SAVENCIA shares

Other offices and positions held abroad:

- Chairman and Chief Executive Officer of the Osborne Group

Professional activities/positions held over the past 5 years that have expired:

Other

- Director and Chief Executive Officer of the Osborne Group

Mr. Vincenzo PICONE

Born October 23, 1972 in Palermo (Italy) – Italian nationality
Independent Director
Director since April 2020
100 SAVENCIA shares

Other offices and positions held in France:

- Senior Advisor - The Boston Consulting Group
- Chairman Vinx Partners (advisor)
- Manager Vinx Immobilier (real estate investments)

Professional activities/positions held over the past 5 years that have expired:

- Managing Director McKinsey & Co.
- Partner, Bain Capital Private Equity Europe

Mr. Robert ROEDER

Born September 27, 1964 in North Platte, Nebraska French - American nationality
Member of the Corporate Social Responsibility Committee
Independent Director
Director since April 2020
100 SAVENCIA shares

Other offices and positions held in France:

- Co-Director and General Secretary of LEDUNFLY SA
- Member of the Paris, London and New York bars
- Member of the Supervisory Board of DYNAES SAS
- Member of the Board of Directors of Institut Fournier
- Member of the Advisory Committee of Individual shareholders of L'OREAL

Other offices and positions held abroad:

Chairman	Director	Authorized signatory
• LDFI SA (Switzerland) • Santa Margarita Ranch Inc. (United States)	• CBC Services Ltd (Caribbean) • Domaine de La Bergerie SA (Switzerland) • Five Seas SA (Switzerland) • Foresight AG (Switzerland) • LDF Aeronautic SA • LDF Hospitality Collection SA (Switzerland) • LDFT SA (Switzerland) • Le Cottage (Switzerland) • Orangetree SA (Switzerland) • SB Jersey GP Ltd (Jersey) • SCap Marine Refit Holdings SA (Switzerland) • SilkyBlue Jersey Ltd (Jersey) • Société Immobilière du Manoir SA (Switzerland) • W-Import SA (Switzerland) • YGT SA (Switzerland)	• Ledunfly Operations SA (Switzerland)

Mr. François WOLFOVSKI

Born June 2, 1958 in Paris (75) - French nationality
Member of the Audit and Risk Committee
Director since April 2020
3,008 Savencia shares

Other offices and positions held in France:

Supervisory Board member	Member of the advisory and monitoring committee	Member of the supervisory committee
• SAVENCIA Holding • AgroCroisens	• Bien Nourrir l'Homme • Chairman • Fondation Guérir du Cancer (hosted by the Fondation de France)	• Financière Louis

Other offices and positions held abroad:

Chief Executive Officer
• S.B. Management and services

Professional activities/positions held over the past 5 years that have expired:

Legal representative	Manager	Chairman of the Board of Directors
• EUFIPAR • La Maison du Chocolat Japan K.K. • Valrhona Japan	• COGESTI ET COMPAGNIE SNC	• SOFAVI SA
Director	**Chief Executive Officer**	**Member of the Supervisory Board**
• 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	• S.B. AUDIT	• MLEKOPRODUKT doo Zrenjanin
Chairman	**Permanent representative**	
• Alliance II • Terre Bio • La Maison du Chocolat Japan K.K. • GIE SAME	• SAVENCIA SA, Director of Compagnie Laitière Européenne	

Mr. Pascal BRETON

Born October 16, 1946 in Sargé-sur-Braye (41) - French nationality
Censor *since April 2020*
110 Savencia shares

Other offices and positions held in France:

Member of the Supervisory Board	Member of the Strategic Committee	Co-manager
• SAVENCIA Holding	• GLOBAL BABY SAS	• SCEA BBC-Les Rousseaux

Professional activities/positions held over the past 5 years that have expired:

Director
• SAVENCIA SA

CHIEF EXECUTIVE OFFICER

Mr. Jean-Paul TORRIS

Born December 11, 1952 in Saigon (Vietnam) - French nationality
Chief Executive Officer of SAVENCIA SA

Other offices and positions held in France:

Chairman	Member of the supervisory Board/Director	Manager
• Fromageries Lescure SAS • Fromageries Saint Saviol SAS • Association La Compagnie des Maîtres Fromagers • Institut for a positive food	• Digmind SA • Maison Routin SAS	• S.I.T EURL
Chairman of the board of directors	**Director**	**Vice-president**
• CF & R Gestion SAS	• PJB Advance	• ANIA
Permanent representative		
• Savencia Fromage & Dairy Europe		

Other offices and positions held abroad:

Manager	Chairman of the board of directors	Director
• EDELWEISS VERWALTUNG Gmbh	• SAVENCIA Fromage & Dairy Italia • Mantequerias ARIAS • Gerard (Tianjin) Food	• AIM • BMK (Russia) • BONPROLE • BSI • SB International • POLENGHI • La Compagnie Fromagere • Ferrari Giovani Industria Casearia
Permanent representative	**Chief executive officer**	**Member of the supervisory board**
• EDELWEISS VERWALTUNG Gmbh, Manager of EDELWEISS Gmbh & Co. KG • BRI, Director of MASHREQ DES PRODUITS LAITIERS	• SAVENCIA Fromage & Dairy Bénélux • FROMUNION	• SAVENCIA Fromage & Dairy Hungary
Chairman of the supervisory board		
• SAVENCIA Fromage & Dairy SK, as • NOVOMILK		

Professional activities/positions held over the past 5 years that have expired:

Vice-chairman	Director	Chairman and director
• CF & R Gestion SAS	• PROLAINAT SAS • MILKAUT	• ZAUSNER
Chairman of the board of directors	**Manager**	**Chief executive officer**
• SAVENCIA Fromage & Dairy Suisse SA • SAVENCIA Fromage & Dairy Nordics • Food Garden of Sweden	• SAVENCIA Fromage & Dairy Deutschland GmbH	• SAVENCIA Produits Laitiers France

1.1.3. Summary table of transactions on shares of executives and corporate officers/FY 2021

	Acquisition/sale of shares				
Name	Date	Location	Transaction	Unit price in euro	Amount in euro
Pascal BRETON	06/21/2021	Paris	Disposal of shares	72.4	651,600

1.1.4. Executive Management: organization - limitations of powers

On April 20, 2016, the Board of Directors decided to separate the functions of Chairman and Chief Executive Officer: Mr. Alex BONGRAIN was appointed as Chairman of the Board of Directors and Mr. Jean-Paul TORRIS as Chief Executive Officer.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company, within the framework of internal provisions.

The Internal Regulations include various provisions intended to promote informed decision-making regarding major or strategic transactions. Thus, the Board of Directors is informed prior to the making of decisions relating to strategic commitments and/or commitments of greater than €15 million and, in general, any significant transaction falling outside the announced strategy of the Company.

1.1.5. AFEP-MEDEF Corporate Governance Code

The Board of Directors refers to the AFEP-MEDEF Corporate Governance Code.

The AFEP-MEDEF Corporate Governance Code is available on the website www.medef.fr.

1.1.6. Summary of delegations granted by the shareholders' Meeting to the Board of Directors with regard to capital increases

Decisions	Transactions	Duration	Observations
AGM of 04/23/2020 = 31st resolution of the Combined shareholders' Meeting	**Issue of ordinary shares** Authorization granted to the Board of Directors to issue ordinary shares, ordinary shares giving access to ordinary shares or to the allocation of debt securities and/or securities giving access to ordinary shares, with preferential rights for shareholders, up to €5,000,000 for ordinary shares to be issued and €200,000,000 for debt securities to be issued	26 months	Not used in 2021 Expires in June 2022
AGM of 04/23/2020 = 30th resolution of the Combined shareholders' Meeting	**Capital increase by incorporation of reserves, profits and/or premiums** Authorization granted to the Board of Directors to increase the share capital in cash by incorporation of reserves, profits and/or premiums and/or other amounts, up to €5,000,000	26 months	Not used in 2021 Expires in June 2022
AGM of 04/23/2020 = 32nd resolution of the Combined shareholders' Meeting	**Capital increase reserved for employees** Authorization granted to the Board of Directors to increase the share capital in favor of employees for a maximum amount of 3% of the share capital, *i.e.* €462,966	26 months	Not used in 2021 Expires in June 2022
AGM of 04/22/2021 = 31st resolution of the Combined shareholders' Meeting	**Capital increase through contributions of securities** Authorization granted to the Board of Directors to increase the share capital without preferential subscription rights for shareholders, up to a limit of 10%, to remunerate contributions of securities	26 months	Not used in 2021 Expires in June 2023

1.1.7. Specific procedures for shareholder attendance at the shareholders' Meeting

Shareholders' Meetings are held at the head office or in any other location, even in another department specified in the notice of meeting.

The right to attend the Meeting is justified by the registration of shares in an account in the name of the shareholder or the intermediary registered on their behalf pursuant to the seventh paragraph of article L. 228-1, on the second business day preceding the meeting, midnight (Paris time), either in the registered share accounts held by the Company, or in the bearer share accounts held by an intermediary referred to in article L. 211-3 of the Monetary and Financial Code.

Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director specifically appointed for this purpose by the Board of Directors. Failing this, the meeting itself elects its Chairman.

The quorum for Extraordinary shareholders' Meetings is 25% for the first notice and 20% for the second notice, and for Ordinary shareholders' Meetings is 20% for the first notice. No quorum is required for the second notice. The quorum for special meetings is 33.33% for the first notice and 20% for the second notice.

Each member of the shareholders' Meeting has as many votes as he or she owns and represents shares, both in his/her own name and as a proxy, without limitation. However, a voting right double that granted to the other shares, in view of the portion of the share capital that they represent, is allocated to all fully paid-up shares for which registration has been proven for the past six (6) years at least, in the name of the same shareholder.

In the event of a capital increase by incorporation of reserves, profits or share premiums, the registered shares allocated free of charge to a shareholder at the rate of old shares for which he or she benefits from this right, will also have double voting rights.

Any share converted to bearer form or transferred into ownership loses its double voting rights.

Nevertheless, the transfer as a result of inheritance, liquidation of community property between spouses, or inter vivos donation to a spouse or parent or close relative, shall not result in the loss of the acquired right and shall not interrupt the transfer period of six (6) years provided for above.

The merger of the Company has no effect on the double voting right, which may be exercised within the acquiring Company if so provided by the Company's articles of association.

1.2. Compensation policy for corporate officers

On the recommendation of the Management and Compensation Committee, the Board of Directors has established a compensation policy for the Company's corporate officers in line with its corporate interests, contributing to its sustainability and in line with its business strategy aimed at ensuring the sustainable development of the Company and its stakeholders. To this end, the Board of Directors has set the compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer, should one be appointed, in connection with these elements, in particular, by setting criteria for their variable compensation linked to the implementation of this business strategy in the Company's interest.

No component of compensation of any kind whatsoever may be determined, allocated or paid by the Company, nor any commitment corresponding to components of compensation made by the Company, if it does not comply with the approved compensation policy or, in its absence, the compensation or practices existing within the Company. However, in the event of exceptional circumstances, the Board of Directors may waive the application of the compensation policy if this exemption is temporary, in line with the Company's interest and necessary to ensure the Company's sustainability or viability.

The Board of Directors determines, revises and implements the compensation policy for each of the corporate officers on the recommendation of the Management and Compensation Committee. It is specified that interested parties shall not take part in the deliberations on these issues and, when they are also Directors of the Company, shall not take part in the vote on the components or commitments concerned.

The decision-making process followed to determine and review the compensation policy for Executive corporate officers takes into account the compensation and employment conditions of employees within the Group, and in particular takes into account the compensation policy for all employees in France.

In the event of a change in governance, the compensation policy shall be applied to the Company's new corporate officers, with any necessary adjustments.

1.2.1. Compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer

The compensation policy set by the Board of Directors is described below. The components of the total compensation and benefits of any kind that may be granted to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer, should one be appointed, by virtue of the position in question, as well as their respective importance are as follows:

1.2.1.1. Fixed compensation

The fixed compensation includes a portion payable monthly and a portion vested annually but payable on a deferred basis. It is determined according to the responsibilities and duties assumed by the persons concerned as well as market practices for this type of position.

1.2.1.2. Compensation allocated in respect of directorship

The Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer, if the latter two are appointed as members of the Board of Directors, may receive compensation in respect of their Directorships in accordance with the compensation policy for Directors referred to in Article 1.2.2.1 below.

1.2.1.3. Annual variable compensation:

The target bonus is linked to the achievement of targets set at the beginning of the financial year. The target variable portion is expressed as a percentage of the fixed portion and is equal to 50% of the fixed compensation for the Chairman of the Board of Directors and the Chief Executive Officer and 40% of the fixed compensation for the Deputy Chief Executive Officer.

It is linked to the Company's economic performance at a rate of 60%. The economic criteria include growth targets for EBIT and ROCE.

The variable portion also includes, for 40% of its composition, individual measurable qualitative criteria, including those related to Corporate Social Responsibility.

These variable compensation criteria contribute to the objectives of the compensation policy, which aims to recognize the contribution to operating income, the profitability of investments and the sustainable development of SAVENCIA SA and its stakeholders.

The expected level of achievement of the quantifiable criteria is set in advance by the Board of Directors but is not made public for reasons of confidentiality.

The variable compensation is equal to the target amount when the objectives are achieved. Exceeding the economic objectives may result in the removal of the cap on the target variable compensation within the limit approved by the Board of Directors.

1.2.1.4. Multi-year variable compensation

The Board of Directors may grant multi-year variable compensation, the terms and conditions for which it sets.

1.2.1.5. Benefits in kind:

The Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer may benefit from customary benefits in kind such as a company car and the payment of representation expenses in the context of their professional activity.

1.2.1.6. Exceptional compensation:

The Board of Directors may grant the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer exceptional compensation in respect of very specific justified circumstances such as the completion of a major transaction or overperformance observed over one or more financial years.

1.2.1.7. Information on the terms of office and/or employment and/or service contracts of Executive corporate officers signed with the Company

None.

1.2.1.8. Conditional commitments and rights:

The Chairman of the Board of Directors and the Chief Executive Officer benefit from the following commitments:

CHAIRMAN OF THE BOARD OF DIRECTORS

Commitments made by the Company or by a controlled or controlling company	Main features of the commitments	Criteria for allocation if the rights or commitments are conditional	Commitment termination conditions
Defined-benefit post-employment commitments	Article 39: acquisition of an annuity of 0.5% of the last gross annual compensation per year of service, capped at 2.5%. Provision terminated on 12/31/2008 [*]	NA	Employed by the Company at the time of retirement
Defined-contribution post-employment commitments	Mandatory Retirement Savings Plan (PERO) funded by the Company up to 3.5% of gross annual compensation [1]	NA	NA

(1) the PERO replaces article 83 with effect from July 1, 2021

CHIEF EXECUTIVE OFFICER

Commitments made by the Company or by a controlled or controlling company	Main features of the commitments	Criteria for allocation if the rights or commitments are conditional	Commitment termination conditions
Non-compete indemnity	50% of the average gross basic monthly compensation for 2 years	Departure from the Company for any reason other than retirement	NA
Defined-benefit post-employment commitments	Article 39: acquisition of an annuity of 0.5% of the last gross annual compensation per year of service, capped at 2.5%. Provision terminated on 12/31/2008*	NA	Employed by the Company at the time of retirement
Defined-contribution post-employment commitments	Mandatory Retirement Savings Plan (PERO) funded by the Company up to 3.5% of gross annual compensation [(1)]	NA	NA

(1) the PERO replaces article 83 with effect from July 1, 2021
** Description of the defined-benefit post-employment plan:*
Regarding the information on post-employment benefit commitments or other lifetime benefits made by the Company in favor of its corporate officers (pursuant to article D. 225-104 created by Decree No. 2016-182 of February 23, 2016):
(a) title of the commitment in question: defined-benefit post-employment plan;
(b) reference to legal provisions: article 39 of the French General Tax Code and article 137-11 of the French Social Security Code;
(c) eligibility conditions:
be an executive, within the meaning of the RTT agreements set up within the Group, have an employment contract and carry out their activity in France, or be an executive with an employment contract under French law, carry out their activity abroad and be seconded or expatriated within the meaning defined by the Group;
have received annual compensation in excess of 5.5 annual Social Security caps for two consecutive years. The plan was closed to all new Group employees on December 31, 2006 and ended on December 31, 2008.
(d) methods for determining compensation:
The reference salary is defined as the average compensation over the last 36 months of activity (basic and target bonuses), adjusted according to changes in the INSEE index.
(e) rate of vesting:
Conditions to be met simultaneously to obtain post-employment benefit rights:
have reached the age of 60;
the definitive termination of their salaried activity for one of the Group's companies at the time of retirement;
have liquidated all of their retirement pensions under the basic Social Security and supplementary pension plans (ARRCO and AGIRC TB). SP (supplementary pension) = 0.5% x N x R with:
N = number of years of service with the Group, calculated as the difference between:
on the one hand, the year of departure;
and, on the other hand, the year of initial employment by the Group or the year in which the employee joined the plan if this is later. The number thus obtained is rounded up to the next whole number.
For potential beneficiaries of this plan, the rights acquired on or after January 1, 2009 - resulting only, where applicable, from the portion financed by the employer - under the "article 83" defined contribution plan previously set up within the Group, are deducted from the amount of the supplementary pension previously calculated.
(f) cap: the number of years (N) may not exceed five years:
Thus, the amount of the supplementary pension (SP) is equal to a maximum of 2.5% of the Reference Salary (R) for all potential beneficiaries of the plan; Potential beneficiaries who have not reached this cap as of December 31, 2006 continue to acquire years of service (N) up to a maximum of five years, until the 2.5% cap is reached.
(g) terms and conditions for financing rights: the overall commitment is outsourced as part of an insurance contract.
(h) social security charges and taxes paid by the Company: 24% of contributions.

1.2.2. Compensation policy for the Members of the Board of Directors

1.2.2.1. Compensation

The shareholders' Meeting of April 23, 2020 set the compensation for the members of the Board at the annual sum of €900,000, valid for the 2020 financial year and subsequent financial years until decided otherwise.

The criteria for the distribution of the annual fixed sum allocated by the shareholders' Meeting to the members of the Board are as follows:

- a fixed sum linked to attendance, for each Board of Directors' meeting attended by the Director;
- a fixed sum linked to membership of one or more Committees of the Board of Directors, for each meeting of the Committee of which the Director is a member;
- a fixed sum determined on the basis of half a day's work, when the Director performs work or services between meetings of the Board of Directors.

The Board of Directors sets the quantum of these sums and may also award special compensation for exceptional assignments under the conditions provided for by the regulations.

1.2.2.2. Information on the terms of office and/or employment contracts and/or service agreements of Members of the Board of Directors entered into with the Company and on the agreements entered into between one of the corporate officers or shareholders with a percentage of voting rights greater than 10% and a company included in the scope of consolidation (with the exception of agreements relating to recurring transactions and entered into under normal conditions)

None.

1.2.2.3. Conditional commitments and rights:

Armand BONGRAIN benefits from the following commitments:

Commitments made by the Company or by a controlled or controlling company	Main characteristics	Criteria for allocation if the rights or commitments are conditional	Termination conditions
Defined-benefit post-employment commitments	article 39: acquisition of an annuity of 0.5% of the last gross annual compensation per year of service, capped at 2.5%. Provision terminated on 12/31/2008*	NA	Employed by the Company at the time of retirement
Defined-contribution post-employment commitments	Mandatory Retirement Savings Plan (PERO) funded by the Company up to 3.5% of gross annual compensation (1)	NA	NA

(1) the PERO replaces article 83 with effect from July 1, 2021

1.3. Consultation on the components of compensation under the say on pay provisions submitted for approval by the shareholders' Meeting

The Ordinary shareholders' Meeting of April 22, 2021 approved by a majority the draft resolution relating to the information mentioned in article L. 22-10-34 I of the French Commercial Code.

Executive Management

Mr. Alex BONGRAIN

	Amounts awarded in respect of the 2021 financial year	Amounts paid during the 2021 financial year	Amounts paid in 2020
Fixed compensation	€713,035	€633,035	€629,205
Annual variable compensation	€495,033	€349,835	€362,000
Multi-year variable compensation in cash	No multi-year variable compensation was paid	No multi-year variable compensation was paid	No multi-year variable compensation was paid
Exceptional compensation	€800,000 [1]	No exceptional compensation was paid	No exceptional compensation was paid
Stock options, performance shares or other securities allocated	No securities were allocated	No securities were allocated	No securities were allocated
Compensation in respect of the Directorship	The Chairman of the Board of Directors does not receive compensation in respect of his Directorship	The Chairman of the Board of Directors does not receive compensation in respect of his Directorship	The Chairman of the Board of Directors does not receive compensation in respect of his Directorship
Benefits in kind	€19,891	€19,891	€19,868
Supplementary post-employment benefit plan	€7,618	€7,618	€7,618
Life insurance policy	€4,556	€4,556	€4,554

(1) Related to the exceptional commitment and results achieved.

Mr. Jean-Paul TORRIS [1]

	Amounts awarded in respect of the 2021 financial year	Amounts paid during the 2021 financial year	Amounts paid in 2020
Fixed compensation	€751,915	€671,915	€668,146
Annual variable compensation	€525,438	€366,144	€481,231
Multi-year variable compensation in cash	No multi-year variable compensation was paid	No multi-year variable compensation was paid	No multi-year variable compensation was paid
Exceptional compensation	€1,600,000 [2]	€200,000	
Stock options, performance shares or other securities allocated	No securities were allocated	No securities were allocated	No securities were allocated
Benefits in kind	€7,626	€7,626	€7,626
Supplementary post-employment benefit plan	€10,078	€10,078	€10,078
Life insurance policy	€6,027	€6,027	€6,025

(1) The estimated amount of the annual annuity at the closing date was €21,064.
(2) Linked to the exceptional commitment and results achieved.

Directors/Censor

Amounts paid in 2021		Amounts paid in 2021	Amounts paid in 2020
Armand BONGRAIN [(1)]	Other fixed/variable compensation [(2)]	€246,080	€240,511
Pascal BRETON [(3)]	Directorship/Censor compensation	€26,250	€38,500
Anne-Marie CAMBOURIEU	Directorship compensation	€42,000	€36,750
Clare CHATFIELD	Directorship compensation	€61,250	€43,750
Xavier CRUSE [(4)]	Directorship compensation	€40,250	€31,500
Dominique DAMON [(5)]	Director until April 21, 2021	€8,750	€64,750
Xavier GOVARE	Directorship compensation	€50,750	€52,500
Maliqua HAIMEUR	Directorship compensation	€52,500	€43,750
Martine LIAUTAUD	Directorship compensation	€35,000	€57,750
Annette MESSEMER	Directorship compensation	€36,750	€28,000
Christian MOUILLON	Directorship compensation	€52,500	€59,500
Ignacio OSBORNE	Directorship compensation	€36,750	€42,000
Vincenzo PICONE	Directorship compensation	€31,500	€29,750
Robert ROEDER	Directorship compensation	€40,250	€29,750
Sophie de ROUX [(6)]	Directorship compensation	€33,250	Not applicable
François WOLFOVSKI [(6)]	Directorship compensation	€40,250	€47,250

(1) The estimated amount of the annual annuity at the closing date was €14,860.
(2) Armand Bongrain, who also has ties to a subsidiary of the group by way of an employment contract, receives compensation in this respect.
(3) Censor.
(4) Permanent Representative of SAVENCIA Holding, Director.
(5) Director until April 21, 2021.
(6) Director since April 21, 2021.

EQUITY RATIOS (SCOPE: SAVENCIA FROMAGE & DAIRY FRANCE)

	Chairman of the Board of Directors	Chief Executive Officer
2021		
Average compensation of employees excluding corporate officers (1)	€41,851	€41,851
Median compensation of employees excluding corporate officers (1)	€34,725	€34,725
Compensation of the executive corporate officer (2)	€1,019,249	€1,266,863
Increase/decrease in the compensation of the executive corporate officer vs Year N-1	-1%	8%
Evolution of the Company's performance vs Year N-1 (4)	16%	16%
Ratio of compensation of the executive corporate officer/ Average compensation of employees (3)	24.4	30.3
Ratio of compensation of the executive corporate officer/ Median compensation of employees (3)	29.4	36.5
2020		
Average compensation of employees excluding corporate officers (1)	€40,298	€40,298
Median compensation of employees excluding corporate officers (1)	€33,565	€33,565
Compensation of the executive corporate officer (2)	€1,027,766	€1,173,931
Increase/decrease in the compensation of the executive corporate officer vs Year N-1	3%	14%
Evolution of the Company's performance vs Year N-1 (4)	10%	10%
Ratio of compensation of the executive corporate officer/ Average compensation of employees (3)	25.5	29.1
Ratio of compensation of the executive corporate officer/ Median compensation of employees (3)	30.6	35.0
2019		
Average compensation of employees excluding corporate officers (1)	€39,288	€39,288
Median compensation of employees excluding corporate officers (1)	€32,334	€32,334
Compensation of the executive corporate officer (2)	€993,911	€1,033,120
Increase/decrease in the compensation of the executive corporate officer vs Year N-1	6%	4%
Evolution of the Company's performance vs Year N-1 (4)	8%	8%
Ratio of compensation of the executive corporate officer/ Average compensation of employees (3)	25.3	26.3
Ratio of compensation of the executive corporate officer/ Median compensation of employees(3)	30.7	32.0
2018		
Average compensation of employees excluding corporate officers (1)	€38,877	€38,877
Median compensation of employees excluding corporate officers (1)	€32,008	€32,008
Compensation of the executive corporate officer (2)	€936,130	€996,274
Increase/decrease in the compensation of the executive corporate officer vs Year N-1	-14%	2%
Evolution of the Company's performance vs Year N-1 (4)	3%	3%
Ratio of compensation of the executive corporate officer/ Average compensation of employees (3)	24.1	25.6
Ratio of compensation of the executive corporate officer/ Median compensation of employees (3)	29.2	31.1

	Chairman of the Board of Directors	Chief Executive Officer
2017		
Average compensation of employees excluding corporate officers (1)	€38,686	€38,686
Median compensation of employees excluding corporate officers (1)	€31,348	€31,348
Compensation of the executive corporate officer (2)	€1,091,200	€976,793
Increase/decrease in the compensation of the executive corporate officer vs Year N-1	13%	-22%
Evolution of the Company's performance vs Year N-1 (4)	-8%	-8%
Ratio of compensation of the executive corporate officer/ Average compensation of employees (3)	28.2	25.2
Ratio of compensation of the executive corporate officer/ Median compensation of employees (3)	34.8	31.2

(1) In accordance with article L. 225-37-3 of the French Commercial Code, compensation includes fixed compensation, variable compensation, exceptional compensation, benefits in kind, profit-sharing, employer contributions to healthcare, life insurance and supplementary pension plans (article 83) and the Company's contributions to employee savings plans (PEG and PERCO). Compensation has been calculated on a full-time equivalent basis (for 2018 and prior years, only fixed and variable compensation have been recalculated on a full-time equivalent basis). The notion of "employee" includes employees on permanent and fixed-term contracts and employees on secondment "continuously present" during the financial year, i.e. employed without interruption between January 1 and December 31 of the financial year. As certain variable components (target bonuses, profit-sharing) are calculated on the basis of the time spent in office in year N-1, the employees in question must prove that they have served at least three months during financial year N-1. For these employees, the variable components are recalculated on the basis of a full year of service in year N-1. The compensation presented corresponds to the compensation paid during the year.

(2) Compensation includes fixed compensation, variable compensation, exceptional compensation, benefits in kind, profit-sharing, employer contributions to healthcare, life insurance and supplementary pension plans (article 83) and the Company's contributions to employee savings plans (PEG and PERCO). The compensation presented corresponds to the compensation paid during the year.

(3) For the Chairman of the Board of Directors, the Chief Executive Officer and all Deputy Chief Executive Officers, the ratios are calculated between the level of compensation of each of these executives and, on the one hand, the average compensation on a full-time equivalent basis of Company employees other than corporate officers and, on the other hand, the median compensation on a full-time equivalent basis of Company employees other than corporate officers.

(4) The Company's performance corresponds to the current operating income of the Fromage & Dairy activity.

1.4. Information likely to have an impact in the event of a public offer

- The share capital structure as at February 10, 2022, date of the last Identified Bearer share statement:
  - registered shares = 10,099,756 representing 19,750,180 net voting rights (excluding shares without voting rights),
  - bearer shares = 3,933,174 representing 3,933,174 net voting rights (excluding shares without 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 a threshold of 1% of the share capital, as well as all multiples of this percentage up to the threshold of 34%, within 15 days of the registration of shares, so as not to lose their voting rights in accordance with the conditions provided for in article L. 233-14 of the French Commercial Code;
- Direct or indirect shareholdings in the Company's share capital of which it is aware by virtue of articles L. 233-7 and L. 233-12 (relating in particular to threshold crossing declarations):
  - stake held by SAVENCIA Holding directly or indirectly, as of February 10, 2022 = 66.64% of the share capital (*i.e.* 78.70% of gross voting rights (taking into account shares without voting rights) and 79.83% of net voting rights (excluding shares without voting rights),
  - furthermore, Northern Trust held 5.14% of the share capital of SAVENCIA SA as of February 28, 2022;
- The list of holders of any securities with special rights of control and the description thereof (resulting in particular from preference shares):
  - a double voting right is attributed to shares registered in the name of the same shareholder for at least 6 years;
- The control mechanisms provided for in any employee shareholding system, when control rights are not exercised by the latter (*e.g.* mutual funds):
  - None;
- Shareholder agreements of which the Company is aware and which may result in restrictions on the transfer of shares or the exercise of voting rights (shareholders' agreement):
  - in the event of a sale of shares resulting from the exercise of stock options, existence of a pre-emptive right in favor of SAVENCIA SA for the buyback of its own shares,
- Rules applicable to the appointment and replacement of members of the Board of Directors as well as the amendment to the Company's articles of association:
  - members of the Board of Directors are appointed by the Ordinary shareholders' Meeting for one-year renewable terms. The composition of the Board of Directors aims to reflect the internationalization of the Group, and includes 9 Independent Directors, in accordance with the principles of good corporate governance,
  - amendments to the articles of association are carried out under the conditions of quorum and majority provided for by law for Extraordinary Meetings;
- The powers of the Board of Directors, in particular regarding the issue or buyback of shares:
  - delegations granted by the Ordinary and/or Extraordinary shareholders' Meeting to the Board of Directors to:
    - increase the share capital once or more than once in kind, in cash or by incorporation of reserves,
    - buy back Company shares up to a maximum of 10% of the share capital;
- Carry out capital increases reserved for employees up to a maximum of 3% of said share capital. Agreements entered into by the Company that would be modified or would be terminated in the event of a change of control of the Company:
  - a clause to this effect is included in the main financing agreements. The amount of the loans concerned is approximately €1,126 million, corresponding to bonds and borrowings from financial institutions. The financial ratios set out in the financing contracts are respected;
- Agreements providing for compensation for members of the Board of Directors or employees, if they resign or are dismissed without real and serious cause or if their employment ends due to a public offer (in particular, severance payments and golden parachutes):
  - none beyond what is provided for in the various collective agreements.

2. Organization of internal control and risk management

2.1. Internal control procedures and risk management

2.1.1. General information

The aim of the internal control procedures in force at SAVENCIA Fromage & Dairy is to verify that the accounting and financial information communicated to the Group's corporate bodies accurately reflects the activity and position of the companies that comprise it. It is also intended to provide reasonable assurance that the risks related to the various operational processes implemented within the various Group entities are understood and controlled.

Internal control is implemented by each entity under the leadership of the Group's Executive Management and with the support of the Board of Directors and its Audit and Risk Committee as part of their duties. Their purpose is to verify that:

- the laws and regulations in force in each of the countries where the Group operates, as well as the policies governing the management of operations, are complied with;
- assets are safeguarded;
- the accounting and financial information communicated to the Group's corporate bodies accurately reflects the activity and position of the companies that comprise it in compliance with the laws and regulations in force.

They also help to prevent and detect errors and fraud.

As with any system, these internal control procedures cannot provide an absolute guarantee of the complete knowledge and control of risks.

Risk management, based on an Enterprise Risk Management (ERM) approach at all levels of the Group, and risk mapping in particular, is based on a risk management strategy (operational, financial, strategic risks) to optimize:

- risk prevention methods;
- risk reduction or hedging (for example through insurance policies);
- the acceptance of certain risks.

2.1.2. Risk mapping

The Group has prepared three risk mappings in conjunction with the Management team, which it uses to identify potential risks and develop measures to reduce their scope and occurrence as much as possible:

- a "Group" risk mapping;
- a "Sapin II Law" risk mapping;
- a "Duty of Vigilance Law" risk mapping.

2.1.2.1. "Group" risk mapping

The formalization of the risk analysis approach (ERM) by the main operational entities is ongoing. The results of these local mappings complement the existing Group mapping. In 2021, 100% of subsidiary mappings were completed.

STAGES OF RISK MAPPING:

- risk identification: the risk represents the possible occurrence of an event whose consequences could affect the Group's people, assets, environment, objectives or reputation;
- risk severity assessment: risks are assessed according to two criteria, their likelihood of occurrence and their impact;
- risk control analysis: this stage consists of examining the prevention and protection measures in place to date and assessing the level of control of potential risks.

MAIN RISKS IDENTIFIED AT GROUP LEVEL:

In 2021, the risk mapping was divided into two categories of nineteen risk families, as detailed below:

Category 1: risks related to the external environment

Health crisis

Consumer confidence in the Group's brands is based on a raw material and a product of the highest quality. The Group is therefore particularly attentive to the food safety of its products. The risk of contamination predominantly has microbiological origins but can also relate to possible chemical contaminants, allergens or foreign bodies, at the various stages of product development, from the collection of milk or the purchase of raw materials to the manufacture, storage and distribution of products.

The Group's quality policy covers the purchasing, production and distribution of raw materials. It complies with the most rigorous international protocols for the diagnosis and control of food safety and is constantly updated, particularly in its new business lines such as child nutrition and parapharmaceuticals.

Geopolitical risk

Geopolitical tensions or instabilities, as well as the possible tightening of customs barriers, may impact the Group's development or lead to losses of volume.

The Group continually monitors these risks in order to anticipate changes as early as possible.

Risk of volatility in material prices

In all the markets in which it operates, the Group must deal with increasing volatility in the prices of raw materials and the trading prices of industrial products. This volatility increased in Europe from 2007, and again following the abolition in 2015 of the dairy market quota systems. In the event of a sharply upward market, the Group may not be able to increase its prices to distributor customers to the same extent and within the same timeframe, which could impact its results. In the event of a sharply downward market, the Group may have to reduce its selling prices of industrial products by a higher proportion than the price of its raw materials.

Faced with this risk, the Group can rely on:

- a unique portfolio of international and local brands recognized in their markets;
- the diversity of its business lines and geographical markets, which enables it to best compensate for economic fluctuations that could affect both the level of consumption and the various components of cost prices.

Financial risks

- Market risk

The Group is exposed to financial risks, such as the risk of changes in interest rates, foreign exchange rates or commodity prices. These may have an adverse impact on revenue and financial results.

The Group's policy is to monitor and manage these exposures centrally and to use derivatives only for economic hedging purposes. Market transactions are subject to strict procedures. Foreign exchange risk is also limited by the Group's strategy to produce and market most of its specialties locally.

- Investment risk

The Group is exposed to counterparty risk, particularly banking risk, as part of its financial management. The Group's banking policy aims to mitigate its risks by diversifying its counterparties, prioritizing their credit quality and liquidity, and by applying limits to each of them.

- Financing risk

In recent years, the Group has had to increase its debt *via* short- and long-term financing. The Group's financing is covered by a policy designed to centralize and diversify its sources of financing and ensure compliance with the associated covenants.

Risk of climate change and sustainability of natural resources

With regard to climate risk, sites that have identified potential risks have addressed such risks by preparing business continuity plans and carrying out specific studies.

Risk of transformation of distribution channels/Delisting

The concentration of supermarket chains, a preferred customer in the mass-market consumer channels, increases the risk of delisting linked to the consolidation of sales to a reduced number of customers.

In order to protect itself against the risk of delisting, the Group highlights the strength of its brands, the quality of the services provided and the profitability afforded to its customers through regular innovation.

Risk of changing consumer preferences

The rise of veganism, concerns for animal welfare, as well as changes in food habits (organic, plant-based, etc.) may increase the negative perception of industrial products and lead to a decline in sales of our products. Initial responses to these societal trends include an updated CSR plan, the creation of a plant-focused subsidiary and appropriate communication.

Pandemic risk

Certain factors, including the globalization of flows, the interconnection of economies and the regular movement of the world's population, contribute to the development of an epidemiological risk that could reduce or hinder production at industrial or administrative sites.

The Group's economic model, based on different customer bases (consumers, catering and industries), local production and brands spread over a significant number of plants located on all continents, are natural ways to limit the spread of an epidemiological risk. The same applies to its administrative sites. In addition, the Group is developing business continuity plans for all of its sites to ensure the operation of a site can be relaunched remotely.

Insurance risks

The insurance market has continued to become strained, with insurers withdrawing from cyber risks and senior executives' liability. The agri-food sector is still considered a "bad" risk due to its exposure to the risk of fire and contamination issues, especially in the wake of the ethylene oxide crisis. The Group has managed to maintain a level of coverage equivalent to that of the previous financial year.

Risks of fraud and attacks *via* Information Systems

The unavailability of information systems in general constitutes a risk for the Group. The continuous strengthening of the information systems security team contributes to the consideration of this technological risk which requires expert personnel. The commissioning of a SOC in 2021 has reinforced the Group's protection against cyber-attacks.

Malicious acts and terrorism

The Group has a safety control process in place for its subsidiaries. In 2021, twelve safety audits were carried out on site in order to improve overall protection from external threats.

Market risks (exchange rates, interest rates, commodities)

Changes in currencies, interest rates or commodity prices may have an impact on revenue and financial results. In this respect, the Group systematically applies a market risk hedging policy.

Category 2: risks inherent to the business

Major losses at strategic sites

Certain specialties and/or strategic ingredients are manufactured in or pass through a limited number of sites, and in some cases just one site. The occurrence of an event resulting in the total or partial destruction of one of these sites could significantly affect the production and marketing of these products.

For many years, the Group has successfully managed to secure its sites and prevent risks of fire with the support of its insurers. It has also set out improvement objectives for its main industrial sites aimed at reducing the occurrence of these risks. The Group is continuing to develop a Business Continuity Plan to be implemented in the event of a major disaster. In addition, the Group has traditionally pursued a prudent policy in terms of protecting its assets and itself against major risks such as property damage, business interruption and civil liability.

Inability to operate sites

The Group's sites may be exposed to downtime for a variety of reasons including social movements, unavailability of a telecoms operator, IT outages, etc. The Group conducts a comprehensive risk assessment process for each of its subsidiaries, in order to define the most appropriate BCP.

Human Resources

The health and safety of the men and women who work for the Group is a priority. With a view to constantly improving safety at work, the Group implements an international program of mobilization, training and management, called "Safety is our business!" A set of guidelines is provided for all production units and the Golden Rules on display at all sites present advice on risk prevention. A key tool in this program, the behavioral safety visit (BSV) helps to raise awareness and encourage the involvement of all stakeholders: management, managers and operators. In addition, a program to protect the safety of employees on the move has been developed.

Environmental risks linked to activity

The Group, *via* its Oxygen plan and its vigilance plan, considers CSR risks from a global point of view and encourages its subsidiaries to carry out action locally.

Risks of dependence on one activity, country or supplier

Dependence on certain strategic inflows, for instance, or long-term disruptions in the sourcing of raw materials, as well as heavy reliance on a single supplier, constitute major risk factors. To reduce the impact of the above, the Group carries out a market-by-market risk assessment and implements action plans (*e.g.* alternative solutions, qualified alternative suppliers, formalized security through contracts; back-up inventories, etc.).

Regulatory & Compliance risks

The Group's activities are subject to multiple changing and increasingly restrictive laws and regulations regarding food safety, consumer protection, nutrition, the environment, competition law, corruption and personal data.

The Group ensures compliance with all legal and regulatory provisions in the countries in which it operates, and takes the measures it deems appropriate to ensure this compliance. In addition to continuous monitoring to identify the various regulatory changes, it develops awareness-raising actions for the employees concerned and provides ongoing training.

Major brand and company reputation

The Group's reputation and image may be undermined at any time by adverse events affecting the reputation of its products, or by the uncontrolled dissemination of harmful information in the media and on social networks relating to its activities, production sites, brands, products, composition and management.

To address this risk, the Group has set up a crisis management system that aims to prevent crises and reduce their impact.

2.1.2.2. "Sapin II Law" risk mapping

The Law of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life, known as the Sapin II law, requires the establishment of a detailed mapping of corruption and influence pedding risks, notably according to the geographical areas in which the Group operates.

Corruption risk mapping has two sets of objectives:

- to identify, assess and prioritize corruption risks to ensure an effective and appropriate program of compliance;
- to inform the Management team and provide it with the visibility necessary for the implementation of prevention and detection measures proportionate to the issues identified.

In 2021, the mapping of Sapin II net risks was further extended with the deployment of corruption risk mapping in subsidiaries and the launch of action plans for certain subsidiaries that are particularly exposed. This work will be continued in 2022.

2.1.2.3. "Duty of Vigilance Law" risk mapping

In accordance with the Duty of Vigilance Law, the SAVENCIA Group has an established vigilance plan designed to identify risks and prevent serious violations of Human rights and fundamental freedoms, personal and environmental health and safety, resulting from its activities, those of the companies it controls, as well as those of its subcontractors and suppliers. This Vigilance Plan is available on the savencia-fromagedairy.com website.

Note: in 2022, a single 2021 Group vigilance plan was drafted.

2.1.2.4. General Data Protection Regulation (GDPR)

The Group maintained its GDPR compliance in 2021. Almost all subsidiaries now have a personal data register.

The next objective is for all subsidiaries to reach level 2 (impact analyses signed) by the end of 2022.

2.1.3. Control procedures

Internal control and risk management (ERM) procedures are implemented taking into account the Group's values, which emphasize the subsidiarity and autonomy of its units, as well as risk mapping. The parent company controls the activity of its subsidiaries through:

- the Business departments - responsible for coordinating and supervising them;
- the Finance Department - responsible for assessing the relevance of the Group's results and financial balance.

The Board of Directors' Audit and Risk Committee monitors the effectiveness of these controls, drawing on the work of the Internal Audit Department and the Statutory Auditors.

As part of a multi-year plan, the Internal Audit Department, which reports to the Group's Executive Management, assesses the internal control of each entity, as well as the increasing number of cross-functional processes in operation within the Group, relying on the reference framework defined by the French Financial Markets Authority (Autorité des Marchés Financiers - AMF). This work helps to assess the major risks specific to the activity of each entity, based on the risk mapping developed as part of the ERM approach currently being rolled out within the Group. The report drawn up at the end of this work highlights areas for improvement in the internal control procedures. The entities are then required to establish and roll out action plans to implement the recommended improvements, and to report periodically on their progress. The progress of these action plans is supervised by the Operations Directors and is monitored annually by the Internal Audit Department.

With regard to financial information, the process for preparing the financial statements of each subsidiary is based on:

- a standard chart of accounts applicable to all subsidiaries;
- an accounting procedures manual aimed at harmonizing the policies implemented in this area.

On this basis, the subsidiaries prepare monthly statements that are compared to the same period of the previous financial year. They also prepare an annual profit forecast. The Group's Finance Department actively monitors the activity and results and checks the information received by the Finance Directors of each activity.

The parent company financial statements of each subsidiary and the additional information required for the preparation and restatement of half-yearly and annual consolidations are also certified by the external auditors of each subsidiary. The appointment of these auditors is part of a standardization policy established in collaboration with the Group's Statutory Auditors. In addition, the managers of each subsidiary sign a letter of representation, for the attention of the Board of Directors, on the quality and content of their financial statements.

The process for preparing the consolidated financial statements is based on a computerized system that centralizes the consolidated financial statements, as well as the additional information required for the preparation of the consolidation.

To ensure that these consolidation transactions are carried out in accordance with proper internal control conditions, procedures have been established to guarantee the integrity of the data collected using a single tool with strictly controlled access. The reliability of the consolidation processes and the accurate image of the consolidated reports are guaranteed by procedures designed to separate tasks and ensure the supervision of transactions.

Each year, the Statutory Auditors, as part of their audit of the consolidated financial statements, review the procedures in place for their preparation and make any recommendations they deem necessary. These comments are taken into account as part of the regular improvement of the Group's existing procedures.

3. Vigilance activities concerning SAVENCIA SA in 2021

Describing the specific measures applied to identify risks and prevent serious violations of Human rights and the environment, the SAVENCIA SA Vigilance Plan is available on the website savencia-fromagedairy.com, and has been recently updated with new actions linked to the Covid-19 health crisis.

Slowed down by the availability of suppliers themselves impacted by the crisis, work to analyze the risks affecting people and the environment was nevertheless continued. In terms of actions to mitigate and remediate these risks, SAVENCIA SA is committed to further reinforcing the actions already underway.

3.1. Risks generated by supplies

3.1.1. Dairy supplies

SAVENCIA SA's commitments include the extension of the Charter of Good Agricultural Practices to all of its milk collection facilities worldwide by 2025. The volume of collected milk covered by this Charter increased from 83.1% in 2019 to 85.8% in 2021. The Group is on track for achieving its 2025 target of 50% coverage in Sustainable Dairy Production, with this figure having increased from 19.2% in 2020 to 21.6% in 2021. The joint development of milk production from GMO-free fed (Genetically Modified Organisms) herds and organic farming is continuing.

3.1.2. Nuts supplies

On the basis of the analysis carried out by Greenflex in 2019 on walnuts in Eastern Europe, work to better understand the complex supply chain for nuts continued in 2021. A self-assessment questionnaire was sent to certain business partners, as part of a global approach to rolling out CSR procedures for the assessment of suppliers of the nuts sector subsidiaries.

3.1.3. Other supplies

In close collaboration with its subsidiaries, SAVENCIA SA has continued to promote responsible purchasing through the deployment of the "Responsible Purchasing Charter".

Based on a target of "80% by 2025", the percentage of the Group's external expenses managed by the Purchasing organization and covered by the Charter increased from 63.2% to 68.6% in 2021.

In addition, 672 suppliers carried out an EcoVadis assessment in 2021, covering 71.5% of the Group's expenses managed by the Purchasing organization (whose annual expenditure with the Group is in excess of €1 million), excluding agricultural raw materials.

3.2. Risks generated by the Group's employees

Occupational health and safety (OHS) is a priority area for SAVENCIA SA, shared with all partners working at its sites. Its objective is to move towards "0" workplace accidents with lost time. In the context of the health crisis, this approach has been extended to protect all people working for our companies (health protocols, distribution of personal protective equipment, working hours and working spaces, teleworking).

At the same time, the Group has continued its OHS training, which accounted for 39% of training actions in 2021, and implemented the "10 Safety Essentials", a set of operational rules focused on preventing the risk of potentially serious accidents. The schedule of behavioral safety visits could not be adhered to due to health protocols and lockdowns.

The percentage of subsidiaries that had no accidents with lost time (registered workforce & temporary workers) increased from 45.6% to 49.2%.

3.3. Risks to the environment and local residents

Industrial activity is identified as the main source of risks for the environment and local residents. Five priority areas of focus have been defined, in connection with the "environmental footprint" axis of the Oxygen plan. The risks of spilling pollutive products or discharging non-standard organic effluents are reduced by the implementation of best practices and a proactive policy of maintaining, updating and adapting wastewater production and treatment facilities. Water abstraction from the natural environment has been reduced thanks to the renovation or renewal of existing cleaning equipment, the provision of training and awareness-raising on best practices for personnel in charge of manual cleaning, and the recovery of part of the water contained in milk.

3.4. Risks for consumers

The policy for the prevention of risks to consumer health is based on the implementation of procedures, best practices, control plans and certifications. This policy continued in 2021 in accordance with the objectives set.

3.5. The "Vigilance" whistleblowing mechanism

The whistleblowing mechanism put in place by the Group covers all internal and regulatory reporting requirements. Procedures for processing any alert relating to the duty of vigilance sent *via* this mechanism by both internal and external stakeholders is defined in a document distributed in 2019.

No alert falling within the scope of Vigilance was noted in 2021.

4. Vigilance plan

4.1 Preamble

Leading the way to better food: this is the mission of our company, which we have been proud of since its creation in 1956.

With our history and a family culture steeped in human and social values, the SAVENCIA Group strives to reconcile its international agri-food aspect with a deep-rooted attachment to local regions, as well as everyone who contributes to the true creation of value for sustainable and high-quality food.

In this context of economic globalization and strong international competition, SAVENCIA has expressed its values, identity and culture in its Ethics Charter, called "The Group and its culture" (**Appendix 1**).

To formalize its commitment, in 2003 the SAVENCIA Group joined the United Nations Global Compact, a pact that encourages businesses, public bodies and civil society to adopt principles fostering a more viable and open economy.

Based on this foundation, the Group has developed its own ethical and responsible approach which incorporates all of the policies that contribute to the fulfillment of its commitments.

The SAVENCIA Group ensures that it conducts its operations with respect for Human rights and the environment wherever it operates, whether these activities are carried out directly or as part of its commercial relations.

Our values and our civic and responsible ambition deeply shape our way of working and our objectives: well-nourished consumers, producers, suppliers and partners supported and encouraged to implement best practices, people working in a safe, ethical and sustainable environment. These values guide our way of protecting and promoting Human rights and our desire to respect the environment. They also underpin our ever more committed action for the common good: team engagement with our values as we continued to deal with the health crisis in 2021 is a perfect illustration of this.

This document sets out the SAVENCIA Group's Vigilance Plan in accordance with the French law of March 27, 2017 on the duty of vigilance, describing the measures taken by the Group as a responsible company. We hope that this document will explain the sincere and voluntary commitment of all SAVENCIA employees.

4.2. The SAVENCIA Group Duty of Vigilance

4.2.1. The SAVENCIA Group mission: Leading the way to better food

Our value creation

The SAVENCIA Group is an independent family agri-food group made up of close-knit companies united by a strong humanist and entrepreneurial culture with two main entities: SAVENCIA Fromage & Dairy and SAVENCIA Gourmet.

Present in 120 countries on five continents, the Group offers a portfolio of premium brands as well as a range of products and services for professionals in the catering and industrial markets (agri-food, dietetics, health, etc.).

It relies on its operating subsidiaries, the driving force of its development, and on shared organizations that ensure administrative, industrial and commercial synergies.

Our vision

As part of our quest for excellence, we strive for consumer and customer satisfaction and, generally speaking, the satisfaction of all those who work in and for the Group.

Economic development, respect for people, conservation of natural resources: we aim for a balanced performance and make our decisions with long-term sustainability in mind.

As such, we believe that respect for Human rights and the environment, food safety and the fight against corruption are exacting and unavoidable principles, not only compatible with striving for optimal economic performance, but also help to ensure the longevity thereof.

Our culture, described in the Group's Ethics Charter, guides our behavior and decisions and enables all our employees to work harmoniously within SAVENCIA.

4.2.2. Responsibilities of the SAVENCIA Group

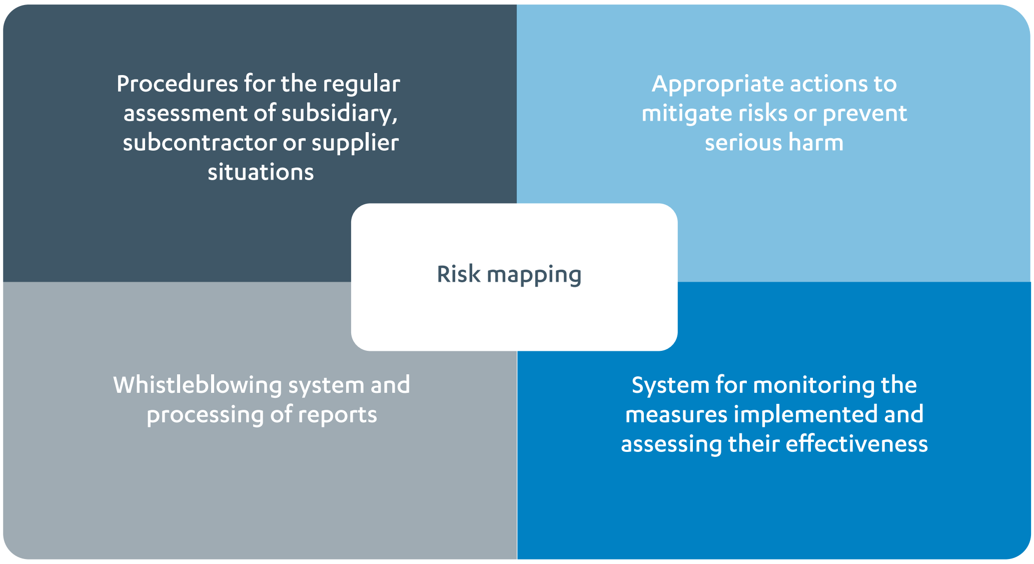
Legal context of the duty of vigilance

Law 2017-399 of March 27, 2017 on the duty of vigilance forms an obligation for eligible companies such as the SAVENCIA Group to implement a vigilance plan and report on the actions they have taken to identify, prevent and mitigate impacts on Human rights, fundamental freedoms, health & safety, and the environment.

The scope of vigilance within the meaning of the law covers the Group's companies and activities, as well as third parties that may be identified with regard to this scope, including suppliers and subcontractors.

This plan concerns the vigilance measures taken by the SAVENCIA Saveurs et Spécialités Group, including those of the subsidiary SAVENCIA Fromage & Dairy as well as those of SAVENCIA Gourmet.

The expectations of the law concern the fundamental categories of actions to be implemented as part of the vigilance process within a company.



The application of these measures thus crosses the SAVENCIA Group's vigilance plan in a systemic way, without however distinguishing each category in a specially dedicated section of the document.

SAVENCIA's commitment to Human rights and the environment

In addition to compliance with the law, the SAVENCIA Group considers respect for human interests and environmental protection among the strategic focuses of its activities.

Since 2003, the Group has been a signatory of the United Nations Global Compact, the largest initiative in favor of sustainable development, demonstrating its commitment to work on impact measurement and a sustainable development approach across its entire value chain.

In line with the UN's initiatives, the SAVENCIA Group's principles of responsibility are based on international reference texts that define the commitments to be respected, particularly in terms of Human rights:

- the Universal Declaration of Human rights, the Sustainable Development Goals (SDGs) and the Principles of the United Nations Global Compact;
- the OECD Guidelines for Multinational Enterprises;
- the International Labor Organization (ILO) Tripartite Declaration on Multinational Enterprises;
- national legislation, particularly in terms of the duty of care to respect Human rights and the environment.

Building on the strength of its values and culture as set out in its Ethics Charter, the SAVENCIA Group has developed its corporate social responsibility (CSR) approach on the basis of the Oxygen plan, which presents its ambition to combine meaning with performance, to work together with our partners and to innovate for an ethical and sustainable world.

The Oxygen plan incorporates the expectations expressed by the Group's Stakeholders reflected in a materiality analysis, and strengthens the Group's CSR efforts based on four major areas of progress, with a global ambition and by encouraging its subsidiaries to carry out action locally.

Appendix 2 - Presentation of the Oxygen plan

The actions of the Oxygen plan are thus aligned with the duty of vigilance plan which aims to preserve the fundamental rights of individuals and the environment.

Governance and compliance organization

The Group's Compliance Governance seeks to ensure compliance with the standards in force as part of an approach to control identified risks.

Similar to the Law on the Duty of Vigilance, it also relates to compliance with Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life, known as the "Sapin 2 Law", and the protection of personal data, governed in France by Law No. 78-17 of January 6, 1978 ("Data Protection Act") and by European Regulation No. 2016-679 of April 27, 2016 known as the General Data Protection Regulation (GDPR).

The operational organization of Compliance is carried out at several levels.

The Risk Management and Compliance Department is led by the Chief Compliance Officer who reports to the Group's Corporate Secretary. The purpose of this team is to design, deploy, coordinate and monitor Group-wide compliance programs and activities.

With regard to the duty of vigilance, the Compliance Department works closely with all heads of the Group's cross-functional departments, and in particular with the purchasing, CSR and communication, finance, legal, operations and Human Resources departments. Also involved are the various managerial heads according to the Group's own organizational structure (account managers for each geographical region and product or business category managers) and their main employees.

The Compliance Department supports and promotes the main actions implemented or to be implemented by the Group's subsidiaries in order to reduce their impact on Human rights, health, safety and the environment. It thus contributes to the roll-out of compliance and vigilance measures within the subsidiaries, and shares their best practices in a virtuous and exemplary manner.

The Compliance Department relies on a network of Subsidiary Compliance Coordinators (SCC) responsible for coordinating compliance measures at local company level.

Compliance actions are validated by the Group Ethics and Culture Committee (GECC), which meets at least twice a year, and whenever necessary based on events at that time. It is composed of the Chairman of the Group, the Corporate Secretary, Chairman of the Committee, the Chief Financial Officer, the Chief Legal Officer, the Head of Human Resources and the Chief Compliance Officer. Compliance actions are led by a steering committee made up of the management teams.

4.2.3. The Savencia Group's approach to vigilance

Risk identification as the basis of the vigilance system

Risks of violations of Human rights, health and safety of people and the environment are monitored as part of the Group's overall risk management procedure.

The Group has chosen to conduct a dedicated risk mapping exercise on the duty of vigilance to identify the impacts of our activities on human and environmental rights, and to remedy the resulting negative effects.

A risk assessment methodology has been extended and enhanced, based on work and studies previously carried out with expert firms.

THE CATEGORIZATION OF HUMAN RIGHTS AND ENVIRONMENTAL RISKS

Risk mapping carried out by the consulting firm GreenFlex in 2018 made it possible to identify the following vigilance issues in the Group's activities and operations:

Human rights and fundamental freedoms:

- non-discrimination;
- the abolition of forced and child labor;
- harassment;
- freedom of association and the right to collective bargaining;
- fair compensation;
- working conditions.

Health and safety:

- workers' health and safety;
- consumer health and safety.

The environment:

- biodiversity, water, soil and climate conservation;
- non-deforestation;
- responsible use of resources and reduction of pollution.

The identification of these issues relating to Human rights and the environment for the Group is also corroborated by a geographical analysis, as well as an activity-based approach.

RISK ASSESSMENT STRUCTURED AROUND THE GROUP'S ACTIVITIES

Based on this identification of Human rights and environmental issues, an analysis of the risks of rights holders impacted by activity, led to the identification of three areas of vigilance.

Supply chains

This includes the activity of all suppliers and subcontractors. In this document, the term "supplier" includes both suppliers of raw products (producers) and supply chain intermediaries (processors, collectors, traders, transporters, etc.).

Within the supply chain, these are people working for suppliers. And externally, these are the populations and the environment potentially impacted by supplier activities.

Operations

These are all activities carried out by the Group's subsidiaries before the sale of products: these are essentially production or processing activities, and any upstream or downstream activities (transport, for instance).

The identified rights holders are the Group's employees, but can also relate to the environment surrounding subsidiaries' business sites, particularly local residents.

Sales and consumption

These include direct sales to consumers (B2C or Business to Consumer activities) as well as sales to professionals (B2B or Business to Business activities).

The Vigilance Plan devotes a specific chapter to rights holders who are the consumers of the Group's products, whether they have obtained their product from a subsidiary or a distributor/reseller.

According to this risk-based approach (see **Appendix 3**: list of potential risks), a value chain analysis conducted by GreenFlex led to the presentation in the Vigilance Plan of the main raw materials processed by the Group: milk, cocoa, meat, fish and dried fruit.

Relationship with stakeholders

Firmly believing that a collaborative approach helps to build and implement its vigilance approach, the SAVENCIA Group strives to broaden its collaboration with stakeholders in terms of risk prevention and thus ensures that all people, structures and organizations potentially affected by its activities are involved.

Stakeholders are regularly consulted, both locally and nationally, in order to implement action plans and priority measures to prevent risks related to the Group's activities.

CONSULTATION WITH TRADE UNIONS

Quality of life at work and social relations are an absolute priority for the Group. It considers them a source of fulfillment and sustainable performance. The promotion of social dialog is thus encouraged through employee representation at all levels of the Group:

- within the representative bodies of each subsidiary;
- as part of the Employee Representative Committee for France, a representative body that meets twice a year;
- as part of joint committees in France, which manage the systems put in place through agreements (personal risk insurance, healthcare costs, collective retirement savings plan);
- and finally through the organization of a European Works Council, which meets once a year, governed by an operating agreement, amended on October 16, 2019, in accordance with the provisions defined by Directive 2009/38/EC of the European Parliament and of the Council of May 6, 2009 and its transposition into French law by Order No. 2011-1328 of October 20, 2011, transposing the Directive.

In France, a negotiations roadmap "towards a societal foundation" was launched in 2021 with the social partners. By the year 2025, it will endeavor to open negotiations on the topics of Human Resources development, and in particular, internal mobility within the Group, social relations, management of jobs and career paths, gender equality, as well as diversity and inclusion. This Human Resources development foundation, shared by all subsidiaries in France, will be recommended for the Group's international subsidiaries.

STAKEHOLDERS RELATIONS AT OPERATIONAL LEVEL

To prevent and effectively manage the impacts of its activities on Human rights and the environment, the SAVENCIA Group forges and maintains dialog with stakeholders at operational level.

These discussions are part of the Group's desire to build a lasting relationship with its ecosystem, and include concrete actions as part of its commitment to global initiatives.

In 2021, SAVENCIA Fromage & Dairy joined the Sustainable Agriculture Initiative (SAI Platform), as part of the Dairy Sustainability Framework initiative.

In addition, SAVENCIA Gourmet, with the companies Valrhona, Weiss and Révillon, is participating in the Cacao Forest project, which brings together partners from a variety backgrounds to develop a more responsible and sustainable sector.

Lastly, the SAVENCIA Group became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2021.

Ongoing training

Ongoing training is a key area of focus for the Group in terms of promoting its culture and policies to its employees, notably with regard to vigilance in respecting Human rights and fundamental freedoms.

E-learning modules adapted to the languages of the countries in which the Group operates have been developed over a number of years on the following topics:

- the fight against corruption and ethical decision-making as part of a Compliance program;
- the General Data Protection Regulation, in particular raising awareness of the concept of sensitive personal data;
- the prevention of moral and sexual harassment, and sexist behavior.

The training course corresponding to these compliance topics is largely followed by the employees concerned, with 96.5% of staff having received the e-learning training in 2021.

A draft module dedicated to the challenges of the duty of vigilance to be integrated within the compliance process will be rolled out Group-wide in 2022.

Monitoring and reporting on the implementation of the vigilance plan

To achieve the duty of vigilance objectives, the SAVENCIA Group monitors and controls the actions taken to remedy the impacts generated by its activities in the context of respect for Human rights and the environment. For this, it has various tools and mechanisms in place.

SOCIAL REPORTING

The Group's social reporting data is analyzed in detail to measure the effectiveness of the Group's actions or policies, and to identify any changes to be made.

With respect to the duty of vigilance, the following in particular are monitored:

- annual headcount (permanent and non-permanent), with details of hires and departures;
- the age of the workforce;
- gender equality in the workplace;
- the employment and integration of people with disabilities;
- working hours;
- absenteeism;
- training;
- and finally wages and expenses.

Details relating to these actions and the corresponding monitoring are set out in part 2.3 of the plan, in the chapter on respect for Human rights and fundamental freedoms.

THE DIRECT EXPRESSION OF EMPLOYEES AND THE MEASUREMENT OF WELLBEING

Concerned about the wellbeing of its employees, the Group has introduced a tool for assessing the wellbeing at work of the Group's employees through periodic internal opinion surveys and the implementation of improvement plans.

This perception is monitored by an internal opinion survey using the Great Place To Work methodology which makes it possible to measure the following every three years for each Group employee: confidence in management, respect and fairness, pride at work, and conviviality within the Company. The next Great Place To Work survey will be conducted at Group level in 2022. The priority today is to implement the action plans prepared within each subsidiary since the last Group survey conducted in 2019.

In addition, on all matters relating to respect for fundamental Human rights and labor relations, the whistleblowing system set up within the Group and communicated regularly, enables each employee to contact the Compliance Department as and when they need to (see paragraph 4.4).

INTERNAL AUDIT

In the performance of its duties, the SAVENCIA Group Internal Audit Department is required to review the means and controls put in place within the subsidiaries covered by this Vigilance Plan.

The Internal Audit methodology is based on the internal control reference framework defined by the Committee of Sponsoring Organizations (COSO).

The purpose of this internal control framework is to assess internal control according to 17 principles integrated into five components according to the 2013 model. These principles are assessed using a set of interview guides, co-constructed with the business line experts, and help to assess the risks associated with processes relating to the environment, social relations, ethics and responsible purchasing within the subsidiaries of the SAVENCIA Group.

These assessments are:

- complementary to the audits carried out by the business lines (Quality, OHS, Insurance audits, etc.) and external audits;
- cross-functional and therefore concern all subsidiary processes and activities;
- periodic, each subsidiary being audited every three to four years. However, the audit plan may be adapted according to the risk assessment carried out upstream including the country risk assessments carried out by EcoVadis in the areas of "Human rights" and "health/social", and feedback from the Group whistleblowing system, as well as any other relevant internal or external feedback.

Feedback from audit visits is shared with the Group's Executive Management and the Compliance Department. In the event of a point of attention, the Compliance Department highlights uncontrolled risks that need to be covered by action plans and in some cases, additional controls.

GROUP CERTIFICATION

The SAVENCIA Group has its Human Resources processes, practices and tools audited annually by an independent body, enabling it to be labeled “Top Employer”. This label recognizes companies that apply best practices in the field of Human Resources. SAVENCIA is renowned for its policies and programs, particularly in terms of talent management, recruitment, onboarding, training and skills development.

The SAVENCIA Group is officially Top Employer 2022 in Europe and in four countries outside of Europe: China, India, Korea and Brazil.

4.2.4. The specific context of the COVID-19 health crisis

The SAVENCIA Group remained committed to addressing the health crisis in 2021

During this period, which remained particularly difficult, the meaning and importance of the agri-food business could still be measured, in line with the Group’s mission of “Entrepreneurship to feed people well”.

Our responsibility has been to continue to produce and market safe food products, to allow the continuity of the food chain for the common good, whilst guaranteeing the safety of all our employees involved, through adaptation, agility, and solidarity.

The health and safety of employees, service providers and external workers has been SAVENCIA’s priority since the outbreak of the crisis; this concern continues to guide all the measures taken by the Group, and remains at the heart of the Business Continuity Plans that have been rolled out at the sites to enable working under appropriate and enhanced safety conditions.

Thus, during this health crisis, social dialog and communication with employees was particularly intense at all levels of the organizations, in order to ensure a good understanding of the protection measures put in place.

Throughout the health crisis, solidarity operations in subsidiaries and at Group level made it possible to play an active role in supporting the most disadvantaged.

4.3. Vigilance Plan actions

4.3.1. Supplies of sustainable agricultural raw materials

Milk

In 2021, SAVENCIA Fromage & Dairy purchased 4.7 billion liters of milk worldwide from cattle, sheep and goat farms.

All of the milk processed by the Group’s French subsidiaries is purchased in France. Buyers have precise knowledge of this supply chain, which represents a large part of the Group’s global dairy supplies: the farms and farmers are all members of a producer organization or cooperative.

The collection of milk from producers, its transportation and delivery to the Group’s subsidiaries are managed internally:

- either by its own means;
- using the cooperatives’ own resources;
- or by external service providers with whom a “transport safety protocol” has been signed in order to guarantee that working and safety conditions comply with the regulations in force in France.

It is in this operational context of dairy supplies that the SAVENCIA Group has defined its commitments relating to human and environmental risks.

Current practices

CO-DEVELOPING A MORE SUSTAINABLE DAIRY SUPPLY

In 2021, SAVENCIA Fromage & Dairy continued its policy of promoting the dairy sector within the context of the EGalim law in France and prepared for the implementation of the Besson-Moreau law, known as EGalim2.

Specific financial measures and support have also been implemented. Their aim is to:

- promote investments made in farms. Investment support programs have been set up in France with various partner structures. This system supports projects carried out on farms, whether they relate to equipment (materials and livestock related to the dairy) or non-equipment (training) investments;
- help 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. This pack also includes technical support: an individual assessment and a 10-day training program (operational management, environmental considerations, etc.). Two hundred and forty-four young farmers benefited from start-up support this year.

In terms of the quality of production and farming conditions, compliance with the Charter for Good Agricultural Practices (**Appendix 4**) is contractually required from all French cow’s milk suppliers. This requirement is gradually being extended to all dairy collections worldwide.

In 2021, 85.8% (*versus* 83.1% in 2020) of the Group's global dairy volumes were already compliant with this Charter or with standards recognized as equivalent by country or sector.

This Charter includes six commitments for sustainable and responsible supplies: to ensure the traceability of animals on the farm, to protect the health of the herd, to guarantee the animals a healthy, balanced and monitored diet, to protect the quality of the milk through rigorous hygiene practices, to look after the wellbeing of the animals and the safety of the people working on the farm, and to contribute to the protection of the environment.

In order to better meet the expectations of its customers with regard to milk production conditions, and to implement a progress strategy that goes beyond the Charters of best practices, the Group also engages producers in the implementation of its Sustainable Dairy Production Assessment, based on 10 indicators.

Introduced in 2011, this assessment allows for the assessment of practices from an economic, social and environmental standpoint, by examining the following indicators: operating profitability, sustainable management of water resources, carbon footprint, animal welfare, herd food autonomy, biodiversity, soil fertility, quality of life for producers, access to the outdoors, and herd health.

After having carried out the Sustainable Dairy Production Assessment, the farmer selects one or more areas of progress, with support from the Group, notably by means of a training proposal that meets the sustainability objectives of the farm and the quality of life at work for producers. In 2021, 450 training days were provided to the Group's milk suppliers in France.

At the end of 2021, 21.6% of the Group's global volumes came from farms that had completed the Sustainable Dairy Production Assessment (*versus* 19.2% in 2020).

PROMOTING VALUE-CREATING SUPPLIES

France accounts for the majority of the Group's global dairy supplies, and all of the milk processed in France is of French origin.

The quality system implemented in this context ensures the safety of food products, in accordance with customer expectations, and a high-quality dairy supply.

Resolutely committed to maintaining this high level of excellence to satisfy our customers whilst promoting dairy producers, SAVENCIA is the national cheese group that has paid the highest price for milk for several years. In 2021, the price of milk paid by the Group was 2.2% higher than the average price in France (price including all 38/32 quality premiums, comparison with the average price of the France AgriMer monthly dairy survey at the end of December 2021). Dairies and milk collection points are located in the heart of the regions. Processing favors proximity: 89% of dairy collection is carried out less than 70 km from the dairies and 66% less than 30 km away.

The Group thus ensures the creation of value and the dynamism of its collection and processing sites by maintaining jobs in often less attractive rural areas.

To encourage this value creation, 30.4% of the volumes collected by the Group worldwide in 2020 came from a so-called differentiated channel:

- goat and sheep;
- under Protected Designation of Origin (PDO);
- from organic farming;
- from GMO-free fed herds (VLOG certification);

Technical support offered by the dairy resources coordinators, as well as financial support, enable producers who so wish to switch to these differentiated sectors.

DEVELOPMENT AND PROGRESS WITH STAKEHOLDERS

The dairy resources coordinators are in daily contact with producers to support them in the development of their practices. They visit the farms at least once a year, assess the quality of the milk and provide technical support as needed.

SAVENCIA Fromage & Dairy is also committed to the prevention of risks to farmer safety. In France, since 2012, the Group has rolled out a transport safety protocol to all dairy farms to analyze the risks associated with the maneuvering of collection tanks. Thanks to the improvement of traffic flows and access to the milk tank, safe collection is ensured.

In order to contribute to the future of the sector and share its practices, SAVENCIA Fromage & Dairy works with all players in the value chain in France: the National Federation of Dairy Industries (FNIL), the French Milk Processors' Association (ATLA), the French National Association of Food Industries (ANIA); SAVENCIA Fromage & Dairy sits on the Boards of Directors of the CNIEL (French Dairy Interprofessional Organization for cow's milk), ANICAP (National Umbrella Organization for the French Goat Industry), France Brebis Laitière (FBL or Interprofessional Organization for sheep milk), and their regional bodies.

On an international level, SAVENCIA Fromage & Dairy is also an active member of the International Dairy Federation (FIL-IDF), the Sustainable Agriculture Initiative (SAI) and the Dairy Sustainability Framework (DSF).

PROMOTION OF BIODIVERSITY

The SAVENCIA Group is aware of the need to protect biodiversity on dairy farms, as a source of added value for ecosystems as well as for farmers and milk suppliers.

This is one of the areas for improvement identified as part of the Sustainable Dairy Production Assessment offered to all our milk suppliers, measured using the indicator developed by Céréopa (Centre for Studies and Research on the Economy and Organization of the Livestock Industry). This indicator is defined on the basis of the proportion of permanent pasture on the farm, areas of ecological interest (trees, hedges, bodies of water and ditches) as well as the diversity of animal and plant species on the farm. Once this assessment has been carried out, solutions are presented to producers to:

- preserve soil fertility;
- safeguard the natural environment;
- adopt favorable crop practices.

Numerous actions in favor of biodiversity have also been developed at Group sites as part of the Oxygen plan:

- the Tessier subsidiary, in Cornillé-les-Caves (49), felled the former poplar grove in order to prepare for reforestation in 2022 with endemic species specific to wet and cool environments. Ponds and spaces dedicated to biodiversity have been created to promote the development of biodiversity. Two beehives have also been newly installed on the site. Supported by a local beekeeper and volunteers from the Rucher École, 14 employees were trained in looking after the colonies and in safety around the beehives. This interactive project is part of an initiative to raise employee awareness of biodiversity-related issues. These “apiarist employees” will then be able to observe the evolution of the swarms and ensure the maintenance of the beehives;
- the Elvir site, in Condé-sur-Vire (50), is made up of grassy areas and riverbanks that are favorable to the development of biodiversity (birds, small mammals and insects). In order to protect it, Elvir has made a commitment to the French Biodiversity Office (OFB), a public body devoted to the protection and restoration of biodiversity in France. In 2021, it joined the French "Companies committed to nature" program which is part of the government’s Biodiversity plan led by the OFB to engage companies in the protection of biodiversity. It aims to develop, recognize and promote action plans. A partnership with the Normandy Conservatory for Natural Environments was entered into to identify the species present on the site, whilst carrying out educational and awareness-raising actions among employees. A first action based on the consultation with these various bodies was launched. Elvir has decided to make the plot of the former wastewater treatment plant a freely evolving area, allowing it to revegetate naturally;
- with its Le Rustique brand, CF&R is committed to the association "Pour une Agriculture du Vivant", which promotes agroecology. Several employees in management positions (plant, marketing, Human Resources, etc.) underwent training and a farm visit to understand the challenges of agroecology in the dairy industry;
- a seed ball distribution campaign was launched by the plant-based team. The distribution was carried out in France to the Group’s employees and in-store customers, with the aim of planting 1 million flowers to revegetate the environment;
- in France and abroad, flowers are growing in uncultivated land and the green spaces at certain sites are being sustainably managed. Trees have been planted at a site in Slovakia.

Monitoring and assessing actions

	2019	2020	2021	2025 Target
Extend the Charter for Good Agricultural Practices worldwide *(% volume of milk collected)*	80.0%	83.1%	85.8%	100%

	2019	2020	2021	2025 Target
Roll out the Sustainable Dairy Production Assessment *(% volume of milk collected *)*	19.0%	19.2%	21.6%	50%

* *The volume of milk collected with the roll-out of the assessment is estimated on the basis of the average volume of milk collected per farm in the scope (with the contractual milk supply of Compagnie des Fromages & RichesMonts - CF&R - at 37%).*

Cocoa

Valrhona committed to a fair and sustainable cocoa industry

The Valrhona subsidiary, through the Live Long Cacao plan implemented in 2015, supports the development of producer organizations and contributes to improving the living conditions of communities.

In the same vein, in 2018 the Valrhona subsidiary mapped the Human rights risks in its cocoa supply chains in 19 countries. This study was supplemented by a study of risks classified in seven countries according to their likelihood of occurrence, and led to the identification of five areas of vigilance.

This approach has led to structured ambitions for the SAVENCIA Group's cocoa sector, particularly in terms of improving living and working conditions and protecting the environment with a view to creating a fair and sustainable cocoa sector.

Long-term partnerships, with a minimum duration of three years, are signed jointly with each of the partner producers (private companies and cooperatives). They set a framework for cross-functional collaboration, from the quality of the cocoas and the promotion of local products to the implementation of projects for the benefit of the communities with whom we are involved. They represent a mutual desire to grow and learn together, towards greater sustainability and resilience. Each country, each partnership relationship, each context is unique, and is based on its history, risks and needs: education, health, income diversification, preservation of rare varieties, the fight against deforestation.

In 2021, the partnerships in Belize, Peru and Sao Tome were all renewed for 10 years. The average duration of all partnerships is now over 8 years.

The traceability of supplies is an essential element in the quality control of the beans. In 2021, 100% of Valrhona's bean supplies could be traced back to the producer.

Close and direct relationships with producers are vital to controlling the quality of the beans and their impact on the life of communities and their environments.

IMPROVEMENT OF LIVING AND WORKING CONDITIONS

Understanding the needs of producers is at the heart of the teams' day-to-day work. These needs are supported by Valrhona's partners, who are the primary guarantors of the legitimacy and relevance of these actions.

- Participatory approach to understanding needs in Madagascar

Since 2016, Valrhona has supported the sustainability program of Millot, an exclusive partner in Madagascar. This support takes the form of bonuses granted to 1,179 producers and Millot employees on three main topics: Quality, Traceability and Responsibility.

As part of the ongoing improvements to this program, in 2021, Valrhona and Millot decided to clearly define the needs of producers and employees: two questionnaires on the themes of health/water and education were sent to identify ways to improve access to healthcare and good quality education, and to boost income.

- Children's education

Child labor is a major risk facing the entire cocoa sector. Firmly of the belief that to have the biggest impact, action must be collective, Valrhona has joined the International Cocoa Initiative (ICI), a foundation dedicated to the protection of children in cocoa-growing communities that works to ensure a better future for children and their families.

In addition to the implementation of locally-managed child protection systems, the International Cocoa Initiative has identified community development, women's empowerment and access to education as the main levers for preventing child labor.

- Schooling for children

In collaboration with the CAPEDIG agricultural cooperative, two public primary schools financed by the Valrhona Solidarity Fund were opened in 2021 in Nadjette and Kouaméblekro in Côte d'Ivoire, ensuring good educational conditions. Also financed by the Valrhona Solidarity Fund, the Kouaméblekro school now has a school canteen with a 120-seater dining hall and a fully-equipped kitchen. The lack of on-site catering is a major factor in school absenteeism.

In Ghana, the existing school in Bosomtwe consisted of a nursery school and a middle school but suffered from the lack of pedagogical continuity for students without a primary school. As part of a project financed by the Valrhona Solidarity Fund, a new primary school was delivered to the community on November 18, 2021, providing the option for six primary classes (*i.e.* 270 additional places) in the village.

The primary school in the community of Guayabal in Venezuela did not meet the minimum conditions of the safety and wellbeing of children and the teaching team. The Fundación San José, of the partner Casa Franceschi, was recommended to the Valrhona Solidarity Fund to help finance rehabilitation work on the establishment.

- Support for producers
  - Entrepreneurial strengthening project in Venezuela

In northeastern Venezuela, in one of the cocoa purchasing areas south of Lake Maracaibo, 30 farming families benefit from a cross-functional support program developed by the United Nations Development Program (UNDP). The methodology applied aims to support families in launching or developing a more entrepreneurial vision in the conduct of their agricultural activities and more specifically those related to cocoa. Management tools adapted to local contexts must enable beneficiaries to secure their activities, optimize their revenues and contribute to the sustainability of the sector.

  - Female empowerment

The Fonds Solidaire Valrhona financed the development of a poultry farm in Pona Ouinlo, Côte d'Ivoire. This entrepreneurial project involved the construction of a livestock building, the provision of the necessary equipment, and training and monitoring for the 30 women appointed by the association to run the farm. The creation of 30 jobs thus contributes to the empowerment of women and the diversification of incomes through the sale of chicken eggs and meat. The farm also contributes to the community's food sovereignty, and the chicken droppings are used as natural fertilizers in cocoa plantations.

ENVIRONMENTAL PROTECTION

The SAVENCIA Group is aware that the cultivation of cocoa can be a major factor in deforestation and biodiversity loss. This environmental damage contributes to climate change and threatens the livelihoods of producers. This is why its subsidiary Valrhona ensures that cocoa supply chains are free from deforestation and supports sustainable agriculture by working with its cocoa partners to promote agroforestry and train producers in good agricultural practices.

With the B Corp.® label, Valrhona is committed to protecting forests in all cocoa origin countries, notably by guaranteeing traceability from the plot.

- Mapping of the plots of Millot producers in Madagascar

In 2021, the 1,270 plots of the 1,179 producers affiliated with its partner Millot were mapped. The contours of the plots have been shown onto the map of the Sambirano basin, including protected areas. At the same time, a risk analysis was carried out on areas of high conservation value (HCV) in terms of biodiversity and areas of high carbon stock (HCS). This mapping is a prerequisite to effectively combatting deforestation.

- Training and awareness-raising for producers in Côte d'Ivoire

In 2021, as part of an annual training plan, the producers of the partner cooperative attended several training courses on climate change, the benefits of shade trees, fighting erosion and the protection of bodies of water and forests: 1,789 producers attended this training (82%).

- Agroforestry partnership in Haiti

The partnership with Agronomes et Vétérinaires Sans Frontières (AVSF) was renewed for an additional three years, to support members of FECCANO (Federation of Cocoa Cooperatives in northern Haiti) in the renovation of plantations.

- Carbon neutrality

Valrhona analyzes the carbon footprint of these activities in the cocoa sector, ensures that greenhouse gas (GHG) emissions are reduced as much as possible and contributes to carbon capture efforts.

Cocoa accounts for a significant portion of its carbon footprint. In 2021, the carbon footprint of the cocoa produced in Madagascar was assessed in collaboration with the NGO NITIDAE. The GHG emissions data as far as Tain l'Hermitage, the location of its head office, as well as the measurement of the amount of carbon sequestered annually in the plantations were refined thanks to the completion of forest inventories on more than 1,250 hectares. This should help to develop a plan to be deployed in other countries.

Other actions for the Group's cocoa sector

Through the Swiss Platform for Sustainable Cocoa, Swiss subsidiary Villars has committed to ensuring at least 80% of its cocoa supplies are sustainable by 2025.

- the proportion of UTZ-certified (part of the Rainforest Alliance) raw materials from cocoa (beans, cocoa mass and cocoa butter) was 46.0% in 2021, *versus* 30.2% in 2020;
- nearly 55% of cocoa bean supplies could be traced back to the plantation or cooperative in 2021, compared to 25% in 2020. The other main raw materials used to make Swiss chocolate, namely milk and sugar, are sourced locally in Switzerland.

Révillon has begun in-depth work with its cocoa suppliers to become more sustainable and traceable. The deployment plan is spread over five years and aims to achieve 100% sustainable cocoa.

In addition to cocoa, it includes all strategic raw materials - dried fruits, sugar, dairy products - and aims to sustainably purchase strategic food materials by relying on the most virtuous sectors.

Lastly, the Révillon, Weiss and Valrhona subsidiaries are involved in the Cacao Forest project in the Dominican Republic. This innovative research project on cocoa cultivation is inspired by the agroforestry model: cocoa trees grow among different tree species that improve soil richness, increase cocoa quality, cocoa productivity and quality of life of growers, while protecting the environment. This initiative brings together farmers, businesses, researchers, consumers and non-governmental organizations.

Monitoring and assessing actions

In 2021, 100% of cocoa bean purchases were made under long-term partnerships.

	2019	2020	2021	2025 Target
% of cocoa purchases from long-term partnerships	93.0%	98.0%	100.0%	100.0%

Meat

The challenges of the meat sector are:

- respect for breeders, and in particular the guarantee of fair compensation enabling them to make a decent living from their profession;
- respect for the environment;
- respect for animal welfare.

To address these challenges, SAVENCIA's charcuterie business, which is committed to developing trusted partnerships by prioritizing local and long-term relationships with French and European suppliers, has spent the past few years developing programs with its supplier partners and farmers to establish more sustainable supply chains.

Actions implemented

Each supplier is first assessed and then regularly audited by the quality and Purchasing Departments of the charcuterie business, in order to verify the effectiveness of the traceability systems back to the farms.

Programs have been developed with partner suppliers and breeders to support sectoral challenges relating to breeder compensation, the environmental impact of farms, as well as breeding practices for the better consideration of animal welfare.

The Bordeau Chesnel subsidiary maintains trusted partnerships with a system of direct contractual arrangements with French pig farmers, namely:

- the guarantee of better compensation, on average 20% higher than the average price in this industry in 2021, and well beyond for the most virtuous farms;
- a controlled diet with 100% French cereal grains, containing a maximum of 20% barley;
- support in reducing their environmental impact, with the implementation of a tool to measure and monitor their environmental footprint;
- respect for animal welfare with a financial incentive to apply more virtuous farming models, such as introducing straw bedding or farrowing crates.

In April 2021, Bordeau Chesnel launched a new product: Rillettes du Mans engagées [Responsibly Bred Rillettes]. Bordeau Chesnel is committed to moving the pork industry towards more virtuous breeding practices through the creation of responsible breeding, designed specifically for this new product, and developed in partnership with two young Breton breeders and Cooperl (agricultural and agri-food cooperative of the Grand Ouest).

In concrete terms, this has led to the construction of a building with an innovative and sustainable infrastructure concept respectful of animal welfare and the environment with:

- improved breeding conditions: the pigs are raised on straw, without antibiotics from 42 days, have a surface area 70% greater than standard farms, and benefit from natural ventilation and daylight;
- a reduced environmental impact: the new infrastructure is made of recyclable materials, such as wood and aluminum. Methanization transforms liquid manure into biogas, which generates enough energy to meet the consumption of approximately 13 households. The cereals that feed the pigs come from the farm itself or from the cooperative located 30 km away. Greenhouse gas emissions are reduced by halving ammonia emissions.

In addition, in 2021, Bordeau Chesnel rolled out the "Our shared Values" approach, for the development of a more sustainable 100% French chicken sector with its supplier partners, mainly located in the Grand Ouest region (Pays de Loire, Normandy and Brittany), aiming to:

- guarantee fair compensation for farmers that takes into account production costs and guarantees long-term visibility thanks to a contractually-agreed system;
- control a diet based on 100% French cereals made from 100% French cereal grains and a 100% plant-based, mineral and vitamin diet;

- implement an environmental progress plan based on several levers:
  - energy production at the farm: solar panels, methanization of waste, etc.,
  - produce natural fertilizers *via* livestock farming, to feed crops,
  - and integrate buildings into their surroundings;
- finally, respect for animal welfare with the definition of a livestock farming practices progress plan.

Monitoring and assessing actions

In 2021, nearly 150 farmers joined a direct partnership for a sustainable pork industry.

	2019	2020	2021	2025 Target
% of regional sustainable quality supplies for pork rillettes	19.0%	30.2%	40%	90%

In December 2021, 39% of chicken supplies came from the more sustainable chicken sector.

Fish

The fishing industry is a major challenge in the preservation of marine resources, which are becoming increasingly scarce due to overfishing, as are, more generally, ocean and biodiversity conservation, not to mention the contribution to the protection of the populations that make a living from fishing. To respond to its challenges, in 2018, the Group's subsidiary Coraya committed to exclusively sourcing fish from sustainable fisheries.

Actions implemented

Coraya does not use any endangered species and sources Alaskan pollock and Pacific hake from the North Pacific for its surimi crab sticks.

The fish comes exclusively from sustainably managed fisheries assessed by an independent body, guaranteeing the use of fishing practices that respect the seabed, the environment, stocks of species (compliance with fishing quotas, respect for fishing seasons, habitats and marine ecosystems).

The sustainable fishing framework on which the sector's activities are based focuses on three fundamental principles:

- sustainability of the stock: fisheries operate in such a way as to allow the resource to be renewed, without overexploitation;
- minimal environmental impact: fishing operations are managed so as to maintain the structure, productivity, function and diversity of the ecosystem on which fishing depends, including other species and habitats;
- effective management: fisheries must comply with local, national and international laws and have a management system that enables them to adapt to various changes.

In addition, this framework includes criteria for suppliers and processors of certified seafood products, in order to ensure that products are not the result of forced or child labor.

Each intermediary company involved in the supply chain complies with a standard designed to guarantee the origin and traceability of the fish to Coraya's production floor, the application of which is also controlled by an independent body, in order to guarantee that the products from sustainable fisheries are traceable.

All companies involved in the value chain are assessed by independent certification bodies.

Monitoring and assessing actions

In 2021, 100% of the fish in the Coraya surimi range came from sustainable fishing, controlled by an independent body.

	2019	2020	2021	2025 Target
% of fish in the Coraya surimi range from sustainable fishing	100%	100%	100%	90%

Nuts

The nuts business faces complex supply chains, which involve numerous intermediaries in fragmented and often sensitive international sectors. This complexity makes it difficult to identify risks, and potentially severe Human rights risks in particular.

Current practices

Nuts subsidiaries adhere to the commitments defined by the Group in terms of human and environmental rights.

These commitments are reflected in an audit that follows the four-pillar SMETA methodology, and have enabled the Fruisec subsidiary to obtain EcoVadis "Silver medal" rating.

In parallel with these actions, they are continuing to roll out the Group's Responsible Purchasing Charter and a regular assessment process for tier-one suppliers (EcoVadis, Sedex, SMETA, self-assessment questionnaires).

They can also implement pre-financing operations for purchasing campaigns with long-standing suppliers with very low cash flow and who request such a facility.

They also make advance payments against the presentation of customs documents, cleared after receipt and subject to quality control. This initiative also helps support suppliers experiencing cash flow difficulties.

Monitoring and assessing actions

In 2021, six active suppliers underwent an EcoVadis assessment, and eleven completed a SEDEX self-assessment.

For certain suppliers, particularly small ones, the "dried fruit" subsidiaries favor the autonomous completion of assessments based on a questionnaire drawn up with an external service provider and which incorporates aspects relating to Human rights and the environment. Ten suppliers responded to this self-assessment in 2021.

Lastly, in collaboration with the Compliance Department, the Fruisec subsidiary teams are organizing a joint approach designed to map the sectors' CSR risks, notably focusing on Human rights, and to assess their suppliers, by sector and by nut type, or by geographical area of supply.

4.3.2. Responsible purchasing

The Group's commitments

The Group has marked its commitments in the area of purchasing by signing, on January 10, 2012, the "Charter for Responsible Supplier Relations", a collective initiative for improving supplier relations (**Appendix 5**).

In order to manage these purchases in accordance with obligations relating to the fight against undeclared labor, transparency and the prevention of corruption and violations of human and environmental rights, the Group's Purchasing Department applies a "global supplier vigilance plan".

This plan consists of:

- establishing an internal mapping of supplier risks that takes into account:
  - the level of Country risk determined internally on the basis of environmental, health and social, Human rights and governance scores assigned by the independent service provider EcoVadis to the countries in question,
  - the level of "purchase category" risk determined internally on the basis of CSR and operational criteria;
- having the most at-risk suppliers assessed. Since 2010, the Group has also selected EcoVadis to carry out these assessments;
- continuous monitoring of supplier performance;
- if necessary, auditing and/or monitoring the most sensitive or worst-performing supplier.

In addition, a "Code of Conduct for SAVENCIA Group Purchasers" (**Appendix 6**) is adhered to ensure compliance with the responsible and sustainable approach to purchasing, in accordance with the principles of integrity and ethics and by preparing progress and sustainable and solidarity performance plans.

Selection of sustainable and responsible suppliers

The Group selects its suppliers on the basis of quality, safety, service and competitiveness criteria, as well as their ability to provide long-term support. It favors long-term collaborations and its relationships with suppliers are part of a dynamic of shared progress.

Thus, since 2010, SAVENCIA has asked its main suppliers to join its culture and values by signing a "Responsible Purchasing Charter" (**Appendix 7**)
, established in line with the Group's Ethics Charter.

Monitoring and assessing actions

As of December 31, 2021, more than 775 Charters had been signed, covering 68.6% of the Group's external expenses managed by the Purchasing organization and incurred with major suppliers (for which the annual expenditure with the Group is greater than €1 million)*, excluding agricultural commodities.

	2019	2020	2021	2025 Target
% of the Group's external expenses managed by the Purchasing organization and incurred with major suppliers under the Responsible Purchasing Charter *	63.0%	63.2%	68.6%	80%

* *Excluding Japan, India, Ukraine, Serbia, Romania, Poland and Russia for which purchasing expenses cannot be consolidated automatically at this time.*

According to the supplier risk mapping, support was provided for partners classified as priorities, in particular through the organization of a webinar by EcoVadis, and by teaching purchasers about the EcoVadis methodology.

As such, 672 suppliers underwent an EcoVadis assessment in 2021, covering 71.5% of the Group's expenses managed by the Purchasing organization.

The average score obtained was 52.9/100, *versus* an average of 43.8/100 for the Food & Beverage EcoVadis panel.

	2019	2020	2021	2025 Target
% of the Group's external expenses managed by the Purchasing organization and incurred with major suppliers* through EcoVadis assessments	68.0%	68.7%	71.5%	80%

* *Excluding Japan, India, Ukraine, Serbia, Romania, Poland and Russia for which purchasing expenses cannot be consolidated automatically at this time.*

4.3.3. Health and safety and fundamental Human rights of employees

The SAVENCIA Group is made up of close-knit companies united by a strong culture that guides their behavior and actions. Working conditions, the preservation of the physical health and safety of the women and men who work in and for the Group are concerns for everyone and at all levels of the organization.

The risks that may impact the Group's employees as a result of its own activities therefore relate to health and safety, but also to compliance with the legal framework at work put in place by the Group for the management and administration of Human Resources applied to all subsidiaries, on issues relating to freedom of association, discrimination, compensation, forced labor, child labor, and migrant labor.

(See **Appendix 3**: list of potential risks)

Occupational health and safety

The Group makes occupational health and safety (OHS) a priority area and a shared value with partners working at its sites (service providers and temporary workers).

Under the slogan "Safety is OUR business", the Group's OHS policy, co-led by the Group's Human Resources department and the Group Operations department, emphasizes the importance of collective and shared responsibility.

It is based on:

- an Health and Safety at Work Charter (**Appendix 8**), co-signed by the Group's Chairman and Vice Chairman underscoring the target of zero workplace accident to all subsidiaries. This Charter supports the goal of zero workplace accidents;
- a "Framework of Health and Safety at Work" to enable the implementation, in all Group establishments, of a health and safety management system that:
  - concerns all activities, all professions, all occupational, physical and psychological risks,
  - is intended for all employees, subcontractors, visitors and temporary workers,
  - promotes the professional and social development of employees by improving their safety and offering them working conditions that respect their health,
  - prioritizes prevention in all areas, from the design of new projects to the execution of day-to-day tasks;
- cross-functional steering, management, monitoring and control bodies.

Internal Health and Safety audits are used to assess the level of compliance with the directives and recommendations contained in the Framework of Health and Safety at Work for each site, and to implement any corrective measures. In 2021, these OHS audits were dramatically reduced due to health protocols and lockdowns;

- awareness-raising and training actions with:
  - the organization of Occupational Health and Safety at Work Month, which involved all Group subsidiaries throughout the month of September,
  - a training component [(1)]:
    - mandatory training in accordance with regulations,
    - training imposed by the Group to meet the managerial needs of departments and subsidiaries, or carried out as part of specific Health and Safety plans,
    - voluntary training in response to employee requests or to coincide with World Week for Health and Safety,

(1) This training is provided both to permanent staff and to temporary workers (induction training with temporary employment agencies).

- an awareness-raising component[(1)]: distribution of a monthly newsletter.

In 2021, occupational health and safety training in subsidiaries accounted for 39% of the Group's training actions.

In order to further enhance this prevention system, the Group has been developing the "SAVENCIA's 10 Safety Essentials" in all subsidiaries since 2020. This is a deployment and facilitation kit specially developed in all the Group's languages, which sets out all operational rules focused on preventing the risk of potentially serious accidents. Each Essential includes four clear and simple rules to be followed by everyone under all circumstances.

The Group's objective is to move towards "zero" workplace accidents.

	2019	2020	2021	2025 Target
% of subsidiaries with no workplace accidents with lost time (registered workforce and temporary workers) during the year	38.3%	45.6%	49.2%	100%

In addition, dedicated support is provided by a specialized firm (Dupont) to subsidiaries that require it, and a specific action plan in France is developed in conjunction with temporary employment agencies in order to help reduce risks and improve working conditions.

At Group level, the Occupational Health and Safety policy is coordinated by the Human Resources and Industrial departments. At subsidiary level, the policy is overseen by a local organization supported by Executive Management and most often managed by a safety officer appointed for each site.

Lastly, psychological support arrangements are in place for employees in France and certain subsidiaries in Europe, provided *via* a listening service, and on-site interventions in the event of a serious incident.

Respect for Human rights and fundamental freedoms

In terms of Human Resources, the SAVENCIA Group undertakes to comply, and to ensure compliance, in all the countries in which it operates, with the fundamental principles of respect for Human rights and fundamental freedoms for its employees and workers on temporary assignments, and with all of its service providers.

A general Human Resources policy note on the duty of vigilance within the SAVENCIA Group will be distributed in 2022 to the Executive Management and HR departments of the subsidiaries, in all countries in which the Group operates.

The vigilance plan in favor of Human rights and fundamental freedoms confirms these requirements with all players in the value chain.

In this context, the Group ensures compliance with commitments to Human rights and fundamental freedoms, through adherence to the conventions of the International Labor Organization (ILO), and in particular with regard to the following:

- Respect for local laws and cultures:
  - Elimination of non-child labor,
  - Non-discrimination on the basis of age or gender, and the promotion of diversity;
- On the personal development of employees and collective cohesion:
  - Respect for trade union rights through the promotion of social dialog and the collective representation of employees,
  - The gradual extension of the freedom of expression principle, through annual employee appraisal interviews.

This approach is extended to subcontracting activities and/or suppliers with whom there is a commercial relationship established within the framework of the Responsible Purchasing Charter developed by the Purchasing Department.

In line with its values and in accordance with regulatory requirements, the SAVENCIA Group promotes equal opportunities for all its employees in order to avoid any risk of discrimination.

The Group's Ethics Charter reiterates that "respect for people" and "equal opportunities" are pillars of its corporate culture. In this spirit, agreements are signed and measures are implemented to promote the employment and retention of people with disabilities, as well as gender equality.

The Group strives to promote gender equality, particularly in terms of qualifications, training, compensation and career development. As part of the Oxygen plan, the SAVENCIA Group is committed to achieving gender parity by 2025.

(1) This OHS newsletter is divided into two parts:
• a quantitative section, which summarizes the following indicators:
– the Frequency Rate for registered and temporary employees (FRi = number of workplace accidents with lost time x 1,000,000/number of hours worked).
– the Severity Rate for registered employees (SR = number of days of sick leave following a workplace accident x 1,000/number of hours worked).
• a qualitative component, with the sharing of best practices and feedback on incidents or accidents that have occurred within the Group.

	2019	2020	2021	2025 Target
% of female managers	44.0%	44.0%	44.4%	50%

In order to change the way employees view disability, to keep people with disabilities in employment and to promote their recruitment, the Group has a "Disability Action" policy.

Its commitment is based on four key areas of focus to promote the employment and retention of people with disabilities:

- raising awareness to combat stereotypes;
- maintaining employment;
- recruiting people with disabilities;
- developing partnerships with the sheltered and protected sector.

The percentage of employees declared as having a disability was 3.3% in 2021 compared to 3.1% in 2020.

With regard to the monitoring of commitments in favor of Human rights and fundamental freedoms, the data from the Group's social reporting revealed the following results:

- fight against child labor: in 2020, the minimum age of permanent Group employees was 16; people under the age of 18 are predominantly employees under work-study contracts;
- training in our subsidiaries is provided at all stages of life in the Company, including for our senior employees. In 50% of subsidiaries, the age of the oldest employees who received training corresponds to the age of the oldest employees in the corresponding subsidiary. This rate is up compared to previous years;
- in subsidiaries with more than 10 employees (French threshold for the implementation of SECs), more than 85% of employees benefit from collective employee representation bodies such as working committees, works councils or social and economic committees (SEC);
- in 2021, 3,164 managers conducted an annual appraisal review for the year 2020. The development of the #mysavencia Human Resources Information System should help to extend this practice to all managers and non-managers over the coming years.

4.3.4. Environmental footprint

For many years, the Group has been working to reduce the impact of its activities on the environment. These risks are a key area of progress in the Group's CSR plan.

Of all the Group's operations, its industrial activity is identified as the main source of risks to the environment and local residents. The environmental issues and the actions implemented for the main sectors are specified in the respective chapters of section 2.1.

The Operations department has defined five priority areas that correspond to the main "environmental footprint" focus of the Oxygen plan:

- reducing greenhouse gas (GHG) emissions;
- pollution prevention;
- reducing water withdrawal from the natural environment;
- reducing energy consumption;
- increased waste sorting and recovery.

It has set up a body that draws up the policy in this area, implements it and monitors the results thereof.

Current practices

REDUCING GREENHOUSE GAS (GHG) EMISSIONS

Aware of the global challenges linked to greenhouse gas emissions, the need to combat climate change and its consequences for the benefit of society, the Group strives to reduce the environmental footprint of its activities in order to limit the risk of impact on climate change and adapt to its consequences.

The various programs undertaken are continuing under the Oxygen plan.

The SAVENCIA Group is thus committed to:

- cutting the environmental impact of its activities by reducing greenhouse gas emissions from production and transport by 20% per ton produced before 2025 (*versus* 2015);
- increasing the share of renewable energies;
- reducing the carbon footprint of the volume of milk collected by 300,000 tons of CO2 equivalent by 2025 (*versus* 2010).

POLLUTION PREVENTION

With regard to the Group's subsidiaries' areas of activity, the two risks identified as being most significant (in terms of likelihood and/or impact) are:

- the release of products into the environment in the event of an accidental spill;
- the discharge of non-standard organic waste into the natural environment, and in particular into the hydrographic network surrounding the sites.

The occurrence of these risks may be of internal origin (malfunction of the facilities, fire, human error, etc.) or external origin (climate phenomenon in particular).

To limit internal and technical causes, the Group has a policy of maintaining, renovating and adapting its wastewater production and treatment facilities, which takes into account:

- planned production volumes;
- the age of the facilities and the audits conducted on their condition;
- COD (Chemical Oxygen Demand) tests.

To limit internal human causes, the subsidiaries are responsible for implementing training plans adapted to the duties and responsibilities held.

One particular risk is therefore pollution related to fires. Fire risk assessments are carried out on the industrial sites. Each assessment results in a rating (or grade) and a report including measures to be implemented to improve this rating if necessary. These measures are classified into two categories:

- preventive measures, which include the implementation or development of best practices (organizational or managerial aspect);
- physical protection measures (fire extinguishers, armed fire hydrants, sprinkler systems, fire doors, use of specific materials, etc.) which require investment.

The COD is measured by the Group:

- on the raw effluents entering the treatment system. Cross-checking this with the site's production volume makes it possible to identify a potential incident on the facilities (peak in COD), or a deterioration in their condition (slow increase in COD);
- on effluents after treatment and before discharge into the natural environment when the Group is responsible for the treatment process. This COD is regulated. In the event of a non-compliant analysis, corrective actions are implemented immediately.

The Group also takes into account noise, odor and air pollution (particles in the atmosphere), which are generally decreasing. These are handled on a case-by-case basis.

REDUCING WATER WITHDRAWAL FROM THE NATURAL ENVIRONMENT

Water plays an important role in various processes implemented by the industrial subsidiaries:

- as a technological aid in the manufacture of products;
- for cleaning operations, to guarantee a high level of hygiene and product safety;
- as a heat transfer fluid or secondary refrigerant;
- in fire prevention and firefighting facilities.

The Group has implemented a number of measures to reduce these withdrawals:

- optimization, renovation or even complete renewal of existing cleaning equipment;
- training and awareness-raising on best practices for personnel in charge of manual cleaning;
- recovery, by evaporation or reverse osmosis, of part of the water contained in the milk or whey. This water is used as a heat transfer fluid or, after treatment, for the external cleaning of facilities.

At the same time:

- it continues to collaborate with the French dairy and cheese industry to define more efficient practices and technologies in terms of water use;
- this issue is considered as part of any project to renovate or renew the Group's production infrastructure.

Lastly, each subsidiary regularly monitors the quantities of water withdrawn from the natural environment in order to:

- identify any accidental overconsumption and implement the necessary corrective actions;
- measure the long-term effectiveness of the measures implemented.

TRAINING AND SHARING OF BEST PRACTICES

In the areas of attention that contribute to reducing the environmental footprint of the SAVENCIA Group's activities, best practice guides have been drawn up for the industrial sites. These are internal thematic guidelines that enable production sites to optimize processes and make facilities safer and more efficient. These best practices are based on the highest standards as well as experience accumulated in the field.

These guides include the CSR/Industrial Guide, the Energy/Water Guide, the Damage Prevention Guide, and the PCS (permanent cleaning system) Guide.

Although best practices are shared between all Group subsidiaries, each subsidiary is still required to comply with the regulations in force in its country of operation.

Environment Meetings, organized twice a year, bring together the environmental officers to discuss targeted themes selected according to current events and/or the needs of the Group. These meetings are an opportunity for presentations by external stakeholders, the sharing of best practices and feedback, and updates on regulations, the progress of projects and current developments.

In 2021, in light of the pandemic, these face-to-face meetings were replaced by videoconferences.

Lastly, industrial best practices are covered in regular training sessions for all relevant Group employees. The "SAVENCIA Academy" delivers this training, in particular to the Company's executives.

Monitoring and assessing actions

REDUCING GREENHOUSE GAS (GHG) EMISSIONS

% change since 2015

	2019	2020	2021	2025 Target
Reduction of Scope 1 and 2 GHG *(tons of CO_2eq./ ton manufactured)* *	-10.1%	-6.0%	-7.3%	-20%

* *This indicator has been recalculated since 2015 in order to incorporate the new emission factors (source of emission factors: Ademe 2020). The 2019 and 2020 values of certain subsidiaries have been corrected a posteriori and certain emission factors have been updated. The change in this indicator in 2020 is related to the change in scope due to the integration of new subsidiaries.*

Direct emissions (scope 1) include emissions related to the combustion of fossil fuels used, non-energy processes (linked to wastewater treatment) and refrigerant leaks.

Indirect emissions (scope 2) include emissions related to the production of electricity, steam, heat or cooling purchased and consumed by the sites, as well as line losses.

The process of calculating our scope 3 (other indirect emissions), initiated in 2020 for the SAVENCIA Fromage & Dairy scope, continued in 2021. As for most companies in the agri-food sector, the impact of raw materials is the primary source of the Group's CO2 emissions. The objective of this work is to refine the measurement of the environmental footprint in order to contribute to the reduction of CO2 emissions.

POLLUTION PREVENTION

In addition to organizational measures, the Group makes significant investments:

- in wastewater treatment plants;
- in fire prevention and protection systems.

REDUCING WATER WITHDRAWAL FROM THE NATURAL ENVIRONMENT

% change since 2015

	2019	2020	2021	2025 Target
Reduction of water withdrawal *(in m³/ton manufactured)*	0.3%	1.7%*	1.2%	-10%

* *the change in this indicator in 2020 is related to the change in scope due to the integration of new subsidiaries.*

It should be noted that the development of products made from differentiated milks requires more frequent washing, which also results in an increase in water consumption.

4.3.5. Consumer health and safety

Consumers are holders of rights outside the Group, potentially impacted by its activity either directly (direct sale by a subsidiary to the consumer) or indirectly (products acquired by the consumer *via* resellers).

Their rights are as follows:

- right to information about products consumed;
- right to food safety.

Consumer information

All Group subsidiaries comply with consumer information regulations in all markets where products are manufactured and sold.

This regulation has two components:

- a section on product consumption safety: declaration of allergens, storage conditions (in particular the storage temperature) and durability dates (Use-by Date or Minimum Durability Date);
- a section relating to the characteristics of the products purchased: trade name, list of ingredients, nutritional tables, quantity, etc.

In addition to strict compliance with regulations, the Group is careful to ensure that the information given to consumers about its products is truthful, clear, does not suggest non-existent or exaggerated benefits, and does not mislead consumers with regard to the product characteristics. Responsible communication is an important part of the Group's CSR commitments under the Oxygen plan.

The subsidiaries are responsible for monitoring the regulatory compliance of labels and consumer communication media of any kind, and for ensuring compliance with responsible communication commitments.

This control is carried out by regulatory managers, quality managers, or legal experts in certain markets, assisted if necessary by the Group's Food Law department.

The Group has thus set up an organization and operating procedures that help to avoid any serious infringement of consumer rights.

Consumer health

The Group's Quality Department analyzes risks to consumer health generated by the Group's activities, and, in conjunction with the Group's various stakeholders (business managers, subsidiary managers, plant managers, experts), defines the prevention policy and implements plans to reduce these risks.

Risks to consumer health (excluding nutritional aspects) are generally related to the potential contamination of the Group's products by:

- pathogenic microorganisms responsible for food poisoning;
- foreign bodies;
- chemical contaminants (*e.g.* pesticides);
- food allergens (substances that generate allergic reactions) identified by regulations.

To reduce these risks, the Group has implemented procedures, best practices, control plans and a certification policy.

PROCEDURES

They are applicable in all of the Group's production areas:

- discharge control: based on one or more microbiological food safety criteria, it determines the release of batches of SAVENCIA Group products for marketing to customers;
- specific approvals: in the event of the launch of a new product, a significant modification to an existing product, or the transfer of a product between two sites.

BEST PRACTICES

The aforementioned best practices in risk management are based on the experience of experts and operational staff. Common or specific to a business line, they enable the subsidiaries to share the problems encountered and come up with corrective solutions.

CERTIFICATION POLICY AND FOOD SAFETY MANAGEMENT SYSTEM

There are several standards in terms of food safety certification:

- international standard ISO 22000 (International Organization for Standardization);
- private standards, some of which correspond to the requirements of the Global Food Safety Initiative (GFSI), such as:
  - FSSC 22000 (Food Safety System Certification), based on ISO 22000,
  - BRCGS (Brand Reputation through Compliance of Global Standards),
  - IFS (International Featured Standards);
- "country" approvals, required in certain markets.

In terms of food safety, the Group's certification policy specifies that each production site must be certified on the basis of an international standard recognized by the Group.

The Quality Department supports the sites in the implementation of these management systems and the associated audits. It also keeps a record of the certifications held or in the process of being acquired in the field of food safety.

MANAGING SUPPLIER RISKS IN TERMS OF FOOD SAFETY

The Group has developed audit procedures for strategic suppliers of raw materials and MICAE (additional ingredients, consumables, additives and packaging).

These audits are carried out by teams of two purchasing/quality staff on the basis of a grid setting out the Group's specific requirements. The results of these audits are monitored over time.

The health constraints imposed by the management of the COVID-19 crisis, and in particular the strict restrictions on travel, did not allow the resumption of field audits in 2021. The annual assessments carried out by the subsidiaries and shared (remotely) with suppliers allowed the Group to confirm the compliance of the level of quality delivered, with the implementation of corrective actions where necessary, and thus to continue the collaboration.

4.4. Whistleblowing mechanism

Since 2018, the Group has had a shared whistleblowing system with all of its entities for collecting "Compliance" alerts, enabling each employee and external stakeholder to report issues in a strictly confidential manner.

This system consists of:

- **a telephone number: +33 1 34 58 64 14**
- **an email address: compliance@savencia.com**
- **and a postal address:**

SAVENCIA Group Compliance Director

42, rue Rieussec

78 223 Viroflay Cedex FRANCE

An alert may relate to:

- any serious violation of Human rights;
- any conduct or situation contrary to the Group's health and safety commitments;
- any breach of the values described in the Group's Ethics Charter and its Anti-Corruption Code of Conduct;
- any conduct or situation contrary to the Group's environmental commitments.

Thanks to appropriate communication, stakeholders are aware of the whistleblowing system and are thus able to report issues where necessary.

The principle of the absence of sanctions or retaliatory measures for any whistleblower reporting a breach in good faith is guaranteed by the Group and reaffirmed within its Code of Conduct.

All reports are treated confidentially and within a reasonable time frame corresponding to the effective and appropriate handling of the situation.

The procedures for handling any reports relating to the Duty of Vigilance submitted through the whistleblowing system, both by internal and external stakeholders, are defined in the whistleblowing procedure presented in **Appendix 9**.

Appendix

Appendices 1, 2 and 4 to 9 form part of the Vigilance Plan available on the www.savencia-fromagedairy.com website

Appendix 3: List of potential risks

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 21, 2022

1. Report of the Board of Directors on the draft resolutions

Ladies and Gentlemen,

We have convened a shareholders' Meeting to submit for your approval the draft resolutions presented below.

Prior to voting, you will hear the reading of the Statutory Auditors' reports by Mr Arnaud RINN, representing KPMG Audit, and Mr Emmanuel GADRET, representing DELOITTE & ASSOCIES, Principal Statutory Auditors, on these draft resolutions.

The Statutory Auditors' reports have been made available to you at the head office under the conditions and within the time limits provided for by law, so that you may familiarize yourself with them.

1.1. Within the remit of the Ordinary shareholders' Meeting

First to third resolutions

Approval of the parent company and consolidated financial statements for the financial year ended December 31, 2021, net income for the year and proposed allocation

We ask you to approve the parent company and consolidated financial statements for the year ended December 31, 2021 as presented to you. We propose to allocate the profit for the financial year, amounting to €17,273,779.36, which, when added to the previous retained earnings of €360,495,140.37, constitutes an available amount of €377,768,919.73, as follows:

In euro	
To the shareholders, a dividend of €1.50 per share *	21,049,395.00
To retained earnings	356,719,524.73
TOTAL	**377,768,919.73**

* *Including the amount of the dividend corresponding to treasury shares not paid and allocated to retained earnings.*

The dividend would be paid on May 18, 2022 directly to shareholders who hold shares held in a pure registered account or to the financial intermediaries responsible for the management of bearer shares or registered in an administered registered account, through Caceis.

The ex-dividend date would be set for May 16, 2022.

Fourth resolution

Approval of the agreements referred to in articles L. 225-38 et seq. of the French Commercial Code

We ask you to approve the new agreements presented in the Statutory Auditors' special report prepared in accordance with article L. 225-40 of the French Commercial Code.

Fifth to twentieth resolutions

Composition of the Board of Directors

The terms of office of all 15 Directors on the Board of Directors expire at the end of the next Ordinary shareholders' Meeting. We propose that you renew the terms of office of all Directors for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the year ended December 31, 2022: Mrs. Anne-Marie CAMBOURIEU, Mrs. Clare CHATFIELD, Mrs. Martine LIAUTAUD, Mrs. Annette MESSEMER, Mrs. Maliqua HAIMEUR, Mrs. Sophie DE ROUX, Mr. Alex BONGRAIN, Mr. Armand BONGRAIN, Mr. Xavier GOVARE, Mr. Christian MOUILLON, Mr. Ignacio OSBORNE, Mr. Vincenzo PICONE, Mr. Robert ROEDER and Mr. François WOLFOVSKI, as well as the Company SAVENCIA Holding.

We also propose that you renew the term of office of Mr Pascal BRETON as Censor.

Twenty-first resolution

Appointment of Philippe GORCE as Director representing employee shareholders, as recommended by the FCPE

The report presented by the Board of Directors pursuant to article L. 225-102 of the French Commercial Code established that the shares held by the Company's employees, as well as by employees of related companies within the meaning of article L. 225-180 of the French Commercial Code, represented more than 3% of the Company's share capital. The shareholders' Meeting of April 22, 2021 introduced a clause in the Company's articles of association providing for the appointment of a Director appointed by employee shareholders. In accordance with the applicable process, the Supervisory Board of the FCPE proposes the candidacy of Philippe GORCE.

Twenty-second and twenty-third resolutions

Approval of the compensation policy for the Directors, the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (in the event of the appointment of a Deputy Chief Executive Officer)

In accordance with the "say on pay" provisions of the French Commercial Code (L. 22-10-8 of the French Commercial Code), you are asked to approve the compensation policy for the Directors, the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (in the event that one is appointed), as presented in the corporate governance report in paragraph 1.2 with effect from the 2022 financial year.

Twenty-fourth resolution

Approval of information relating to the compensation of corporate officers set out in article L. 22-10-9, paragraph I, of the French Commercial Code

In accordance with the "say on pay" provisions of the French Commercial Code (L. 22-10-34 I of the French Commercial Code), you are asked to approve the information referred to in article L. 22-10-9, paragraph I, of the French Commercial Code for each corporate officer, as presented in corporate governance report in paragraphs 1.2 and 1.3.

Twenty-fifth to twenty-sixth resolutions

Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated in respect of the past financial year to the Chairman of the Board of Directors and the Chief Executive Officer

In accordance with the provisions of article L. 22-10-34 II of the French Commercial Code, you are asked to approve the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated in respect of the past financial year, by virtue of their terms of office, to Mr. Alex BONGRAIN, Chairman of the Board of Directors, and Mr. Jean-Paul TORRIS, Chief Executive Officer, as presented in the corporate governance report in paragraph 1.3.

Twenty-seventh resolution

Authorization granted to the Board of Directors for the Company to buy back its own shares under the provisions of article L. 22-10-62 of the French Commercial Code, duration of the authorization, purposes, terms and conditions, cap

You are asked to approve the renewal for 18 months of the authorization previously granted to the Board by the meeting of April 2021 so that the Company may proceed with the buyback of its own shares, up to a maximum of 10% of the Company's share capital on the date of the buyback, taking into account buybacks made in previous years.

These buybacks may be carried out for the following purposes, in accordance with the regulations in force:

- the hedging of stock option plans and/or bonus share plans (or similar plans) for the benefit of employees and/or corporate officers of the Group, including Economic Interest Groups (EIG) and related companies, as well as all share allocations under a company or Group savings plan (or similar plan), in respect of profit-sharing and/or any other form of share allocation to employees and/or corporate officers of the Group, including EIGs and related companies;
- the hedging of securities granting entitlement to Company shares within the context of regulations in force;
- the cancellation of some or all of these shares, in accordance with the authorization granted or to be granted by the Extraordinary shareholders' Meeting;
- the management of the secondary market or liquidity of the Company's securities, this management being carried out by an investment service provider acting under a liquidity contract in accordance with regulatory permitted practices, it being specified that in this context, the number of shares taken into account for the calculation of the aforementioned limit shall correspond to the number of shares purchased, less the number of shares resold;
- the holding of these shares and their subsequent delivery in exchange or as payment as part of potential merger, split, contribution or external growth transactions up to a limit of 5% of the share capital.

1.2. Within the remit of the Extraordinary shareholders' Meeting

Twenty-eighth resolution

Delegation of authority to be given to the Board of Directors to increase the share capital by incorporation of reserves, profits and/or premiums

You are asked to renew the delegation of authority given to the Board of Directors to increase the share capital by incorporation of reserves, profits and/or premiums, up to a limit of €5,000,000.

This authorization, in accordance with the law, will be given to the Board of Directors for a period of 26 months.

Twenty-ninth resolution

Delegation of authority to be given to the Board of Directors to issue ordinary shares and/or securities giving access to the share capital (of the Company or a Group company) and/or debt securities with preferential subscription rights

You are asked to renew the delegation of authority given to the Board of Directors to issue ordinary shares and/or securities giving access to the share capital of the Company or a Group company, up to a nominal amount of €5,000,000 for shares to be issued and a nominal amount of €200,000,000 for debt securities that may be issued

This authorization, in accordance with the law, will be given to the Board of Directors for a period of 26 months.

Thirtieth resolution

Delegation of authority to be given to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities giving access to the share capital without preferential subscription rights for the benefit of members of a company savings plan pursuant to articles L. 3332-18 et seq. of the French Labor Code

As a result of the previous resolution, you are asked to renew the delegation of authority previously given to the Board of Directors to decide whether to open the share capital to employees who are members of a company or group savings plan set up by the Company or companies related to it under the conditions of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, up to a limit of 3% of the share capital on the day of the issue.

The maximum amount of funds allocated to this transaction will be €196,461,020, with the maximum share purchase price set at €140 per share.

This authorization, in accordance with the law, will be given to the Board of Directors for a period of 26 months.

Thirty-first resolution

Amendment of article 10 of the articles of association concerning the Board of Directors' decision-making process

You are asked to approve:

- the elimination of the provisions of article 10 of the Company's articles of association limiting the cases in which the Directors may participate in the meetings of the Board of Directors by means of videoconferencing and/or teleconferencing in order to allow their use in all circumstances in accordance with current regulations;
- the introduction in article 10 of the Company's articles of association of a paragraph relating to the possibility that the Board of Directors may take decisions by written consultation, in accordance with current regulations.

2. Report of the Board of Directors on stock options and information on stock subscription or purchase options granted and/or exercised in 2021

The authorization granted by the Extraordinary General Meeting of April 26, 2012 to the Board of Directors to grant, on one or more occasions, options entitling the holder to:

- either purchase shares resulting from a prior buyback by the Company;
- or subscribe to new shares to be issued as part of a capital increase.

expired during the 2015 financial year and was not renewed. Also during the 2021 financial year, your Board of Directors did not grant any stock subscription or purchase options.

Between December 1 and December 31, 2021, a total of 10,414 options were exercised in connection with the 2011 plan.

Stock options granted to each corporate officer and options exercised by them	Number of options granted/exercised	Price	Maturity date
Options granted during the financial year to each corporate officer by the issuer and by any Group company:	None		
TOTAL	**0**		
Options exercised during the financial year by each corporate officer:	None		
TOTAL	**0**		

Stock options granted to each of the top ten non-corporate officer employees and options exercised by them	Total number of options granted/exercised	Price	Maturity date
Options granted, during the financial year, by the issuer and by any company included in the scope of allocation of options, to the ten employees of the issuer and/or any company included in this scope, of which the number of options thus granted is the highest	None		
Options held on the issuer and the aforementioned companies, exercised during the financial year by the twelve employees of the issuer and/or of these companies, of which the number of options thus purchased or subscribed is the highest			
	10,414	€46.87	December 15, 2021

3. Report of the Board of Directors

3.1 Statutory Auditors' special report on regulated agreements

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2021

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Savencia SA Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (*code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements authorized and entered into during the year

Pursuant to Article L.225-40 of the French Commercial Code, we were advised of the following agreement entered into during the year and previously authorized by the Board of Directors.

- Nature and purpose:

On December 9, 2021, the Board of Directors authorized a draft shareholders' agreement between Soredab, a subsidiary of Savencia SA, Savencia SA and two companies from the Groupe Laiterie de Saint-Denis-de-l'Hôtel to organize the set-up of a joint venture.

- Terms and conditions:

The planned partnership with the Groupe Laiterie de Saint-Denis-de-l'Hôtel mainly focuses on research and development of vegetable inputs for cheese and vegetable spread applications.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved in previous years

a) which had continuing effect during the year

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised that the following agreements, already approved in previous years by Shareholders' Meetings, have had continuing effect during the year.

Funding to Belgian company S.B.M.S. S.A.

- 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 2021 came to €746,372.

- 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 2021 came to €170,661. This loan was repaid in advance on December 14, 2021.

b) without effect during the year

In addition, we were advised of the following agreement, approved in previous years by the Shareholders' Meeting, which remained in force but was not implemented during the year and relates to the following pension plan that represented a regulated 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.

Paris La Défense, March 28, 2022

The Statutory Auditors

KPMG Audit	**Deloitte & Associés**
Division of KPMG S.A.	
Arnaud Rinn	Emmanuel Gadret
Partner	*Partner*

3.2. Statutory Auditor's report on the issue of various securities with retention of preferential subscription rights

Shareholders' Meeting of 21 April 2022 – 29th 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 Savencia S.A. Shareholder's Meeting,

In our capacity as the Statutory Auditors of your Company (hereinafter the "Company"), and pursuant to the assignment set forth in Article L. 228-92 of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegation of authority to the Board of Directors to issue shares and/or other securities of the Company, a transaction submitted for your approval.

In compliance with article L.298-93 of the French Commercial Code, other securities may give access to shares to be issued by any company which directly or indirectly owns more than half of the capital of the Company or if such a company directly or indirectly owns more than half of the capital.

The overall par value amount of share capital increases that may be carried out, immediately or in the future, may not exceed 5 000 000 euros. The nominal amount of debt securities on the company to be issued may not exceed 200 000 000 euros.

Based on its report, your Board of Directors proposes that you grant, for a period of 26 months as from the date of this Annual General Meeting, to the Board the authority to decide one or more increase in the share capital. Where appropriate, the Board of Directors shall determine the definitive terms and conditions of the transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R.225-13 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the information extracted from the financial statements and on the proposed transaction, and on certain other information concerning this transaction, as set out in this 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.

As this report does not specify the process for determining the issue price of future securities issued pursuant this resolution, we cannot express our opinion on the items used to calculate the issue price.

In addition, as the definitive terms and conditions of the issues have not been set, we do not express an opinion thereon.

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 shares or securities granting access to other securities, or issue securities granting access to securities to be issued.

The Statutory Auditors

Paris La Défense, March 28, 2022
KPMG Audit
Département de KPMG S.A.
Arnaud Rinn
Partner

Paris La Défense, March 28, 2022
Deloitte & Associés

Emmanuel Gadret
Partner

3.3 Statutory Auditor's report on the issue of shares and securities granting access to the Company's share capital reserved for members of an employee savings scheme

Shareholders' Meeting of 21 April 2022 – 30th 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 auditing standards applicable in France.

To the Savencia S.A. Shareholder's Meeting,

In our capacity as the Statutory Auditors of your Company (hereinafter the "Company"), and pursuant to the assignment set forth in Articles L.228-92 et L.225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of authority to the Board of Directors to issue shares or securities granting access to the Company's share capital, with cancellation of preferential subscription rights, reserved for employees of your Company and of French and non-French entities related to your Company within the meaning of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labour Code (Code du travail), who are members of a Company employee savings scheme, a transaction submitted for your approval

The overall par value amount of share capital increases that may be carried out, on one or more occasions, under this delegation, may not exceed 3% of the Company's share capital.

This transaction is submitted for your approval in accordance with the provisions of article L.225-129-6 of the French Commercial Code and articles L.3332-18 et seq. of the French Labour Code.

Based on its report, your Board of Directors proposes that you grant, for a period of 26 months as from the date of this Annual General Meeting, to the Board the authority to decide one or more increase in the share capital and to cancel your preferential subscription rights to the shares or securities to be issued. Where appropriate, the Board of Directors shall determine the definitive terms and conditions of the transaction.

It is the role of the Board of Directors to prepare a report in accordance with articles R.225-113 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 cancelation of preferential subscription rights and on certain other information relating to the issue, presented in this 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.

Subject to a subsequent review of the terms and conditions of each proposed issue, we have no matters to report as regards to the methods used to set the issue price of the securities to be issued as set out in the Board of Directors' report.

Since the final terms and conditions of the issues have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancelation of shareholders' preferential subscription rights.

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 shares or securities granting access to other securities, or issue securities granting access to securities to be issued.

The Statutory Auditors

Paris-La Défense, le 28 mars 2022
KPMG Audit
Département de KPMG S.A.
Arnaud Rinn
Partner

Paris-La Défense, le 28 mars 2022
Deloitte & Associés
Emmanuel Gadret
Partner

4. Text of the draft resolutions

4.1. Within the remit of the Ordinary shareholders' Meeting:

First resolution

Approval of the annual financial statements for the financial year ended December 31, 2021

The Ordinary shareholders' Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors, approves the annual financial statements showing a profit of €17,273,779.36, namely the balance sheet, income statement and notes to the financial statements approved on December 31, 2021, as presented, as well as the transactions reflected in these financial statements and summarized in these reports.

Second resolution

Approval of the consolidated financial statements for the financial year ended December 31, 2021

The Ordinary shareholders' Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors, approves the consolidated financial statements showing a net profit Group share of €82,939,247, namely the balance sheet, income statement and notes to the financial statements approved on December 31, 2021, as presented, as well as the transactions reflected in these financial statements and summarized in these reports.

Third resolution

Allocation of net income for the financial year and setting of the dividend

The Ordinary shareholders' Meeting resolves to allocate the profit for the financial year ended December 31, 2021, amounting to €17,273,779.36, which, when added to the previous retained earnings of €360,495,140.37, constitutes an available amount of €377,768,919.73, as follows:

In euro	
To the shareholders, a dividend of €1.50 per share *	21,049,395.00
To retained earnings	356,719,524.73
TOTAL	**377,768,919.73**

* *Including the amount of the dividend corresponding to treasury shares not paid and allocated to retained earnings.*

The shareholders' Meeting notes that the total gross dividend for each share is set at €1.50.

When the dividend is paid to individuals domiciled for tax purposes in France, the dividend is subject either to a single flat-rate withholding on the gross dividend at a flat rate of 12.8% (article 200 A of the French General Tax Code), or, on the express, irrevocable and complete option of the taxpayer, to income tax in accordance with the progressive scale after application of a 40% discount (article 200 A, 13 and 158 of the French General Tax Code). The dividend is also subject to social contributions at the rate of 17.2%.

The dividend will be paid on May 18, 2022 directly to shareholders who hold shares held in a pure registered account or to the financial intermediaries responsible for the management of bearer shares or registered in an administered registered account, through Caceis.

The ex-dividend date is set for May 16, 2022.

It will be specified that the sums corresponding to the dividend not paid on the treasury shares held by the Company on the ex-dividend date will be allocated to retained earnings.

To comply with legal requirements, it should be noted that the dividends paid to shareholders in respect of the past three financial years are as follows:

Paid in	In respect of financial year	Number of shares making up the share capital	Total dividend [(1)]	Gross dividend per share	Discount
2019	2018	14,032,930	€13,783,566.00	€1.00	40%
2020	2019	14,032,930	0	0	NA
2021	2020	14,032,930	€20,560,102.50	€1.50	40%

(1) Excluding shares without entitlement to dividends.

The shareholders' Meeting notes that there were no sumptuary expenses in 2021 within the meaning of article 223 quater of the French General Tax Code.

Fourth resolution

Statutory Auditors' special report on regulated agreements - approval of these agreements

The Ordinary shareholders' Meeting, having reviewed the Statutory Auditors' special report on the agreements covered by articles L. 225-38 et seq. of the French Commercial Code, successively approves each of the new agreements mentioned in said report.

Fifth resolution

Renewal of the term of office of Mr. Alex BONGRAIN as Director

The Ordinary shareholders' Meeting, noting that the term of office of Mr. Alex BONGRAIN expires at the end of this meeting, resolves to reappoint Mr. Alex BONGRAIN as Director for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Sixth resolution

Renewal of the term of office of Mr. Armand BONGRAIN as Director

The Ordinary shareholders' Meeting, noting that the term of office of Mr. Armand BONGRAIN expires at the end of this meeting, resolves to reappoint Mr. Armand BONGRAIN as Director for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Seventh resolution

Renewal of the term of office of Mrs. Anne-Marie CAMBOURIEU as DIrector

The Ordinary shareholders' Meeting, noting that the term of office of Mrs. Anne-Marie CAMBOURIEU expires at the end of this meeting, resolves to reappoint Mrs. Anne-Marie CAMBOURIEU as Director for a period of one year, i.e. until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Eighth resolution

Renewal of the term of office of Mrs. Clare CHATFIELD as DIrector

The Ordinary shareholders' Meeting, noting that the term of office of Mrs. Clare CHATFIELD expires at the end of this meeting, resolves to reappoint Mrs. Clare CHATFIELD as Director for a period of one year, i.e. until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Ninth resolution

Renewal of the term of office of Mrs. Sophie de ROUX as Director

The Ordinary shareholders' Meeting, noting that the term of office of Mrs. Sophie de ROUX expires at the end of this meeting, resolves to appoint Mrs. Sophie de ROUX as Director for a period of one year, i.e. until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Tenth resolution

Renewal of the term of office of Mr. Xavier GOVARE as DIrector

The Ordinary shareholders' Meeting, noting that the term of office of Mr. Xavier GOVARE expires at the end of this meeting, resolves to reappoint Mr. Xavier GOVARE as Director for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Eleventh resolution

Renewal of the term of office of Mrs. Maliqua HAIMEUR as DIrector

The Ordinary shareholders' Meeting, noting that the term of office of Mrs. Maliqua HAIMEUR expires at the end of this meeting, resolves to reappoint Mrs. Maliqua HAIMEUR as Director for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Twelfth resolution

Renewal of the term of office of Mrs. Martine LIAUTAUD as Director

The Ordinary shareholders' Meeting, noting that the term of office of Mrs. Martine LIAUTAUD expires at the end of this meeting, resolves to reappoint Mrs. Martine LIAUTAUD as Director for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Thirteenth resolution

Renewal of the term of office of Mrs. Annette MESSEMER as Director

The Ordinary shareholders' Meeting, noting that the term of office of Mrs. Annette MESSEMER expires at the end of this meeting, resolves to reappoint Mrs. Annette MESSEMER as Director for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.Fourteenth resolution

Fourteenth resolution

Renewal of the term of office of Mr. Christian MOUILLON as Director

The Ordinary shareholders' Meeting, noting that the term of office of Mr. Christian MOUILLON expires at the end of this meeting, resolves to reappoint Mr. Christian MOUILLON as Director for a period of one year, i.e. until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Fifteenth resolution

Renewal of the term of office of Mr. Ignacio OSBORNE as DIrector

The Ordinary shareholders' Meeting, noting that the term of office of Mr. Ignacio OSBORNE expires at the end of this meeting, resolves to reappoint Mr. Ignacio OSBORNE as Director for a period of one year, i.e. until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Sixteenth resolution

Renewal of the term of office of Mr. Vincenzo PICONE as DIrector

The Ordinary shareholders' Meeting, noting that the term of office of Mr. Vincenzo PICONE expires at the end of this meeting, resolves to reappoint Mr. Vincenzo PICONE as Director for a period of one year, i.e. until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Seventeenth resolution

Renewal of the term of office of Mr. Robert ROEDER as DIrector

The Ordinary shareholders' Meeting, noting that the term of office of Mr. Robert ROEDER expires at the end of this meeting, resolves to reappoint Mr. Robert ROEDER as Director for a period of one year, i.e. until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Eighteenth resolution

Renewal of the term of office of Mr. François WOLFOVSKI as DIrector

The Ordinary shareholders' Meeting, noting that the term of office of Mr. François WOLFOVSKI expires at the end of this meeting, resolves to reappoint Mr. François WOLFOVSKI as Director for a period of one year, i.e. until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Nineteenth resolution

Renewal of the term of office of SAVENCIA Holding as Director

The Ordinary shareholders' Meeting, noting that the term of office of the company SAVENCIA Holding expires at the end of this meeting, resolves to reappoint the company SAVENCIA Holding as Director for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Twentieth resolution

Renewal of the term of office of Mr. Pascal BRETON as Censor of the Board of Directors

The Ordinary shareholders' Meeting, noting that the term of office of Mr. Pascal BRETON expires at the end of this meeting, resolves to reappoint Mr. Pascal BRETON as Censor for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Twenty-first resolution

Appointment of Mr. Philippe GORCE as Director representing employee shareholders, as recommended by the FCPE

The Ordinary shareholders' Meeting resolves to appoint Mr. Philippe GORCE as Director representing employee shareholders, on the proposal of the FCPE in accordance with the provisions of article 8.1 of the articles of association, for a period of one year, *i.e.* until the end of the Ordinary shareholders' Meeting called in 2023 to approve the financial statements for the previous financial year.

Twenty-second resolution

Approval of the compensation policy for Directors

The Ordinary shareholders' Meeting, ruling pursuant to article L. 22-10-8 of the French Commercial Code, approves the compensation policy for Directors as presented in the Corporate Governance report in paragraph 1.2, with effect from the 2022 financial year.

Twenty-third resolution

Approval of the compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (in the event of the appointment of a Deputy Chief Executive Officer)

The Ordinary shareholders' Meeting, ruling pursuant to article L. 22-10-8 of the French Commercial Code, approves the compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer as presented in the Corporate Governance report in paragraph 1.2, with effect from the 2022 financial year.

Twenty-fourth resolution

Approval of information relating to the compensation of corporate officers set out in article L. 22-10-9, paragraph I, of the French Commercial Code

The Ordinary shareholders' Meeting, ruling pursuant to article L. 22-10-34 I of the French Commercial Code, approves the information referred to in article L. 22-10-9 I of the French Commercial Code concerning each corporate officer, as presented in the Corporate Governance report in paragraphs 1.2 and 1.3.Twenty-fifth resolution

Twenty-fifth resolution

Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the past financial year or allocated for the same financial year to Mr. Alex BONGRAIN, Chairman of the Board of Directors

The Ordinary shareholders' Meeting, ruling pursuant to article L. 22-10-34 II of the French Commercial Code, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the past financial year or allocated for the same financial year in respect of his term of office to Mr. Alex BONGRAIN, Chairman of the Board of Directors, as presented in the Corporate Governance report in paragraph 1.3.

Twenty-sixth resolution

Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the past financial year or allocated for the same financial year to Mr. Jean-Paul TORRIS, Chief Executive Officer

The Ordinary shareholders' Meeting, ruling pursuant to article L. 22-10-34 II of the French Commercial Code, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the past financial year or allocated for the same financial year in respect of his term of office to Mr. Jean-Paul TORRIS, Chief Executive Officer, as presented in the Corporate Governance report in paragraph 1.3.

Twenty-seventh resolution

Authorization granted to the Board of Directors for the Company to buy back its own shares under the provisions of article L. 22-10-62 of the French Commercial Code (duration of the authorization, purposes, terms and conditions, cap).

The Ordinary shareholders' Meeting, having reviewed the Board of Directors' report, authorizes the Board of Directors, in accordance with articles L. 22-10-62 et seq. and L. 225-210 et seq. of the French Commercial Code, to proceed with the purchase, in one or more installments, at the times it shall determine, of Company shares, taking into account the shares already held on the day of the buyback transaction, representing up to a maximum of 10% of the number of shares comprising the Company's share capital on the date of completion of the buybacks, adjusted if necessary to take into account any capital increases or reductions that may take place during the duration of the program.

The Ordinary shareholders' Meeting resolves that the objectives of these buybacks are:

- the hedging of stock option plans and/or bonus share plans (or similar plans) for the benefit of employees and/or corporate officers of the Group, including Economic Interest Groups (EIG) and related companies, as well as all share allocations under a company or Group savings plan (or similar plan), in respect of profit-sharing and/or any other form of share allocation to employees and/or corporate officers of the Group, including EIGs and related companies;
- the hedging of securities granting entitlement to Company shares within the context of regulations in force;
- the cancellation of some or all of these shares, in accordance with the authorization granted or to be granted by the Extraordinary shareholders' Meeting;
- the management of the secondary market or liquidity of the Company's securities, this management being carried out by an investment service provider acting under a liquidity contract in accordance with regulatory permitted practices, it being specified that in this context, the number of shares taken into account for the calculation of the aforementioned limit shall correspond to the number of shares purchased, less the number of shares resold;
- the holding of these shares and their subsequent delivery in exchange or as payment as part of potential merger, split, contribution or external growth transactions up to a limit of 5% of the share capital.

The Ordinary shareholders' Meeting resolves that the maximum amount of the transaction will be €196,461,020, the maximum purchase price of the shares is set at €140 per share, this price per share being adjusted accordingly in the event of a capital transaction, particularly in the event of a share split or reverse stock split or the allocation of bonus shares to shareholders (multiplying coefficient equal to the ratio between the number of shares comprising the share capital before the transaction and the number of shares after the transaction).

The Ordinary shareholders' Meeting resolves that the Company may purchase, sell or transfer its own shares by any means on the regulated market or off-market, on one or more occasions, including through the acquisition of blocks of shares, and in particular through the use of options or derivatives, at any time determined that the Board of Directors and in any proportion.

The Company reserves the right to use options or derivatives within the framework of the applicable regulations.

The Ordinary shareholders' Meeting grants all powers to the Board of Directors with the option of delegation, in particular to place any stock market orders, to enter into all agreements, make all declarations, including to the Tax Authority, and generally to carry out all formalities for the application of this authorization.

This authorization cancels and replaces with immediate effect the authorization previously granted to the Board of Directors by the Combined shareholders' Meeting of April 22, 2021 in its 29th ordinary resolution.

The authorization thus granted to the Board of Directors is valid for a period of 18 months from the date of this meeting

4.2. Within the remit of the Extraordinary shareholders' Meeting

Twenty-eighth resolution

Delegation of authority to be given to the Board of Directors to increase the share capital by incorporation of reserves, profits and/or premiums

The Extraordinary shareholders' Meeting, having reviewed the report of the Board of Directors and in accordance with the provisions of articles L. 225-129-2, L. 225-130 and L. 22-10-50 of the French Commercial Code:

1) Delegates to the Board of Directors its authority to increase the share capital, on one or more occasions, at the times and in the manner it determines, by incorporation of reserves, profits, premiums and/or other amounts that may be capitalized through the issue and allocation of bonus shares or by increasing the par value of existing ordinary shares, or a combination of these two methods.

2) Resolves that, in the event that the Board of Directors uses this delegation, in accordance with the provisions of articles L. 225-130 and L. 22-10-50 of the French Commercial Code, in the event of a capital increase in the form of bonus share allocations, fractional rights shall not be negotiable or transferable and the corresponding equity securities shall be sold; the sums from the sale will be allocated to the rights holders within the timeframe provided for by regulations.

3) Sets at twenty-six months the period of validity of this delegation, starting on the date of this meeting.

4) Resolves that the amount of the capital increase under this resolution shall not exceed the nominal amount of €5,000,000, excluding the nominal amount of the capital increase necessary to preserve, in accordance with the law and, where applicable, the contractual provisions providing for other cases of adjustment, the rights of the holders of rights or securities giving access to the Company's share capital.

This cap is independent of all caps provided for in the other resolutions of this meeting.

5) Grants to the Board of Directors all powers to implement this resolution and, generally speaking, to take all measures and carry out all formalities required for the successful completion of each capital increase, to record its completion and to make the necessary amendments to the articles of association.

6) Acknowledges that this delegation of authority supersedes, as of this date, any unused portion of any previous delegation with the same purpose.

Twenty-ninth resolution

Delegation of authority to be given to the Board of Directors to issue ordinary shares and/or securities giving access to the share capital (of the Company or a Group company) and/or debt securities with preferential subscription rights

The Extraordinary shareholders' Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and, in particular, its articles L. 225-129-2, L. 228-92 and L. 225-132 *et seq.*:

1) Delegates to the Board of Directors its authority to issue, free of charge or against payment, on one or more occasions, in the proportions and at the times it deems appropriate, on the French and/or international market, *i.e.* either in euros, foreign currencies or in any other unit of account established by reference to a set of currencies,

- ordinary shares,
- and/or securities giving access to the share capital and/or debt securities;

In accordance with article L. 228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or of which it directly or indirectly owns more than half of the share capital.

2) Sets at twenty-six months the period of validity of this delegation, starting on the date of this meeting.

3) Decides to set, as follows, the limits of the amounts of the authorized issues in the event of use by the Board of Directors of this delegation of authority:

the total nominal amount of ordinary shares that may be issued under this delegation may not exceed €5,000,000,

to this cap will be added, where applicable, the nominal amount of the capital increase necessary to preserve, in accordance with the law and, where applicable, the contractual provisions providing for other cases of adjustment, the rights of the holders of rights or securities giving access to the Company's share capital,

the nominal amount of debt securities that may be issued under this delegation may not exceed €200,000,000,

the caps set out above are independent of all caps provided for in the other resolutions of this meeting;

4) In the event that the Board of Directors uses this delegation of authority in the context of the issues referred to in 1) above:

a) resolves that the issue(s) of ordinary shares or securities giving access to the share capital shall be reserved by preference for shareholders who may subscribe on an irreducible basis,

b) resolves that if the subscriptions on an irreducible basis, and where applicable on a reducible basis, have not absorbed the entire issue referred to in 1), the Board of Directors may use the following options:

- limit the amount of the issue to the amount of subscriptions, where applicable within the limits provided for by regulations,
- freely distribute all or part of the unsubscribed shares,
- offer all or part of the unsubscribed shares to the public;

5) Resolves that the issues of warrants on the Company's shares may be carried out by means of a subscription offer, but also by free allocation to the owners of the existing shares, it being specified that the Board of Directors will have the option to decide that the allocation rights forming fractional shares shall not be negotiable and the corresponding securities will be sold.

6) Resolves that the Board of Directors shall have, within the limits set above, the powers necessary in particular to set the conditions of the issue(s) and determine the issue price, if applicable, record the completion of the resulting capital increases, amend the articles of association accordingly, charge, at its sole initiative, the costs of the capital increases to the amount of the related premiums and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new share capital after each increase and, more generally, to take the necessary measures in this respect.

7) Acknowledges that this delegation cancels, as of this date, any unused portion of any previous delegation with the same purpose.

Thirtieth resolution

Delegation of authority to be given to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities giving access to the share capital without preferential subscription rights for the benefit of members of a company savings plan pursuant to articles L. 3332-18 et seq. of the French Labor Code

The Extraordinary shareholders' Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' special report, ruling pursuant to articles L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code and L. 3332-18 *et seq.* of the French Labor Code:

1) Delegates its authority to the Board of Directors to increase the share capital on one or more occasions through the issue of ordinary shares or securities giving access to the Company's share capital, for the benefit of members of one or more company or group savings plans established by the Company and/or by French or foreign companies related to it under the conditions of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code.

2) Removes, in favor of these persons, the preferential subscription rights to the shares and securities that may be issued under this delegation.

3) Sets the period of validity of this delegation at twenty-six months from the date of this meeting.

4) Limits the maximum nominal amount of the increase(s) that may be carried out by use of this delegation to 3% of the share capital on the date of the decision to issue, this amount being independent of any other cap provided for in terms of delegations to carry out capital increases. To this amount will be added, where applicable, the nominal amount of the capital increase necessary to preserve, in accordance with the law and, where applicable, the contractual provisions providing for other methods of preservation, the rights of the holders of rights or securities giving access to the Company's share capital.

5) Resolves that the price of the shares to be issued, pursuant to 1) of this delegation, may not be more than 30% lower, or 40% lower when the lock-up period provided for by the plan pursuant to articles L. 3332-25 and L. 3332-26 of the French Labor Code is greater than or equal to ten years, than the average share price during the 20 trading sessions preceding the decision setting the opening date of the subscription, nor higher than this average.

6) Gives full powers to the Board of Directors to determine all the terms and conditions of this or these transactions, within the limits set above, in accordance with the law and the articles of association.

7) Acknowledges that this delegation cancels, as of this date, any unused portion of any previous delegation with the same purpose.

The Board of Directors may or may not implement this delegation, take all necessary measures and carry out all necessary formalities.

Thirty-first resolution

Amendment of article 10 of the articles of association concerning the Board of Directors' decision-making process

The Extraordinary shareholders' Meeting, having reviewed the Board of Directors' report, resolves:

1) Concerning the participation of Directors in Board meetings by means of videoconferencing and/or teleconferencing

- to remove the exclusions provided for in article 10 of the articles of association with regard to the participation of Directors in Board meetings by videoconferencing and/or teleconferencing in order to allow their use in any event, subject to cases expressly excluded by current regulations,
- to delete accordingly the provisions of the third paragraph of article 10 of the articles of association;

2) Concerning the right to consult the Directors in the context of written consultations

- to provide that the decisions covered by applicable regulations and falling within the specific remit of the Board of Directors may be taken by written consultation of the Directors in accordance with the provisions of article L. 225-37 of the French Commercial Code,
- to insert the following paragraph after the second paragraph of article 10 of the articles of association, with the remainder of the article staying unchanged.

"Decisions falling within the specific remit of the Board of Directors provided for by regulations in force may be taken by written consultation of the Directors."

4.3. Within the remit of the Ordinary shareholders' Meeting:

Thirty-second resolution

Powers for formalities

The Ordinary shareholders' Meeting grants full powers to the bearer of a copy or extract hereof to carry out all legal formalities.

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