# 2010 BUSINESS AND CORPORATE SOCIAL RESPONSIBILITY REPORT

Sharing smiles

# SHARING SMILES

In 120 countries around the world, Bel brings smiles to families everyday through its enjoyable products, made with dairy goodness. Its brands, suitable for gourmet tastes and adapted to a wide variety of eating habits, fly the colors of enthusiasm, a fundamental Bel value.
Whether choosing Bel's universally recognized brands, The Laughing Cow®, Mini Babybel®, Kiri®, Leerdammer®, and Boursin®, or its 25 local brands, consumers appreciate the healthy pleasure and cheerfulness offered by these cheeses.
Bel's story is a family story. The company's family-controlled ownership structure and the commitment of its 11,300 employees allow the Group to blend long-term vision with sustainable performance. In 2010, Bel generated consolidated sales of €2.4 billion, up 8.9% over the previous year.

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# MESSAGE FROM ANTOINE FIÉVET, CHAIRMAN AND CEO

## "Bel's goal is to bring smiles to one billion consumers by 2020"

**THE ENTHUSIASM AND DRIVE OF OUR EMPLOYEES ARE POWERFUL ENGINES OF GROWTH**

In 2010, Bel cheese consumers numbered 400 million strong. Put another way, Bel – in line with its mission – brought smiles to 400 million men, women and children around the world, delivering enjoyable products made with dairy goodness. That is an impressive number, and it underscores the year's great accomplishments, of which the company's 11,300 employees can be proud.

### A RECORD YEAR

Bel had a record year in 2010, despite an enduring economic recession in a number of countries where we operate, and renewed volatility in the dairy raw materials market. Our sales increased 8.9%, driven by higher sales volumes in nearly all world regions where we are active.

North America, Asia, the Middle East, and Africa all reported excellent performances during the year, while growth steadily recovered in Western Europe against more challenging economic conditions. Eastern Europe was the only region to suffer deeply from the crisis, but its performance did not significantly impact the Group's strong, overall momentum. Strides were also made in terms of profitability. In 2010, consolidated net profit reached €116 million, moving us closer to the target we set and enabling us to look forward to the future with confidence and determination.

### THE FRUIT OF A CONSISTENT STRATEGY

Beyond the individual accomplishments of each and everyone during the year, 2010 needs to be put into perspective. The year's performance is fully in line with the strategic and operational decisions taken over time, with the implementation of those decisions strengthening the Group. FY 2010 can also be viewed as a launch pad for preparing the Group's path to growth over the next decade.

Bel's performance stems first and foremost from our remarkable portfolio of universal brands, including The Laughing Cow®, Mini Babybel®, Kiri®, Leerdammer®, and Boursin®, and the quality national brands that effectively complement our product range. Always contemporary, these delightful and gourmet brands appeal to all generations. Further, Bel has always been an innovator, annually introducing product innovations in the market that meet consumer expectations. In 2010, product innovations launched within the past three years accounted for over 8% of the year's sales, clearly demonstrating our capacity for innovation.

Successful international growth also contributed to Bel's performance in 2010. Our products are now sold in more than 120 countries, and we have subsidiaries in over 30 nations. This geographical breakdown helps spread risk and, above all, enables us to seize growth opportunities wherever they may arise. Remarkable growth is now being generated in the North American market, for example. African and Asian markets remain strong bases for us – markets where we are accelerating our growth – and numerous territories remain to be conquered.

Antoine Fiévet, Chairman and Chief Executive Officer.

Lastly, over the past few years, Bel has spearheaded major projects to streamline its organizational structure and improve the quality of its manufacturing base and information system — efforts that have borne fruit. As a result, we are able to manage our business activity and environmental conditions more closely, while being more efficient and productive in our functions and decision-making processes.

**OUR SUCCESS IS DERIVED FROM THE SIMPLICITY AND EFFECTIVENESS OF OUR GROWTH MODEL**

Mobilizing the entire Group around specific, consistent and shared strategic priorities is an advantage we can count on for our growth.

### A MEANINGFUL PROJECT

What future are we building for Bel? The short-term outlook is rocky. Once again, there is a great deal of volatility in the raw materials market, a situation stretching from the second half of 2010 and one generating higher costs in 2011 than initially anticipated. However, thanks to our family-like culture, the Group knows how to blend everyday management with long-term vision and sustainable performance.

By 2020, our goal is to reach one billon consumers worldwide. That means attracting new customers in numbers equivalent to the population of France each year, given the 400 million consumers we currently serve.

One could ask, why be so ambitious and how can we succeed?

**8.9%** **advance** in 2010 sales

**400** **million** consumers around the globe

**€116** **million** in consolidated net profit – Group share

# CSR IS FACTORED INTO ALL OUR PROJECTS FOR DEVELOPMENT, INVESTMENT AND PRODUCT LAUNCHES

Bel's mission is to bring smiles and dairy goodness to families. The direction is clear, but there is still some way to go. To that end, we will continue to build on our current operations and grow in new geographical regions. We are also intensifying our efforts to make our products more accessible to consumers, notably in terms of manufacturing performance and innovation. In particular, our teams are working to develop an innovative product aimed at consumers with very modest purchasing power, people for whom the benefits of dairy products are currently out of reach. We plan to launch a product in Vietnam at the end of the year that is specifically tailored to local needs in terms of price and nutritional benefit.

This project is emblematic of the business model we want for Bel, i.e. a company driven by a desire to make its efforts meaningful and to be respectful of its consumers, employees and the communities where we operate. We formalized this desire in the five pillars of our Corporate Social Responsibility (CSR) policy, and all Bel functions and subsidiaries have begun making progress in those areas.

CSR lies at the heart of our strategy, at the same level of importance as financial imperatives. Respecting CSR guidelines is a primary and necessary condition for all our development, investment and product-launch projects. By our meeting these demands, consumers will continue to prefer Bel brands, and all our employees can remain enthusiastic and proud of their contributions.

## PEOPLE FIRST

The five pillars of our CSR policy are demanding. I would like to highlight one of them in particular, the one about being a company that listens to its employees, because it fits perfectly with Bel's family values. In this spirit, our People First human resources policy is aimed at ensuring that the smiles we seek to share are shared first with our employees and their families. The drafting in 2010 of a social charter applicable to all Bel employees around the world marks a major step towards meeting this commitment and has inspired several promising projects in the areas of employee safety, benefits and training, etc. All of these efforts contribute to helping all employees use their talents and skills to the fullest extent, and help promote their well-being and performance.

## MY COMPLIMENTS TO A PERSONALITY 90 YEARS YOUNG

Before closing, allow me to note an important anniversary for all those who share in the Bel adventure. In 2011, we will be celebrating the 90th anniversary of The Laughing Cow®, the Group's emblematic and founding brand. The event will be held at *La Maison de La vache qui rit®* (The Laughing Cow House) in Lons-le-Saunier (Jura - France), where the brand was first established in 1921, and the celebration will be extended to our consumers and all our employees as well. The anniversary confirms The Laughing Cow®'s success in blending tradition and modernity to perfection. The brand has consistently adapted to consumer generations, tastes and cultures in time and around the world, while maintaining its friendly, authentic and good-natured personality. I am convinced that The Laughing Cow® will continue to elicit countless smiles for years to come, along with all of our brands.

# CSR, A MEANINGFUL PROJECT

## At the heart of our company policy lies a desire to blend **business development** with **respect for people and the environment.**

Bel has formulated its Corporate Social Responsibility (CSR) policy in a manner consistent with its culture and mission, drawing on the support of in-house experts within its various functions and the contribution of external stakeholders. Shared by all Bel entities, this policy is based on five pillars of commitment, which together cover more than 20 key areas of progress.

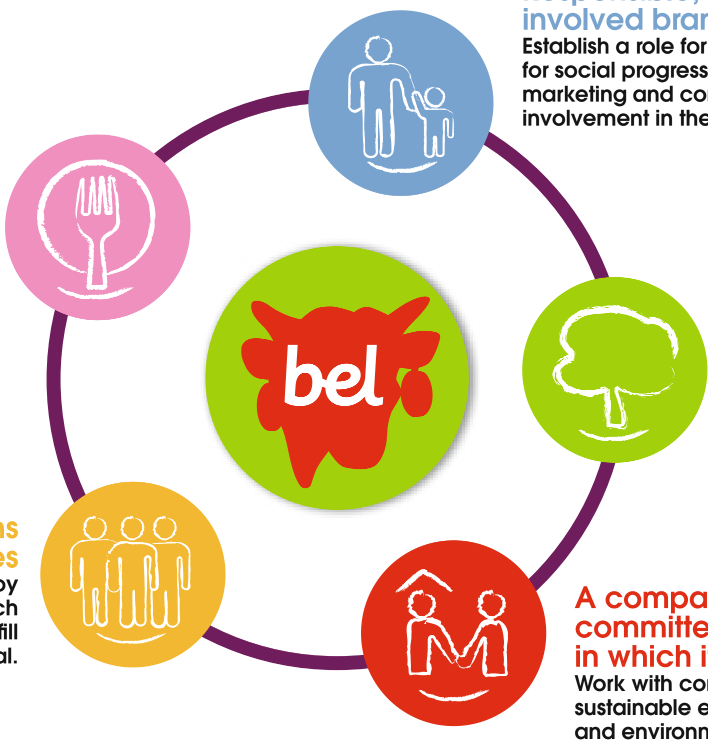
To coordinate the field deployment of the policy, a network of 17 key CSR advisers was set up among the Group functional departments. These experts act as the guardians of progress within their respective departments. Furthermore, their role is to lead implementation efforts for actions delegated to local advisers in Bel regions and countries, and at Bel production sites.

Dedicated website

**http://www.smilesfortheplanet.com/** sets out the approach to CSR and the advances by Bel entities in area of CSR.

Bel is a member company of the United Nations Global Compact.

## FIVE PILLARS OF COMMITMENT




**Responsible, actively involved brands**
Establish a role for our brands as "vehicles for social progress" through responsible marketing and communications, and active involvement in the issues facing society.

**Accessible products that are nutritionally beneficial**
Develop nutritionally beneficial products adapted to everyone's needs and accessible to the greatest number of people.

**Activities that reduce our environmental footprint**
Reduce of the environmental footprint of all our activities, regardless of whether these activities are directly linked to the manufacture of our products or not.

**A company that listens to its employees**
Ensure that our employees enjoy working conditions in which they can develop and fulfill their personal potential.

**A company actively committed to the communities in which it operates**
Work with communities to further sustainable economic, social and environmental development.

The tables for tracking CSR progress are presented on pages 44 to 53 of this report.

# SOUND CORPORATE GOVERNANCE WITH A LONG-TERM VIEW

Bel has existed for over 100 years and is still managed by the descendents of the company's founders. Its corporate governance structure is designed to continue the Group's long-term view of the business by focusing on sustainable and profitable growth.

**THE BOARD OF DIRECTORS**

**Antoine Fiévet,** Chairman and CEO

**Michel Arnaud*,** Director

**Philippe Deloffre,** Unibel's Permanent Representative

**James Lightburn*,** Director

**Luc Luyten*,** Director

**Florian Sauvin,** Director

**Johnny Thijs*,** Director

**AUDIT COMMITTEE**

**Philippe Deloffre,** Chairman

**James Lightburn***

**Johnny Thijs***

**APPOINTMENTS AND COMPENSATION COMMITTEE**

**Luc Luyten*,** Chairman

**Antoine Fiévet**

**Ernst Pankert** (non-director, committee expert)

**Independent directors*

**DEPUTY GENERAL MANAGER**

**Bruno Schoch**

Fromageries Bel is a French corporation *(société anonyme)* listed on the Euronext Paris stock exchange. At December 31, 2010, the Unibel holding company and members of the Bel/Fiévet family, descendants of the company's founders, held a combined 71.2% of Fromageries Bel's share capital.
Unibel, which is 98.2% owned by members of the Bel/Fiévet family group, is the Bel Group holding company.
In that capacity, Unibel defines the long-term vision and sets the major strategic guidelines to ensure the Group's development, profitability and independence.

## THE BOARD OF DIRECTORS

Antoine Fiévet has served as Bel's Chairman and CEO since May 14, 2009. He is assisted by Bruno Schoch, Deputy General Manager, Group Finance, Legal Affairs, Information Technology Systems, and Development.
The Board of Directors includes seven members, four of who are independent directors, in accordance to stock market rules. The Board approves all decisions concerning the Bel Group's major strategic, economic, social, financial, and industrial directions. It is assisted in its work by two specialized committees, both of which meet an average of four times a year.
**The Audit Committee,** operating under the responsibility of the Board of Directors, monitors the preparation of financial information and the effectiveness of internal control systems, risk management, and the statutory auditing of the annual company and consolidated accounts by auditors. It also ensures the independence of auditors.
**The Appointments and Compensation Committee** notably issues proposals to the Board of Directors concerning the selection and compensation of Group managers, officers and directors. It also takes part in implementing the Group's strategic plan for human resources management.

## GROUP MANAGEMENT COMMITTEE

Working under the authority of CEO and Chairman Antoine Fiévet, the Group Management Committee is in charge of the operational management of the Bel Group, implementing the strategy as established by the Board of Directors for the company as well as for all of its subsidiaries, ensuring the coordination between the various Group entities, and monitoring operating results and directives. Its membership includes the deputy general manager and eight vice-presidents, each one individually responsible for a business activity or an operational region, and all upholding the Group's strategy and mission. In March 2011, the Bel International region, which has seen remarkable growth over the past years, was geographically reorganized into two separate regions, Greater Africa and the Near and Middle East, to be closer to market. The Asia-Pacific region was reassigned to the Americas region, with the combination now called the Americas, Asia-Pacific region.

# GROUP MANAGEMENT COMMITTEE

**Patrick Longuechaud**
Vice-President Human Resources and Organization.

**Francis Le Cam**
Vice-President Bel Western Europe.

**Guillaume Jouët**
Vice-President Communications, Public Affairs and Corporate Social Responsibility.

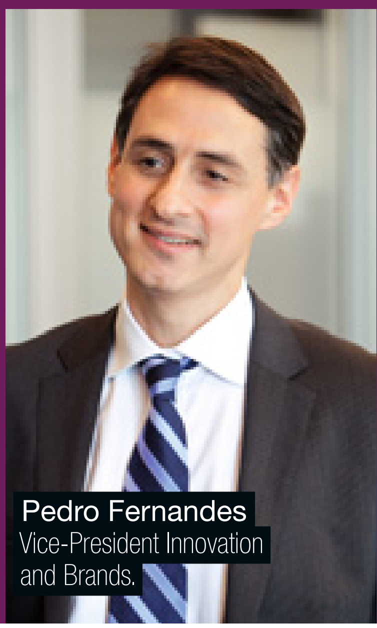
**Bruno Schoch**
Deputy General Manager.

**Joe Tayard**
Vice-President Bel Near and Middle East.

**Antoine Fiévet**
Chairman and Chief Executive Officer.

**Éric de Poncins**
Vice-President Bel Americas, Asia-Pacific.

**Hubert Mayet**
Vice-President Group Manufacturing and Technical Division.



**Pedro Fernandes**
Vice-President Innovation and Brands.

**Frédéric Nalis**
Vice-President Bel Greater Africa.

# 2010 EARNINGS UP SHARPLY

**Bel reported remarkable results in 2010,** thanks to strong business growth and continued efforts to improve operating profitability. In 2011, against harsher conditions, the company has the resources to continue along the path to profitable growth.

### ROBUST SALES GROWTH

In 2010, Bel Group sales exceeded €2.4 billion, up 8.9% overall versus 2009, and up 7.3% at constant exchange rates and scope of consolidation. The performance stemmed primarily from the double-digit sales growth generated in the high potential regions of Bel Americas and Bel International. While business in Eastern Europe continued to suffer from the effects of the economic crisis, sales in Western Europe were remarkably strong. These results underscore the power of Bel's international brands and the effective adaptation of the company's sales and marketing strategies to conditions in all local markets.

### STRENGTHENED BALANCE SHEET

Bel's operating income and net profit, Group share, advanced 31.2% and 37% respectively, notably underscoring Bel's capacity for generating a return on investment and cutting expenses, in particular its financing costs. For the second year in a row, the Group pursued an active policy to decrease debt, with net financial debt falling 33% to €240 million, from €357 million in 2009. Bel reinforced its balance sheet by strengthening its equity.

### A CHALLENGING 2011

In the short term, an abrupt increase in raw material costs and political unrest in some Group countries have created turbulent conditions that will weigh on 2011 financial results. Bel, however, remains confident in its human, sales and marketing, and financial resources, and reaffirms its objectives for growing the business and attracting new consumers.

**32** COUNTRIES WITH A GROUP PRESENCE

**30** INTERNATIONAL AND LOCAL BRANDS

**25** PRODUCTION SITES

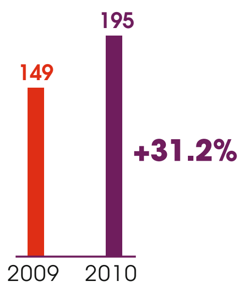
OVER **120** COUNTRIES, IN WHICH BEL PRODUCTS ARE DISTRIBUTED

**11,300** EMPLOYEES

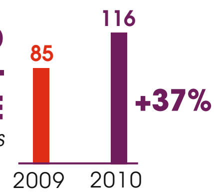
**49** NATIONALITIES

**SALES**
*in millions of euros*

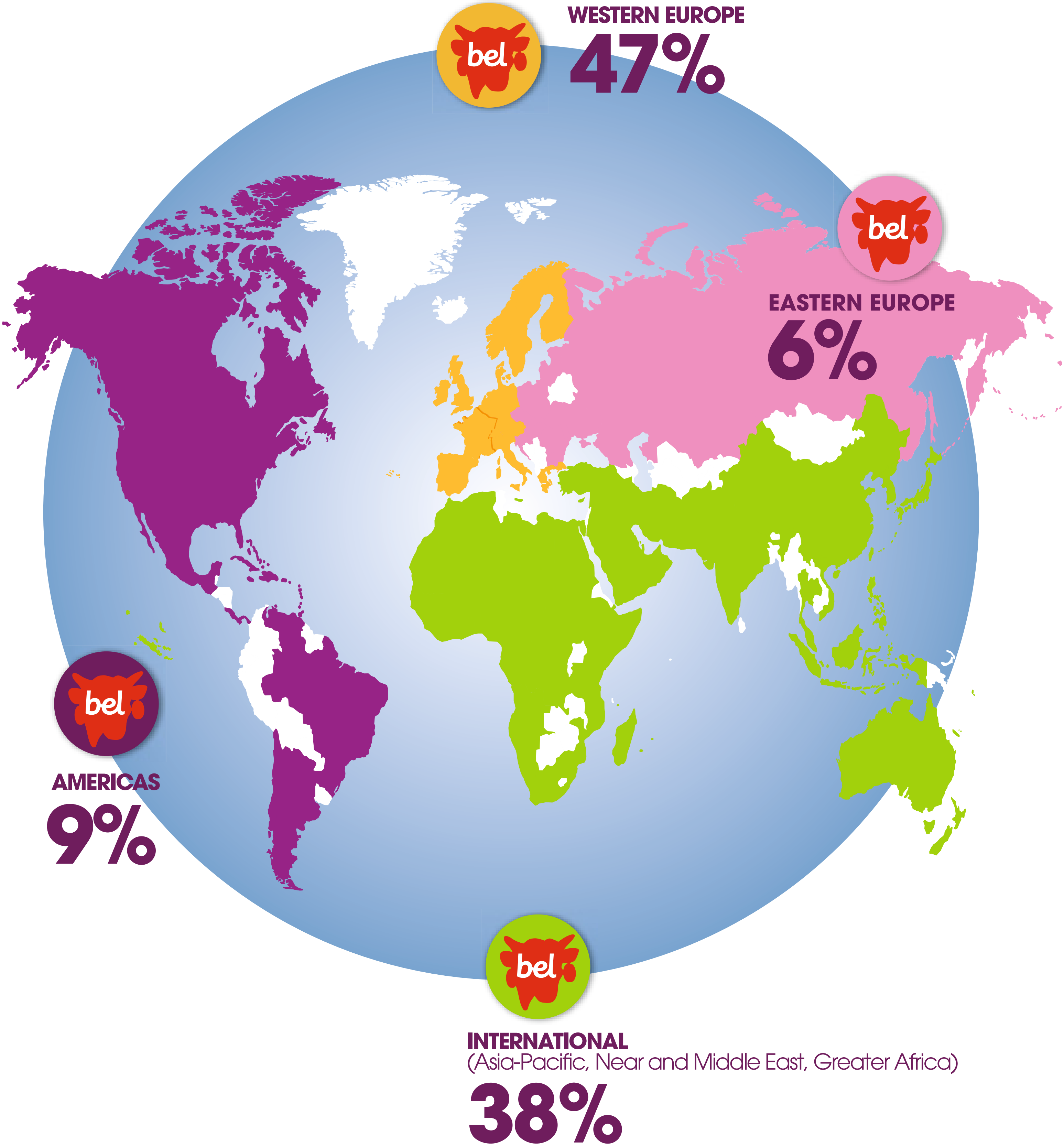

**OPERATING INCOME**
*in millions of euros*




**CONSOLIDATED NET PROFIT - GROUP SHARE**
*in millions of euros*



## BRANDED CHEESE SALES VOLUMES BY REGION*




*In 2010, prior to reorganization of operational regions.

# 12 BILLION SMILES!

**Sharing smiles** with families through **the pleasure of dairy goodness** is Bel's mission. In 2010, Bel brands spread cheerfulness **around the globe**, with over **12 billion cheese portions eaten.**

**5**

**universal core brands, including**
The Laughing Cow®, Mini Babybel®, Kiri®, Leerdammer® and Boursin®.

**25**

**international and local brands.**

**12**

**billion** portions eaten in 2010.

# BRANDS CLOSE TO CONSUMERS

Always attentive to consumer desires, Bel consistently uses the **unique personality** of its brands **to convey** their **contemporary appeal**.

Blind taste tests were used in South Korea to introduce consumers to new Belcube® flavors.

## Manufacturing teams working for the customer

Boost

EMPOWERMENT FOR EFFICIENCY

**Boost, a program to improve production processes** inspired by lean manufacturing practices, was rolled out at three pilot plants in 2010. It involves employees directly in a shared effort to find the most efficient solutions and to create new value added for the customer. The Boost project will be implemented at five new plants in 2011.

**No matter where they are in the world, consumers change,** just as their demands for products and brands do. To be closer to families and to offer them products in sync with new eating habits, Bel continuously tailors its product range to its various markets.

### LISTENING TO CONSUMERS

Bel's local presence makes it easier to listen to consumers and to gain a finer understanding of their expectations. To that end, the Group relies on its brands, whose adaptability to a diverse range of market conditions, generations of people and a variety of cultures has been proven time and time again.

In developed countries, the economic crisis has led to profound changes in purchasing behavior, with consumers turning away from hyperconsumption and rethinking their priorities. Consumers are trending toward more responsible and sustainable food – products that are natural, traditional, simple, environmentally friendly, and practical. Developing countries are facing different challenges. Because weak purchasing power continues at times to limit access to a varied and balanced diet, the focus is on affordable products with nutritional benefit.

Bel brands offer solutions to all of these needs, as underscored by the robust sales growth achieved in 2010.

### AN EFFECTIVE SALES AND MARKETING STRATEGY

With cheese sales up nearly 9% in 2010, the year's remarkable performance can be explained by the efficiency and energy deployed at each step in the sales and marketing process. The steps include constant research to understand consumer needs, efforts to improve distribution and product visibility at points of sale, customer bond-building advertising campaigns, which Bel has always used, and launches of new products in tune with local tastes, cultures and customs. The results of this strategy can be seen in nearly all countries and across all of Bel's core brands.

### CONSTANT DRIVE FOR INNOVATION

Products launched during the year annually account for a significant share of Bel's sales. Innovation, a fundamental Bel value, is the answer to meeting new expectations from consumers in the Group's regions. The quality and relevance of new products constitute


real competitive advantages, enabling Bel to win new customers and even create new ways of eating its products. In the U.S. market, Bel successfully launched several new flavors in 2010, including three original recipes for The Laughing Cow®. Other examples include Boursin® Tartine spreads, a new way of serving the cheese, and the launch of Picon® miniature cheese blocks for toasting in Lebanon. Both products reflect Bel's efforts to develop cooking uses for its cheeses.
Research efforts for tomorrow's products are focused on ensuring nutritional balance and blending dairy with other ingredients and new flavors, to the benefit of the widest possible number of people.

## A SPECIAL RELATIONSHIP

The digital revolution has led to major changes in the way messages are conveyed to consumers. The Internet is a wonderful way for traditional brands, used to addressing customers through retail channels and traditional media, to establish a direct dialogue with consumers. Furthermore, it offers unlimited opportunities for customization and reaching out. Bel has always sought to maintain close ties with consumers. It responded to the Web early on, and has continued to invest in this area, with its digital communications budget tripling from 2009 to 2011. The initiatives are mushrooming. Each brand has its own site, as well as its own Facebook page. In just a few months' time, *La vache qui rit®* became one of the most popular brands on the social networking site in France, sharing a variety of content, such as recipe ideas, news and special offers, with over 400,000 Facebook friends.

**3**
**new recipes**
for The Laughing Cow®
were introduced in the U.S.
market in 2010.

**591**
**metric tons**
of Boursin® Tartine were sold
following the product's 2010
launch in France.

**x3**
Bel has increased its digital
communication budget threefold
from 2009 to 2011.

**400,000**
**friends** on *La vache qui rit®* Facebook page in
France.

# DAIRY GOODNESS

More than **400 million people** consumed Bel cheeses in 2010. That impressive figure confers a significant responsibility on the Group — ensuring the **quality** and **food safety** of the millions of cheese portions eaten each day around the world.

**Health and well-being,** essential consumer motivations, have always been a core theme at Bel.

## QUALITY, AN ESSENTIAL PREREQUISITE

Offering dairy goodness is first and foremost a matter of ensuring flawless food safety and quality. Bel's promise is guaranteed in the main by all the tracking processes and production rules in place at Group plants. Meeting that challenge is made even greater by rising production volumes. In 2010, Group production units operated at full capacity with no concessions on product quality. The new Mini Babybel® plant in Slovakia met Bel's quality demands from its first day of operation, as did the new production lines successfully started up in Canada and Algeria during the year.

All our sites meet Bel's food safety and quality demands and comply with recognized international standards and benchmarks, such as ISO 9001, ISO 22000, BRC, and IFS.

## NUTRITIONAL RESPONSIBILITY

A balanced diet is a key challenge for society. Well aware of its nutritional responsibility, Bel has always researched its recipes to meet the dietary needs of its customers, while continuing to satisfy consumer expectations for taste and enjoyment. For Bel, the pleasure of eating well derives from a consumer-friendly and balanced eating experience that goes hand in hand with nutrition.

The Group pays particular attention to calcium, fat and salt, three nutrients present in its products and considered to have a significant impact on public health. Bel's first move has been to determine the average value for all three nutrients

Rich in proteins, calcium and vitamin D, The Laughing Cow® Formule Plus is designed to meet the specific nutritional needs of seniors in care facilities.


A version of The Laughing Cow® marketed in Algeria is enriched with calcium, vitamin D and vitamin B12.

For Bel, nutrition goes hand in hand with a consumer-friendly and balanced eating experience.

## The importance of nutritional information

**Increasingly concerned about nutrition,** consumers want clear and relevant information about the products they buy. Health officials, child care professionals and restaurant operators also need such information. Bel is committed to providing accurate information about the nutritional composition of its products, mainly on its packaging but also via its websites and customer services, to answer questions that enable consumers to make informed purchasing decisions.

observed in the cheese market. Secondly, based on those averages, it has set target values for each nutrient in the "nutrition passport" developed for its core brands. The goal of the program is to ensure that all recipes conform to the nutrition passport by 2015.
In addition, to maintain the natural characteristics of its products, Bel's research and development teams are working to reduce the number of additives in each recipe whenever possible and without diminishing food safety. In 2010, headquarters recruited a team of nutritionists. It will lead a network of local correspondents to guide and coordinate the recipe work, the commitments undertaken with public authorities and the training of in-house personnel.

### FROM 400 MILLION TO ONE BILLION CONSUMERS

Product quality and the Group's marketing and advertising skills have contributed significantly to the success of Bel cheeses to be sure. But they are not the only factors. The Group's plants strive constantly to streamline production, to keep selling prices in line with the markets they serve. To achieve its goal of attracting a billion consumers around the world by 2020, Bel must continue those efforts and cross an additional threshold to make its products even more accessible. Poor living standards prevent a large share of the world's population from enjoying the nutritional benefits of dairy. To reach these people, the Group is working on a completely new business model in terms of recipe, product presentation, manufacturing process, and sales and marketing organization. The first product launch resulting from this work will take place in Vietnam at the end of 2011. The product, rich in dairy protein, will be manufactured and marketed at an attractive sales price per portion. After Vietnam, other countries may be targeted in the near future.


## Accessible, nutritionally beneficial products

The attention that Bel pays to quality, nutrition and the accessibility of its products is structured around four key areas that take into account the varying social and cultural contexts within which the Group operates as well as the local eating habits.

# ACTIVELY INVOLVED BRANDS

Bel brands forge **strong and lasting bonds** with consumers. The **trust** created by these ties opens the door to using the brands for promoting **responsible behaviors.**


In Lebanon, the Picon® brand gets school kids involved in solidarity and sustainable development efforts.

**The search for meaning, a widely observed consumer trend**, is reflected in purchasing behavior. Consumers are increasingly attracted to products and brands that are actively involved in tackling some of the challenges facing today's society. Bel understands this notion and intends to have its brands play a true societal role.

## RESPONSIBLE COMMUNICATION

Bel invests heavily in advertising. Its brand messages are seen by millions of people every day, including a vast number of children, an audience susceptible to advertising and promotion. As a result, Bel drafted a Responsible communications charter to establish a code of conduct for the Group and to ensure that company ethics are upheld. Brand advertising must first and foremost be honest. It should not promote disrespectful behavior, incite unreasonable consumption or make any unsupported claims, in particular about nutrition. The charter is enforced at Bel's subsidiaries around the globe. It is included and binding in contracts that Bel signs with advertising agencies. All advertising is now examined in light of this charter before public release.

## INVOLVEMENT IN SOCIETY'S CHALLENGES

Through its brands, Bel also seeks to encourage responsible behavior to meet such societal challenges as good nutrition, healthy living, physical exercise, environmental protection, and support for worthy causes. By getting involved in an active and lasting way, and in line with its own values, Bel believes its brands can help promote consumer behaviors that are beneficial both individually and collectively.


Bel's advertising code of conduct is spelled out in the Group's Responsible communications charter.


**THE LAUGHING COW® HAS BEEN AN OFFICIAL PARTNER OF THE ROYAL DUTCH SWIMMING FEDERATION IN THE NETHERLANDS SINCE 2007**

In 2010, Bel Foodservice put together a canteen program called “Let’s get moving, together,” to promote physical exercise and awareness of people’s individual capacity for making changes in their lives and their environment.
In the UK, Mini Babybel® is a loyal partner of Red Nose Day, an annual charity event. A contribution is made to Comic Relief, a charitable organization active in the UK and Africa, with each purchase of Mini Babybel®. Several public relations events and internal actions accompany this widely followed and worthy cause.
Another example is the partnership between the *Arc-en-ciel* NGO and Picon® in Lebanon to encourage school kids to be “Happiness Ambassadors” in their local communities by getting them involved in solidarity and sustainable development efforts. Other similar programs are currently under study, notably in France and Portugal.


## Promoting well-being at Group websites

**Bel websites play an active role** in the area of nutrition and healthy living, offering information and advice. In the U.S., The Laughing Cow® and Mini Babybel® have their own blogs, which are maintained by recognized professionals in the fields of nutrition and fitness (www.thelaughingcow.com/blog).

## Responsible and actively involved brands

The relationship established between the brands and their consumers represents a great responsibility. In response, Bel has established its Responsible communications charter and committed to using the power of its brands to promote behaviors that are beneficial to consumers individually and the community as a whole.

# INTERNATIONAL AIMS IN TUNE WITH LOCAL EXPECTATIONS

Bel cheeses are eaten in **over 120 countries**. In all of them, Bel follows a **growth strategy tailored to local conditions and cultures.**


Three new flavors were added to the Apéricube® range in 2010.

## WESTERN EUROPE

**In Western Europe, Bel's 2010 sales were up 4.7%,** versus the previous year. That's an excellent performance, one of the year's best in the consumer products sector and one achieved despite lackluster economic conditions. Western Europe, the birthplace and starting point of Bel's expansion continued to grow for the Group in 2010. During the year, priority was given to growing volumes and market share to win customer loyalty in a period of declining purchasing power, to maintain close ties to retail partners through the growth momentum of Bel's brands, and to keep the company's plants operating at a high level of production. All core brands and Apéricube® benefited from the support of promotional-offer campaigns and targeted product innovations in 2010, generating record volumes and market share in most markets, particularly in Germany, Spain, Portugal, Switzerland, and France. The event of the year was the new advertising campaign for The Laughing Cow®, putting a new sheen on a brand that will celebrate its 90th anniversary in 2011. The 2010 growth momentum was further enhanced by new product launches, notably in the Apéricube®, Leerdammer® and Boursin® ranges.

### An 'udderly' successful ad campaign

Dubbed the "High Farm Musical", the new The Laughing Cow® commercial opens the door on The Laughing Cow® cheese factory, where the famous icon is surrounded by her friends in an animated clip that harks back to the famous animated films adored by children and their parents alike. An old, well guarded secret is finally brought to light:

The Laughing Cow® laughs when the cheese is just right. Simultaneously launched in six Western European countries, as well as Turkey, the Czech Republic and Egypt, the commercial was a big hit. The ad, coupled with unprecedented promotional-offer campaigns developed by local teams, helped boost sales of the "round box" some 8%.


## Success for Leerdammer® in Slovakia

The core Leerdammer® brand was successfully launched in the Slovakian market in the summer of 2010. The cheese won over consumers by virtue of its unique flavor and texture. Customer preferences were immediately satisfied by Leerdammer®'s light hazelnut taste. Its innovative packaging featuring a "click" open and close system also set a new, more practical standard. The new design generated a great deal of consumer interest and converted a number of consumers into loyal customers. To get the word out about the brand, a new advertising campaign highlighted the product's unique taste — "A taste you can't resist." This TV commercial was accompanied by numerous promotional events, such as tastings and sample giveaways in stores.
In six months' time, over 100 metric tons of Leerdammer® were distributed in Slovakia, making the brand the biggest selling prepackaged, sliced cheese in the market. Bel Slovakia expects to triple its sales in 2011, by beefing up its advertising and launching product innovations.

## BEL FOODSERVICE

**Bel Foodservice serves the catering market, international restaurant chains and the food industry.**
In 2010, there were a host of nutritional initiatives undertaken in the catering sector, with a new calcium and vitamin D-enriched recipe for Kiri® and the launch of The Laughing Cow® Formule Plus, aimed at improving the diets of seniors in retirement homes. In addition, audience specific informational campaigns were rolled out to highlight the nutritional qualities of Bel products.
For the European food sector and large restaurant chains, Bel Foodservice launched "frozen" Boursin®, a very practical product enabling Quick® restaurants in France and Belgium to put Boursin® on the menu as part of a delicious salad. Bel Foodservice also entered into a partnership agreement with d'Aucy®, a vegetable specialist, to launch a retail line of frozen mashed potatoes flavored with The Laughing Cow®, Kiri® and Boursin®.


# EASTERN EUROPE

**Eastern Europe was one of the world regions hardest hit by the recent economic recession, which continues to linger there.** Ukraine, one of three countries in the region where Bel has sales entities, was particularly affected. In 2010, Group sales in Eastern Europe fell 13%. Adaptive measures were taken during the year, with Bel's core brands made the focus of attention, while simultaneously supporting strong local brands. In the Czech Republic, some activities operating under the Jaromericka® brand were sold in 2010. In all countries, reducing market access costs and adapting both the core brand and local brand ranges were made priorities. Recipes, packaging formats and selling prices were revised to make the products more affordable for people hard hit by the sharp decline in their purchasing power. In addition, the sales forces in all Eastern European markets were strengthened after selected strategies were locally implemented.

### 15 COUNTRIES SUPPLIED BY EASTERN EUROPEAN PLANTS

The Eastern European region plays a key role for Bel via its four production units, which supply no less than 15 countries in several Group regions. In 2010, a new Kiri® production line was set up at the plant in Chorzele, Poland, to meet strong demand for the brand from around the world. The Michalovce, Slovakia Mini Babybel® plant, inaugurated in 2009, continued to ramp up production throughout the year towards full capacity, while complying fully with Bel's quality demands. These measures, which will continue in 2011, should enable the region to rebuild its results, despite the uncertain economic environment.

# AMERICAS

**In the Americas region, Bel cheeses found their way into three million new households in 2010,** with sales advancing 37.8% overall versus 2009.

Sales in North America accelerated significantly, despite an economy that has only now begun to recover. Effectively positioning three core brands in distinct and buoyant segments has been a major boon for the Group in this region. The Laughing Cow® is now established in the breakfast spread market, while Mini Babybel® has carved out a place in the healthy and original snack segment, and Boursin® is now positioned up market as a more festive cheese. For the first time, the Group holds the leading position in the snack cheese segment in both the U.S. and Canada. This accomplishment resulted from all the various initiatives undertaken in the region, including efforts to improve distribution, boost investment in promotional offers and innovate with the successful launch of three new varieties of The Laughing Cow®. The year was also marked by the deployment of the Group's SAP management software. Sales in Central America increased fivefold following an agreement with a local distributor in Mexico in 2009, and a strong local advertising presence. The success of this nascent adventure could serve as a model for new markets. In 2010, Bel invested in its historical partner in Chile to increase local market penetration, while pursuing efforts to find the best solution for entering the very promising market of Brazil.


## Fantastic year for Boursin®

The year 2010 was a milestone for Boursin® in the Americas region, where Bel led a host of major initiatives to strengthen the brand's development. The first production line in Canada began operating at the end of 2010, capping a successful capital spending program that set new records for speed and efficiency. The Group took direct control of Boursin®'s U.S. distribution and entrusted distribution in Canada to a long-standing partner, with both moves having an immediate positive impact. Lastly, the positioning of Boursin® upmarket and the supporting advertising and innovation outlay bore fruit with a remarkable advance in 2010 sales. Taken together, these achievements signal a bright future for Boursin® in the Americas.


## BEL INDUSTRIES

**Group division Bel Industries is dedicated to food industry customers,** to whom it sells specially prepared dairy proteins to meet their needs for manufacturing such products as ice cream, yogurt and dairy-based deserts. In 2010, against a backdrop of high price volatility, the division focused on developing its business in emerging countries, where strong economic growth is driving demand. These efforts strengthened Bel Industries' competitive positions and boosted its sales volumes. As a result, sales from the rest of the world surpassed European sales during the year. In a still uncertain economic environment, Bel Industries expects to continue demonstrating its vitality by abiding the expectations of its food industry customers, using its capacity for innovation and modernizing its production means.

# BEL INTERNATIONAL

**Bel International encompasses Asia-Pacific, the Near and Middle East and Greater Africa,** world regions where Bel has achieved double-digit sales growth year after year, and where significant growth opportunities still abound. In 2010, Bel International sales advanced 14.2%. What sets Bel International apart from other Group regions is the wide diversity of cheese eating habits within the territory, prompting Bel to develop a variety of responses adapted to local conditions. In Africa and the Near and Middle East, Bel has been developing cooking applications for Kiri® in particular, by offering new product formats and mounting strong advertising campaigns. In 2010, these efforts resulted in an excellent performance for the brand in Africa, where its sales shot up more than 30%. Growth was also driven by innovation, with Bel launching several recipes tailored to local tastes, such as new flavors of The Laughing Cow® and Kiri® Labneh. Lastly, one of the main challenges in this region has been nutrition and accessibility, given local market realities. In response, Bel offers recipes and formats adapted to local conditions, and even alternatives to its premium products. Meeting this challenge is a key focus of the region's product innovation teams.

### *Yokoso* strawberry-flavored Kiri®*

**Japan is a good example of a market where Bel adapted to local conditions to spur growth. Japan has no traditional cheese eating culture. Yet despite that reality, Bel's local subsidiary has generated steady growth for several years now. In 2010, Japanese sales increased 29%, thanks notably to the performance of naturally flavored Kiri® and the Belcube® brand. To succeed in Japan, Bel has focused on cheeses that are in tune with local tastes. That's the case for strawberry-flavored Kiri® stick, a product launched in 2010, featuring crisp biscuits to be dipped in a tub of strawberry-flavored cheese.**
**This new product was just one of the year's successes.**

* Welcome to strawberry-flavored Kiri®

# HUMOR AND CREATIVITY AT *LA MAISON DE LA VACHE QUI RIT®*


Established in 2009 in the center of Lons-le-Saunier, France, ***La Maison de La vache qui rit®* (The Laughing Cow® House) welcomed more than 41,000 visitors** in 2010. They came to see how The Laughing Cow® cheese is manufactured, to rediscover the great commercials that have contributed to the brand's popularity and, of course, to find out why The Laughing Cow® is laughing. *La Maison de La vache qui rit®* has become **the second-most visited site in France's Jura region.**

Visitors, many of who come to *La Maison de La vache qui rit®* with their families, discover the brand's history and its defining values of conviviality, humor and innovation. The site is also open to original and high quality, creative and experimental works of art. Four temporary exhibits were held in 2010, including *Bidons sans frontières*, a milk can exhibit, Rewind, a show of works by international artists initiated by Lab'Bel, *Les doigts pleins d'encre*, dedicated to the photography of Robert Doisneau, and The Laughing Cow® From Every Angle, a collection of mischievous patchworks featuring the brand. Year-round attractions offered further entertainment fare for children and their parents, such as learning about processed cheese making, eating flowers, participating in an offbeat chemistry course, or rediscovering a wacky and hilarious Cinderella.

### A SOURCE FOR SHARING SMILES FOR 90 YEARS

In 2011, *La Maison de La vache qui rit®* will offer a rich and varied program designed around the 90-year history of the brand. The weekend of April 16, The Laughing Cow®'s actual anniversary, will be dedicated to laughter and good cheer. Then, in June, art, design and visual communication students will illustrate the eternal youth of The Laughing Cow®. These artistic and cultural experiences show how The Laughing Cow®, more than just a cheese, is an element of daily life and heritage, a source for sharing smiles.


La Maison de La vache qui rit

Mission accomplished

**90% of visitors said they were satisfied with their visit,** and half said *La Maison de La vache qui rit®* improved their image of the brand.

# 11,300 DEDICATED EMPLOYEES

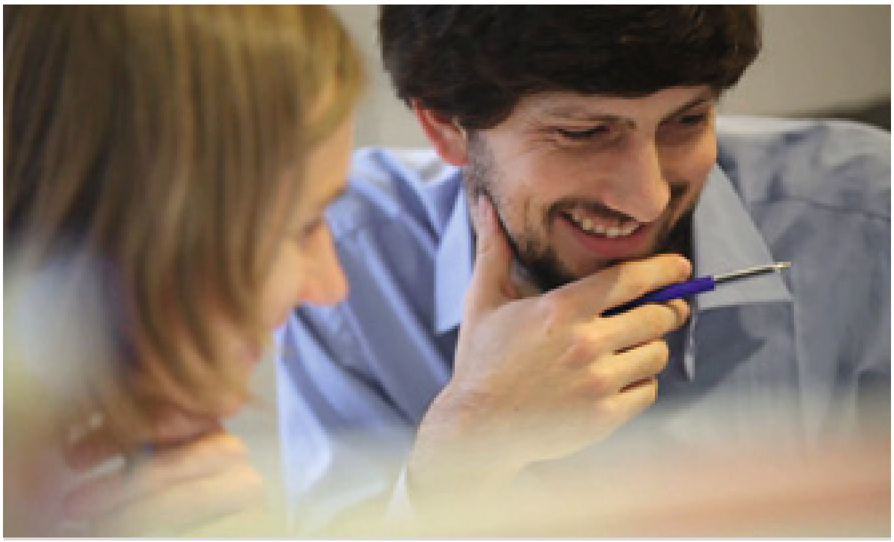
**"People First"** is the name of Bel's human resources policy. It shows that **the company's mission** of bringing smiles to families **is based first and foremost on ensuring the well-being and commitment of its employees**.

**11,300**
**employees.**

**49**
**nationalities.**

**32**
**countries with a Group presence.**

# SOCIAL CHARTER, THE CORNERSTONE OF A MUTUAL COMMITMENT



Bel's performance depends on its capacity for making the workplace **a place of well-being, growth and development** for its employees. This conviction is the driving force behind the Group's **new social charter.**

**THE SOCIAL CHARTER WILL BE ROLLED OUT IN 2011, IN THE 32 COUNTRIES WHERE THE GROUP OPERATES**

**Bel believes the most successful companies are also the best places to work,** with personal well-being being the motivating factor for employees. Bel already has a lot going for it. Sharing smiles is its core mission and enthusiasm is one of its core values. But making a company the best place to work is not something that can be decreed. It requires a shared vision and drive for constant improvement. For those reasons, Bel decided to implement a social charter.

### A SOCIAL CHARTER BUILT AROUND FOUR THEMES

Called People First, the charter was drafted by Group managers, who contributed their experiences and views gained from working in different countries and fields. It led to the identification and adoption of four themes around which Bel managers and employees can make mutual commitments:

**"Empower everyone!":** create an environment where all employees feel they contribute in an autonomous and responsible way;

**"Grow further!" :** develop talent through experience, training and exposure to new opportunities;

**"Share success!" :** share value-created in a transparent and equitable way;

**"Enjoy our workplace!":** create working conditions that make Bel a pleasant and friendly place to work.

### A MUTUAL COMMITMENT

Each theme in the Bel social charter serves as basis for a mutual commitment within the Bel community. This means that the company is not alone in its commitment. Shared success requires that all managers and employees be accountable as well. In this way, everybody contributes, moving forward together.

Bel's role is to offer a meaningful environment, in which its employees can develop, and to encourage them to take responsibility. Managers also have duties, such as serving as role models with respect to the Group's values and ensuring that their teams advance. Employees, in turn, must be responsive to opportunities and assume responsibilities that lead to growth and development. The company commits to recognizing these investments.


Everybody at Bel has a role to play. Just like enthusiasm and smiles, commitment is something to be shared.

### ADAPTED IMPLEMENTATION

The social charter will be rolled out in 2011, in all countries where Bel is present. It will be implemented through action plans and tracked in all countries. While the charter is global and aimed at the entire Group and all its employees, the action plans will be developed and applied by each entity in accordance with local realities. For example, the mandate for conducting performance reviews at least once a year for all employees could take different forms better adapted to local conditions, depending on the entity.

## Global employee survey

**In 2011,** Bel will conduct a survey of its employees worldwide, taking stock of the new social charter's four themes and measuring views to assess the best path to follow. The survey will serve as a barometer, with subsequent polls used to analyze the progress made at all Group entities in greater detail.

## A company that listens to its employees

The Group values the key role played by employees in reaching its strategic objectives. Bel sees itself as a community that must contribute to the well-being, growth and development of its people. Sharing culture and values is the foundation on which the Group is seeking to accomplish its goals. Extending this foundation, while respecting local diversity and resources, is therefore a key priority. Bel is putting the tools into place to gain a better understanding of the work-life of its 11,300 employees, along with their views of the company, their level of well-being, and their expectations. In this way, the Group can develop plans to make every employee a success story and, in so doing, ensure its own success.

# A COMPANY COMMITTED TO ALL EMPLOYEES

Within the framework of its CSR policy and social charter, Bel focuses on **five key commitments** to employees that respond to **major societal challenges**.


"Zero accidents" in Evron

**The Evron, France plant,** which employs 850 people and produces Mini Babybel® in the country's Mayenne department, reported no accidents in 2010, in keeping with the objective of the Zero Accident Plan.

## HEALTH AND SAFETY, AIMING FOR ZERO ACCIDENTS

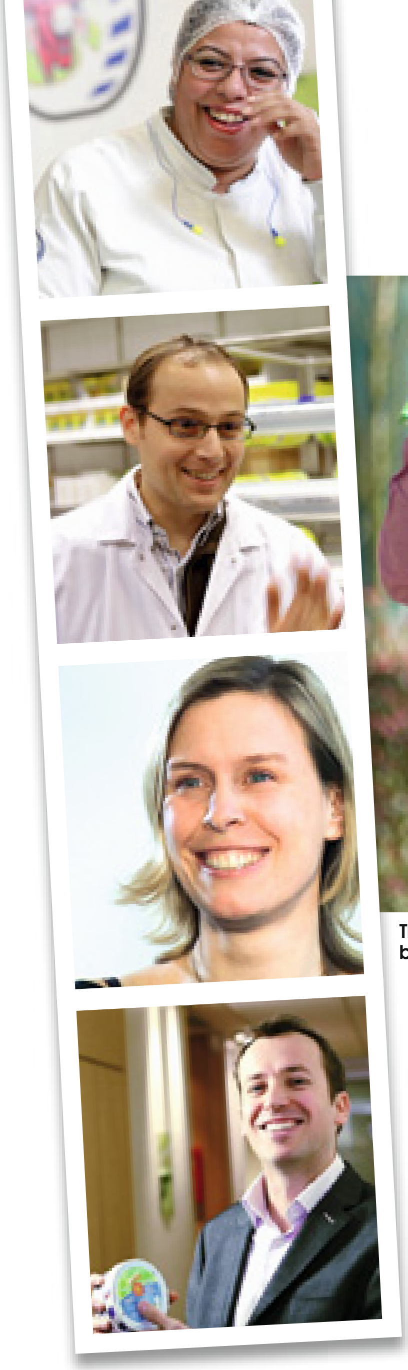
Employee health and safety are prerequisites to ensuring an enjoyable workplace. Bel has enacted measures at all its sites to guarantee the safety and health of all who work there. Actively pursued for years, initiatives to reduce accident frequency and seriousness were accelerated in early 2010, with the launch of a plan aimed at achieving the ideal – zero accidents.
A dedicated department was set up at headquarters to coordinate the approach, with local managers contributing input. Full reviews were made of all sites to identify improvements needed in the areas of machine safety, risk prevention, and employee awareness and accountability. Certification is another powerful tool for zeroing in on a set objective. In 2010, the plant in Tangier, Morocco, became the Group's third production unit to achieve OHSAS 18001 certification, after the Pacy-sur-Eure plant in France and the production site in Cairo, Egypt.

## PROMOTING WELL-BEING AT WORK

Beyond employee health and safety, the Group is seeking to promote well-being and, by extension, the growth of its personnel. To that end, all sites have been asked to set up relevant programs. Initially, these can take the form of initiatives to improve working conditions and to promote healthy lifestyles. In Portugal, for example, the Vale de Cambra plant hosted a psychologist for six months to assess psychosocial risks. Helping to determine the right work-life balance is also part of the objectives sought. Flexible work hours are now offered at the UK subsidiary, while the first telecommuting tests were conducted in Germany and at Bel's Paris headquarters in 2010.

## EMPLOYEE BENEFITS FOR ALL

Because everybody has to cope with life's ups and downs, the Group has decided to ensure compensation and benefits for employees and their families, even in countries where such




The Group seeks to promote the well-being of all employees by developing the talents of each individual.

obligations are not mandated by law. In 2010, the company conducted a full review of all sites to assess health insurance, disability insurance, vacation time, and other benefits. It plans to take the necessary measures to bridge any identified gaps by 2012.

## GROWING THROUGH TRAINING

Training is one of the growth drivers within the company, and it can be a useful tool for social advancement. Bel's training policy is designed to meet this dual objective as often as possible. Bel created an internal skills certificate for its plant operators. The training course covers all the necessary qualifications for such posts in terms of hygiene, safety, manufacturing process knowledge, and other skills. Because access to the training course is restricted to literate employees, Bel intends to take measures in certain countries to assist candidates who don't meet that requirement. The training course is already operational in France, the Netherlands and Portugal, and may be progressively extended to other countries.

## EQUAL OPPORTUNITY FOR ALL

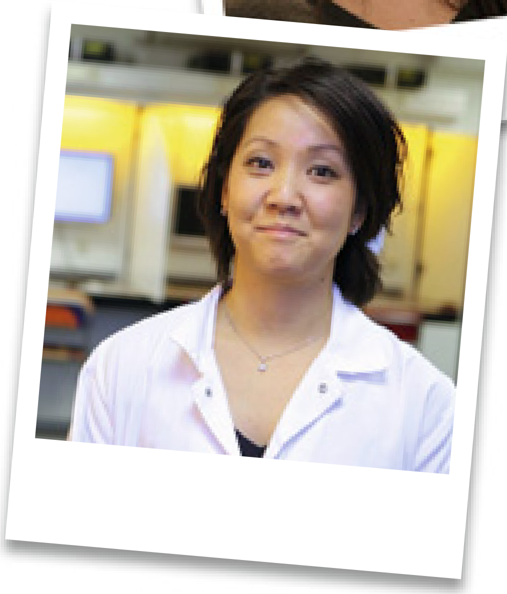
Employees must be assured that they will not be discriminated against as they grow by developing and enhancing their talents in the Bel community. The Group favors local recruiting in the many countries where it operates. In addition, it has set goals to diversify profiles in key management posts, seeking to increase the share of women to reach parity with men and to improve the representation of other nationalities in these positions.
In a related area, the Group has taken several steps to recruit and improve working conditions for disabled employees in France, Portugal and Slovakia.

Everyone is a player

**In getting employees involved with CSR,** Bel is seeking to tie people to a meaningful project, to strengthen their motivation, pride and sense of belonging to a company that shows its commitment.

# AN INTERNATIONAL COMMUNITY

**Bel operates entities in 32 countries**, a large number considering the Group's size. Organization is fundamental to **bringing together the talent and enthusiasm** of all its employees.



**49 nationalities**
represented at the Group.

**75 expatriated**
employees (up 11% vs. 2009).

**335 managerial**
promotions in 2010, representing 23% of Group managers.

**The organizational structure of an international company like Bel can no longer be devised in a centralized manner.** Greater autonomy allows for the implementation of global strategic imperatives, while adapting to local conditions in the most relevant way.

## SHARING VALUES

The success of an international company depends on a federating strength, a kind of common language that enables everyone to understand each other and to work effectively together. At Bel, this cement is the company's five values – ethics, innovation, enthusiasm, competence, and cohesion – true compasses for employee action and commitment. These values are the original engines of growth, allowing all employees to participate through know-how, dedication, ambition, and company spirit, and to express themselves to move Bel forward every day.

## DECISIONS CLOSER TO MARKET

Empowerment is a key aspect of the "People First" program. The new organizational structure set up in 2010 moved decision-making centers closer to market and consumers, placing previously centralized functions under regional authority. Synergies can be better optimized in countries where the subsidiaries have greater flexibility and faster response times for seizing opportunities.
Roles are now clearly identified. Central corporate functions shape strategy, and originate and guide major projects. Local teams are responsible for operations and implementing the

Group's strategy through adapted action plans.
This sharing of roles is accompanied by intensive collaboration on cross-sector projects between headquarters and the subsidiaries, where experiences and best practices can be exchanged, exported and improved upon. Notable examples include safety-related programs, recipe improvements and lean manufacturing projects.

## NEW TALENT FARMS

The new organizational structure has led to increased demand for local talent, including nutritionists, supply chain specialists and customer-oriented marketers, among others. Today, the mission of the subsidiaries is to identify their key skills needs and to meet the Group's demand for developing an international talent pool. The subsidiaries are responsible for recruiting people with international growth potential, developing into a kind of talent exporter to other Group subsidiaries in the longer term. Bel offers career growth opportunities to talented people from all walks of life ready to invest themselves in the company's success. Particularly active in driving the "Talent factory" momentum are the subsidiaries in Egypt, Morocco, the U.S. and the Netherlands.

## A COMMUNITY UNITED AROUND THE GROUPE BEL SAILBOAT

While racing the high seas lies at the heart of Bel's commitment in sailing, the Group uses its sailboat to forge ties among its teams, sharing this great adventure with its 11,300 employees. The yacht and its skipper have visited 12 subsidiaries and 14 plants so far. More than 700 apprentice sailors have had the opportunity to navigate the seas with Kito de Pavant, skipper of the Groupe Bel. In addition, over 7,000 employees, representing 23 nationalities, have affixed their thumbprints to the ship's mast as a symbol of unity around the world, becoming ambassadors of the Bel spirit.

The "Sharing Smiles Regatta" attracted over 200 employees, representing 21 nationalities. The enthusiasm and smiles shared at the event underscored employee involvement in this unifying program.

# 1 SMILE FOR THE PLANET

Present in many countries, Bel is particularly concerned about the **environmental issues and societal challenges** facing the communities where it operates. Bel invests locally to ensure that its **activity is respectful and a source of momentum for local growth**.

**10.4%**

**Reduction in water consumption**
at Bel plants per metric ton of cheese produced from 2008 to 2010.

**7.3%**

**Reduction in greenhouse gas emissions**
at Bel plants per metric ton of cheese produced from 2008 to 2010.

**33**

**projects supported**
by the Bel foundation.

# REDUCING THE ENVIRONMENTAL FOOTPRINT

**Respecting the environment,** a core principle of Bel's CSR policy, **is part of a comprehensive approach** that involves every employee.

Bel is committed to encouraging the recycling of its packaging.

**The Life Cycle Assessment (LCA) method used by Bel for its five core brands** brought to light four key areas that have a significant impact on the environment:

- raw materials production,
- product manufacturing,
- product packaging,
- product storage and transport.

Areas of progress have been designated for each of these steps.

## ADAPTED PROCESSES

LCA showed that the biggest environmental impact in product life cycle stemmed from upstream dairy farming, i.e. milk and dairy raw materials production. Which is why it is so important for Bel to constantly review its own product manufacturing, composition and presentation processes, to avoid all wastefulness.

## ECODESIGNED PACKAGING

A particularity of Bel cheeses, the individual portions format, helps reduce waste on the consumption side and gives the products their recognized features in terms of food safety, practicality and appeal. Conversely, this approach requires that packaging be designed and continuously renewed to diminish its environmental footprint at no expense to product safety or quality. Without relinquishing the qualities consumers have come to expect, projects are under way to reduce the amount of packaging used at source and to select more environmentally friendly materials and components, from upstream production to end of life.

All employees are asked to participate in initiatives to continuously improve the Group's environmental performance.


## PACKAGING IS DESIGNED AND CONTINUOUSLY RENEWED TO REDUCE ITS ENVIRONMENTAL FOOTPRINT

Improvement targets for each type of packaging will be established with time frames, similar to the way nutritional targets have been set for the products themselves in the nutrition passports. Another notable initiative concerns the aluminum used to wrap cheese portions. Bel, along with Nespresso®, is a member of CELAA (Light Aluminum and Steel Packaging Recycling Club), an organization dedicated to improving the collection and recycling of discarded light packaging in France.

### ENVIRONMENTAL MANAGEMENT AT PRODUCTION SITES

Bel has long operated an efficient program for reducing natural resource consumption and all types of pollution at its plants. Under multi-year plans, the Group sets ambitious, quantitative targets for cutting energy use, water consumption, greenhouse gas emissions, and waste production. The approach is notably based on two distinct programs, Wasabel (WAter SAvings Bel) and Esabel (Energy SAvings Bel), to lower water and energy consumption. Water in particular is a rare and precious resource in certain countries where Bel


Aluminum wraps for portions are now recycled

**Bel uses aluminum** in its packaging because of the metal's unique conservation properties and light weight. Aluminum is, in theory, almost infinitely recyclable, but it is not presently reclaimed at household waste sorting centers due to a lack of appropriate equipment. To help tackle this problem, Bel joined CELAA, an organization that conducts pilot testing to validate the economic viability of recycling household aluminum and steel micro-waste across France. The aluminum recycling process does not alter the metal's qualities and saves 95% of the energy required for primary aluminum manufacturing — two major advantages.

## Activities with a reduced environmental impact

Bel's long-term performance goal is to achieve sustainable growth, which explains why the company is naturally concerned about the environmental challenges facing our planet. To that end, the Group has taken steps to continuously improve its environmental performance. All Bel employees are asked to lend a hand in this effort, as part of their professional activities and throughout their careers at the company.

## IN DAMASCUS, THE AMOUNT OF WATER USED PER KILOGRAM OF FINISHED PRODUCT WAS HALVED IN JUST FOUR YEARS


operates, and it could become rare and precious in nearly all Group markets over the next 15 years. The Syrian plant near Damascus is the pilot site for the Wasabel program, dually aimed here at reducing consumption and solving water supply and quality problems by drilling a new well. Significant results have already been achieved. The amount of water used per kilogram of finished product was halved in four years. A comparable result is anticipated in two more years. The solutions examined and put into place may be adopted at other Bel sites in the region. Lastly, the plant contributes to the local community by helping to irrigate farmland in the surrounding area.

### MORE ENVIRONMENTALLY FRIENDLY TRANSPORT

In some cases, product storage and transport all the way to the consumer account for a significant share of greenhouse gas emissions in the product life cycle. Bel is studying alternatives to road transport with its logistics partners. In March 2011, the Group began testing a piggybacking solution, the practice of loading trailers onto trains, to move products from its manufacturing sites in western France to its distribution platform in the southern part of the country. Over 60% of Bel's road transport on the west-south axis will be carried by rail, cutting $CO_2$ emissions by more than a third.

AFAQ ISO 14001

ISO 14001 Certification

**The ISO 14001 standard** certifies that an effective environmental management system has been put into place. Eight Group plants are already ISO 14001-certified, with 10 more expected to receive certification by 2012. The goal is to have all Bel production units certified by 2013.

The plant in Damascus, Syria, is the pilot site for the Wasabel water conservation program.

### Environmental performance indicators

| | Measurement unit | 2008 | 2009 | 2010 | Change from 2008 to 2010 |
|---|---|---|---|---|---|
| Water consumption | $m^3/t$* | 12,530 | 11,205 | 11,226 | -10.4% |
| Fossil fuel usage | TOE/t** | 0.128 | 0.119 | 0.118 | -7.8% |
| $CO_2$ emissions | kg/t*** | 342 | 318 | 317 | -7.3% |
| Share of sorted waste | % | 73 | 68 | 73 | 0% |

** Cubic meters of water per metric ton of cheese produced.*
*** Metric ton oil equivalent per metric ton of cheese produced.*
**** Kilograms per metric ton of cheese produced.*

# IN THE HEART OF COMMUNITIES

Bel's CSR policy is intended to go beyond the company's doorstep. **Bel is seeking to share it with partners and the communities where the Group operates**.

**Bel maintains a spirit of dialogue and partnership** with all stakeholders concerned by its activities, to make progress together on the path to sustainable development.

Some 1,300 dairy producers signed the Best Farming Practices Charter, underscoring their commitment alongside Bel.

## A CONSTRUCTIVE DIALOGUE WITH THE DAIRY CHANNEL

Bel collects and transforms more than 1.6 billion liters of milk each year. The Group thus has a natural interest in helping the sustainable development of the dairy channel. Maintaining an open dialogue with producers is vital to promoting environmentally friendly dairy farming practices. In France, Bel adopted the "Best Farming Practices Charter", signed by all 1,300 dairy farmers who supply the Group, and it offers assistance and advice for improving milk quality via a team of eight technical advisers. Bel is seeking to deepen the partnership it has forged with farmers in all milk-collection rights areas and help them develop solutions that combine improved operating profitability with greater conservation of natural resources.

## SUSTAINABLE PURCHASING POLICY

Because the Group's many business relationships around the world constitute a terrific opportunity for extending the CSR program, Bel developed a responsible purchasing policy to encourage supplier participation in its sustainable growth initiative. The overall plan is based on a Sustainable Purchasing Charter prepared by Bel and made available to all new partners during bid invitations and at the start of business relations. It also encompasses various programs, such as purchasing personnel training, supplier evaluations and corrective actions plans, implemented jointly when needed. In 2010, the campaign to assess supplier CSR policies was expanded to include a new sample of 100 strategic suppliers, with the goal being to evaluate 350 strategic suppliers by 2012.

The Sustainable Purchasing Charter puts suppliers on the same page as Bel in the area of CSR.

Employees of Bel China support the *Couleurs de Chine* association, to promote children's education.

Bel Ukraine established a nutritional education program for Shotska schools.

gain Global Alliance for Improved Nutrition

Fighting malnutrition

**Bel partnered with GAIN** (Global Alliance for Improved Nutrition), an NGO that fights malnutrition worldwide and possesses recognized expertise in assessing the nutritional needs of the world's most disadvantaged populations. The partnership will enable Bel to improve its recipes to contribute in the fight against the malnutrition plaguing these populations. Several projects have been started, including one aimed at children in Vietnam. It is expected to be up and running in 2011.

## A COLLABORATIVE APPROACH

Bel strives to build constructive relationships with such stakeholders as experts, governments, professional organizations, and NGOs, to spread its initiatives and broaden thinking about them. At the end of 2010, Bel established an important partnership with GAIN, the Global Alliance for Improved Nutrition.

## BEL FOUNDATION WORKING FOR CHILDREN AND THEIR WELL-BEING

The Bel foundation was established by Bel and its reference shareholder, Unibel, in 2008, to perpetuate the Group's efforts on behalf of children and their families. The Foundation's philosophy is to suport a patchwork of small initiatives in the areas of balanced nutrition advocacy and environmental conservation.

In 2010, a new threshold was crossed in the Foundation's development with the decision to make grants available to Group employees, to support their initiatives to help children. Ten projects were approved with funding of up to €5,000 allocated to each one. A few examples of the projects include an environmental awareness program in Slovakia, the development of a farm school in Madagascar and a program to improve the nutrition of mentally disabled children in Algeria. By the end of 2010, the Bel foundation had funded 33 projects in 18 countries. A description of each project can be found at the Foundation's website www.fondation-bel.org.

## GOOD CORPORATE CITIZENSHIP AROUND THE WORLD

Bel entities are also very active in their local communities. In 2010, the Shotska plant in Ukraine strengthened its commitment to community with the launch of "Sharing Smiles, Sharing the Future". This program brought the plant's employees, their children and the children of Shotska together around two key local issues – education and changing eating habits.

Bel International teams responded with urgency in the aftermath of the earthquake that devastated Haiti, sending 560,000 portions of The Laughing Cow® to the country in the three weeks following the natural disaster. The teams also decided to participate in a reconstruction aid program headed by two non-profits, *Initiative Développement* and *Solidarités International*.

## LAB'BEL AND THE JOY OF ART

The second focus of the Group's philanthropy policy is contemporary art. This pursuit has long been in perfect

In Haiti, Bel International is participating a project led by NGO *Initiative Développement* to get children back in school.


The Rewind exhibit featured works from 12 artists as part of an effort to make contemporary art accessible to more people.

sync with Bel's family business culture, since artist Benjamin Rabier was commissioned to produce the very first illustration of The Laughing Cow®.

Bel's art laboratory was established in 2010, to share the joys of art and to contribute to the company's mission of bringing smiles to families. Led by Laurent Fiévet and Silvia Guerra, Lab'Bel supports the creation and presentation of contemporary art. The Rewind exhibit, held at *La Maison de La vache qui rit*® (The Laughing Cow® House), featured the works of 12 contemporary artists themed around the return to childhood.

In 2011, Lab'Bel plans to focus on young artists. The laboratory will notably participate in the international contemporary art fair in Barcelona in May, and at *La Maison de La vache qui rit*® from June to September to celebrate the first 90 years of the Group's emblematic brand, The Laughing Cow®. The collaborative work with *La Maison de La vache qui rit*® will continue in the fall with the *Orange Rouge* association, which has invited internationally recognized or emerging artists to create works with youths who have learning difficulties or handicaps. Some of the resulting works will be exhibited at *La Maison de La vache qui rit*®.

## Bel foundation

**33 projects**
supported by the Bel foundation,

including **10 grants** approved for projects initiated by Group employees.

**18 countries**
are home to projects funded by the Bel foundation.

## A company actively committed to local communities

Located close to its markets, the Bel Group is naturally interested in the societal challenges facing dairy producers, suppliers, retailers, and other partners with whom it works. It also works to forge partnerships with economic players, governments and local associations in order to move forward together in contributing to sustainable economic, social and environmental development.

# DASHBOARDS

# GROUP'S CSR COMMITMENTS

## ACCESSIBLE PRODUCTS THAT ARE NUTRITIONALLY BENEFICIAL

**Develop nutritionally beneficial products adapted to everyone's needs and accessible to the greatest number of people.**

The attention that Bel pays to quality, nutrition and the accessibility of its products is structured around four key areas that take into account the varying social and cultural contents within which the Group operates and the local eating habits.

| Areas of progress | Main achievements at end 2010 |
| --- | --- |
| 1. Implementing management systems guaranteeing the quality of our products | • As an international buyer in the food sector, Bel must ensure unassailable food quality and safety for the millions of portions it produces and distributes each day.<br>• In 2010, the number of manufacturing sites with certified management systems for quality, food safety, environmental protection, and personnel safety continued to grow, with ISO 22000 certification of the Syrian site and ISO 14001 certification of the site in Portugal.<br>• At end 2010, over 80% of sites had at least one certification. |
| 2. Working towards improving the nutritional quality of our products | • Working with international nutrition experts, the Group has set a course of action for improving the nutritional quality of its products, notably nutrients identified as having a significant impact on public health, i.e., fat and salt, on the one hand, and calcium, on the other hand, as well as vitamins A, D, B12, among others, and minerals, such as zinc and iodine, for certain countries and some target populations.<br>• In 2010, all operational regions established plans to renew core brand formulas to reach the nutrient targets set by the Group.<br>• R&D programs were launched to support the renewal plans.<br>• The first renewed formulas were introduced, including:<br>- a calcium-enriched formula for The Laughing Cow® in Western Europe;<br>- the calcium and vitamin D-enriched The Laughing Cow® Formule Plus, a range adapted for seniors in care facilities launched by Bel Foodservice. |
| 3. Reinforcing our products' natural qualities | • Food additives are often needed to make consumer products. Yet they often have a negative image, particularly in the eyes of Western consumers.<br>• A working group dedicated to this issue was set up in 2010, to survey the additives present in the Group's core brands, and it prepared a critical review of how additives are viewed by consumers.<br>• Following the review, programs were set up to renew the formulas for Kiri® and The Laughing Cow®, notably to reduce and even eliminate emulsifying salts. |
| 4. Developing a product selection accessible to the greatest possible number of people | • In emerging countries, our recipes and portion format presentations enable the products to be conserved without refrigeration, making them compatible with local realities and thus accessible to many consumers. However, purchasing power is still weak for many people in these countries, limiting access to a varied and balanced diet. In response, Bel launched a highly innovative program to develop a more affordable product range.<br>• The first project involved Bel employees across all sectors in Vietnam.<br>• Bel partnered with GAIN (Global Alliance for Improved Nutrition) in 2010, to ensure that the formula for the range would help fight deficiencies plaguing Vietnamese children.<br>• In Brazil and Senegal, surveys were launched to measure the expectations of low-income consumers. |

# AND OUTLOOK

## Commitments and outlook for 2011

- Starting in 2011, the Group will retain a single certification entity for all sites and certifications, to streamline certification efforts. The CSR department will play a role in this effort to ensure that the process contributes to achieving priority CSR goals.
- By 2015, all sites will have food safety management systems recognized by the GSFI (Global Food Safety Initiative), with 56% certified in 2011.
- Any new site, whether built or acquired, will have to be ISO 22000-certified no later than two years after its integration into the Group.

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- In 2011, the first consumer testing studies will be conducted to validate the organoleptic performance of the formulas being revamped, including:
  - low fat Kiri® in Europe and the Near and Middle East;
  - low sodium The Laughing Cow® Light in Europe.
- New revamped formulas will be launched in 2011, including:
  - zinc and vitamin B12-enriched The Laughing Cow® in the Middle East;
  - vitamin A, D3 and E-enriched The Laughing Cow® in Ukraine.
- The U.S. will continue its program to lower salt content in The Laughing Cow® Light and Regular.
- In 2011, Bel Foodservice will launch a formula for The Laughing Cow®, specifically tailored to school cafeterias (fat, calcium and vitamin D).
- Lastly, in 2011, Bel France will make its commitments official by registering a voluntary charter to enhance the nutritional content of Kiri® and The Laughing Cow®.

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- R&D programs will be strengthened to lower or eliminate emulsifying salts.
- In 2011, the first consumer tests of the organoleptic qualities of Kiri® and The Laughing Cow® formulas with fewer additives (reduced E numbers) will be conducted in various countries.
- At the same time, an action plan will be launched to reduce the use of food coloring in Leerdammer® cheese rind.
- Lastly, a Cheddar Mini Babybel® formula without preservatives will be launched in mid-2011.

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- In 2011, the product range specifically tailored to the nutritional needs of Vietnamese consumers will be launched.
- The GAIN partnership will be expanded to several Group regions, to take advantage of the NGO's expertise and to develop ranges more in tune with the needs of the populations concerned.

## RESPONSIBLE, ACTIVELY INVOLVED BRANDS

**Establish a role for our brands as "vehicles for social progress" through responsible marketing and communications, and active involvement in challenges facing society.**

Everyday, the Group's brands address millions of people, including children and adults through multiple media avenues. These messages maintain a strong bond of proximity and trust. Such communication requires great responsibility on the part of the Group, on behalf of all who hear its message.

| Areas of progress | Main achievements at end 2010 |
|---|---|
| 1. Getting our brands involved in societal and environmental actions | • The Group initiated research with a communication agency to establish the role of The Laughing Cow® brand in society, as part of a broader effort to match the positions of the company's brands with societal commitments. |
| 2. Planning responsible advertising campaigns | • Bel's Responsible Communications Charter was issued to all marketing staff and included in contracts with external service providers and partners.<br>• Since 2010, a procedure has been in place to ensure that advertising developed for the core brands is submitted to the CSR department for approval.<br>• In France, where point-of-sale (POS) advertising is widely used, a dedicated CSR committee was set up to reduce the medium's environmental impact. In addition, France was very active during the year in the UDA (French Advertisers Association) working group on responsible communication. |
| 3. Providing consumers with clear and relevant information | • Nutritional information<br>- Increasingly aware of the link between food and health, consumers want to know more about the ingredients in the products they consume, and their expectations for nutritional information are growing.<br>- The nutritional information on our packaging and in our communication media has always adhered to strict and clear rules established by the Group and in compliance with local regulations.<br>- In 2010, the Group looked into possibilities offered by new technologies. The French team, along with The ANIA French food industry association, participated in Proxi, a project by the GS1 group to use smartphone applications to provide consumers with more nutritional information than can be found on our packaging owing to space limitations.<br>• Environmental information<br>- In France, Bel has actively participated in focus groups on environmental labeling since 2009. These focus groups are led by Ademe, a French agency for the environment and energy management, and Afnor, the French standards agency.<br>- Building on the results of its life cycle assessments, the Group actively participated in defining product-coproduct allocation methods within the profession. |

## Commitments and outlook for 2011

- The respective societal roles of The Laughing Cow®, Kiri® and Mini Babybel® brands will be progressively shared with operational marketing teams.
- A question about consumer views of the societal role of our brands will be included in a tracking survey to be conducted in all major Group markets. The first wave – point zero – will take place in 2011.
- As in the past, local actions will be continued. For example, Mini Babybel®'s support for Comic Relief's Red Nose Day in the UK will be renewed in 2011.

- In addition to the Responsible Communications Charter, CSR concerns all marketing mix elements, including nutrition, ecodesign packaging, responsible promotional campaigns, and POS ads. It will be progressively integrated into the Belmark training program for the Group's entire marketing staff.
- Ecodesign rules for POS ads will be presented to all French team marketers.

- Nutritional information
  - The nutritional labeling on our products will be progressively changed:
    - the labeling of calories, fat, carbohydrates, and proteins for 100 grams will be extended to all products by 2015;
    - nutrients in excess of 100 grams will be listed per portion for Kiri®, The Laughing Cow®, Babybel®, Boursin®, and Leerdammer®, as part of the packaging renewals, provided there is enough space on the labels;
    - the labeling of salt, fiber, sugars, and saturated fat nutrients will be progressively rolled out for Kiri® and The Laughing Cow® in France.
  - The collaborative smartphone work with ANIA and GS1 will be pursued.
- Environmental information
  - The Group will continue its collaborative work within the profession to ensure that forthcoming environmental information aimed at consumers is relevant and accurate.

## ACTIVITIES THAT REDUCE OUR ENVIRONMENTAL FOOTPRINT

**Reduce the environmental footprint of all our activities, regardless of whether these activities are directly linked to the manufacture of our products or not.**

Life cycle assessments of our five core brands have enabled the Group to frame its environmental policy in terms of which footprints should be monitored and what areas of action should be given priority attention.

| Areas of progress | Main achievements at end 2010 |
|---|---|
| 1. Developing ecodesigned packaging | • The "Total packaging weight per 100g of packaged cheese" indicator was listed on all core brand products manufactured in France, including The Laughing Cow®, Kiri®, Boursin®, and Mini Babybel®.<br>• Throughout 2010, the Group's Packaging CSR Committee continued to guide and instruct several environmentally challenging source reduction projects and initiated new ones. Most will require significant changes to production equipment, with the first modifications coming in 2012.<br>• To reduce the environmental footprint of the 900 metric tons of aluminum annually discarded in the French market, Bel joined the CELAA (Light Aluminum and Steel Packaging Club), to create a channel for recycling household aluminum micro-waste.<br>• In France, Bel participates regularly in various working groups led by the CNE, the national packaging council, one of whose missions is to encourage the establishment of a responsible ecodesign policy for consumer products. |
| 2. Reducing the environmental footprint of our products | • Ongoing efforts to lower environmental impact in four main areas generated satisfactory results. From 2008 to 2010, water consumption was cut 10% in $m^3$/t, fossil fuel usage was down 7.8% in TOE/t, greenhouse gases were reduced 7.3% in $CO_2$ kg/t, and landfill waste was cut 8.9% in kg/t.<br>• Two major projects, Wasabel (Water Savings Bel) and Esabel (Energy Savings Bel), were implemented. In 2010, the plant in Syria was selected for the Wasabel pilot project.<br>• Reducing our environmental footprint was also aimed at raw material selection. In 2010, the Group committed to buying only RSPO-certified palm oil (excl. Ukraine). |
| 3. Reducing the environmental footprint of our product transport and storage | • A Supply Chain CSR Committee was formed to specify areas of progress. The committee, which meets quarterly, includes representatives from all Group regions.<br>• Two priority areas were identified, including reducing the environmental impact of each metric ton transported and reducing the impact from storage at our sites.<br>• Bel France continued its work with *Club Demeter Environnement et Logistique*, to promote and implement concrete and measurable actions in respect of the three sustainable development challenges. |
| 4. Reducing the environmental footprint of our employees | • After implementing selective sorting and adopting recycled paper at the Paris headquarters, a review was carried out of other eco-friendly actions that could be encouraged at the Group's service entities. |

## Commitments and outlook for 2011

- An expert will be recruited to strengthen the implementation and deployment of the ecodesign packaging strategy.
- Work on building a packaging database will continue, with an extended geographical spread, more product assessments, and the addition of performance tracking indicators other than weight indicators.
- In the longer term, targets will be set for these indicators according to presentation type, e.g., aluminum wrapped portions, tubs, and combination boxes.
- An ecodesign guide for packaging developers, marketing teams and packaging buyers will be prepared and distributed in 2011.
- The source reduction projects initiated in 2010 will be continued, with some advancing to the production pilot stage to measure feasibility. New projects will be initiated by the CSR Packaging Committee.
- As part of the CELAA work, Bel will finance a test in France's Lot department throughout 2011, to encourage citizens to sort aluminum micro-waste for recycling purposes.

- The goal is to deploy Wasabel and Esabel at all sites by 2013:
  - In 2011, Wasabel will be rolled out at eight sites and Esabel at nine.
  - By 2013, 20 sites will be ISO 14001 certified, vs. 8 sites now.
- In addition, ad-hoc projects will continue to be implemented to help achieve overall aims, including a biomass boiler project in Cléry, France, a wind power energy supply project in Morocco, and a local partnership project to produce and recycle biogas in Sablé, France.
- Lastly, R&D work to replace palm oil in our formulas with more environmentally friendly vegetable oils will be beefed up.

- The supply chain CSR policy will initially focus on the environmental impact of primary transport, i.e., transport leaving from our plants.
- In 2011, a piggyback trailer-train route from our production sites in western France to the Givors depot in the Lyon region will be tested in partnership with STEF-TFE.

- In 2011, all Group employees will receive instructions on good eco-friendly behavior through a dedicated manual.
- In France, a carbon footprint review of headquarters and plants will be issued in 2011 or 2012, with the release date depending on the publication of article 75 of the Grenelle II law, specifying the scope and calculation method.

## A COMPANY ACTIVELY COMMITTED TO THE COMMUNITIES IN WHICH IT OPERATES

**Work with communities to further sustainable economic, social and environmental development.**

Located close to its markets, the Bel Group has a natural vested interest in the societal challenges facing the communities where it operates. The Group takes care to forge partnerships with local economic players, governments and associations, to make progress with them in the areas of sustainable economic, social and environmental development.

| Areas of progress | Main achievements at end 2010 |
|---|---|
| 1. Promoting the development of a sustainable dairy production chain | • CSR training and awareness efforts continued in 2010 for dairy production advisers who work with our producers. |
| 2. Sharing our CSR commitments with suppliers and clearly stating our expectations | • A CSR performance and practices review of a sample of our strategic suppliers was launched in 2009, with the assistance of Eco Vadis. In 2010, 100 new suppliers were assessed, bringing to 150 the number of suppliers already evaluated.<br>• The Sustainable Purchasing Charter was distributed internally to all Group managers as well as to our suppliers during consultations, bids or at the beginning of trade relations. A CSR clause was added into contracts and bid invitations.<br>• In the first half of 2010, all Group purchasing teams attended a CSR specific class, integrated into the purchasing training course.<br>• Lastly, at end 2010, Bel signed the Charter of the Credit Mediation Office and the CDAF, the French purchasing association, governing relations between large companies and SMEs in France. |
| 3. Working together with retailers to meet expectations in the area of consumer CSR | |
| 4. Building trusted relationships with civil society stakeholders | • In the area of nutrition, the Group opened itself to a host of external stakeholders and formed a permanent international and multidisciplinary scientific committee. Bel reached out to GAIN (Global Alliance for Improved Nutrition) and the ADA (American Dietetics Association), and is participating in the work of the *Institut Fromages et Santé* (cheese and health institute) in France.<br>• In packaging, Bel continued to seek the expertise of a variety of partners, including Eco-Emballage, the CNC national packaging council and, more recently, CELAA (Light Aluminum and Steel Packaging Recycling Club), an association of stakeholders in the light aluminum and steel packaging channel interested in promoting aluminum reprocessing and recycling.<br>• Bel is participating in several research projects. In 2010, the company contributed to forward thinking about sustainable food supplies, as part of the Dualine project initiated by INRA (French National Institute for Agricultural Research) and CIRAD (Agricultural Research Center for Development). |
| 5. Providing shareholders with new indicators to help decision-making in the area of sustainable development | • A CSR department was set up in 2010 to define, promote and implement CSR policy and its areas of progress within the Group.<br>• The CSR function is now represented on the Group Management Committee. |
| 6. Developing a philanthropic policy on behalf of children | • Bel foundation was established in 2008, to perpetuate the Group's actions on behalf of children and their families.<br>• In 2010, for the first time, Foundation grants were made available to Group employees to support their initiatives for helping children.<br>• By the end of 2010, the Bel Foundation had funded 33 projects in 18 countries, including 10 grants for employee initiatives.<br>• Concurrently, some entities pursued local actions, including Bel International in Haiti, Bel Czech Republic in pediatric hospital services, Bel UK with the Walking Bus program, and Bel Ukraine with a school program to develop children's knowledge about nutrition. |

## Commitments and outlook for 2011

- Starting with the main areas of environmental impact reduction identified in our dairy workshops, the Group's dairy purchasing department will review action plans with an outside expert before proposing them to dairy producers in France and the Netherlands.

- The third and final phase of supplier evaluations will be carried out in 2011, with a new sample of 100 suppliers. Once completed, we will have met our goal of assessing 350 strategic suppliers in three years.
- Improvement plans will be pursued among the supplies sampled in 2009 and 2010.
- In 2011, the sustainable purchasing training program will be extended to decentralized buyers.

- A review of our main retailers' CSR priorities will be conducted to look into possible programs for shared action.

- In the years ahead, Bel is seeking to build on trusted relationships and share its view of CSR risks with expert NGOs like GAIN and Let's Move.
- Bel is seeking to strengthen its participation in research work. Starting in 2011, Bel will participate in the work of the IEED (Institute for Excellence in Carbon-free Energy) and the Climate, Air, Energy project at the Paris Saclay campus.
- Bel will continue to participate in all inter-professional committees related to CSR issues, including ANIA (French National Food Industry Association), IFN (French Nutrition Institute), ILEC (Consumer Industries' Liaison and Studies Institute), ATLA (French Dairy Processors' Association), EDA (European Dairy Association), and CNIEL (French National Inter-professional Center for the Dairy Economy).

- In addition to the guidance indicators set up by CSR leaders in all company functions, aggregate key performance indicators will be progressively defined and proposed to decision-makers to guide and track actions undertaken.
- A governance system will be set up to specify arbitration methods for CSR-related decisions within the Group.

- In 2011, Bel foundation will continue its efforts, notably for projects initiated by employees.

## A COMPANY THAT LISTENS TO ITS EMPLOYEES

**Ensure that our employees enjoy working conditions in which they can develop and fulfill their personal potential.**

The Bel Group recognizes the key role played by employees in achieving its strategic objectives and believes the company is a community that must contribute to the well-being, growth and development of its personnel.

| Areas of progress | Main achievements at end 2010 |
|---|---|
| 1. Promoting diversity and equal opportunity | • Pilot programs to promote the hiring of handicapped persons were launched at six sites. |
| 2. Promoting well-being at work | • Building on their experience and views acquired by working in different countries and fields, a group of Bel managers drafted a social charter based on four themes, around which Bel, its managers and all its employees will make commitments.<br>• Numerous local initiatives were undertaken at various sites, for example:<br>- A "Living well at work" and psychosocial risks survey was conducted in France. In addition, an agreement was signed on behalf of senior employees, notably those having worked alternating eight-hour shifts in a two-shift system for at least 15 years.<br>- In Portugal, the Vale de Cambra plant conducted a six-month test with a psychologist to evaluate pyschosocial risks.<br>- The UK subsidiary adopted flexible work schedules to enhance family life, and issued "Childcare Vouchers" that can be used to offset daycare expenses. In addition, the subsidiary established an "Employee Assistance Program" to help employees with everyday problems, whether personal or professional (e.g., stress and over indebtedness). |
| 3. Ensuring employee benefits and compensation for all Group employees | • The Group is seeking to provide each of the Group's employees and their families with a social safety net adapted to local labor conditions in all Bel locations. A survey of benefits and compensation offered to all employees in the 32 countries where the Group operates was carried out in 2010, providing a basis of comparison and basis for defining action plans.<br>• General management during the year validated a minimal base package for benefits and compensation, including death benefits, vacation pay, healthcare coverage, salary guarantees for illness or work accidents, and retirement benefits. |
| 4. Guaranteeing the health and safety of all who work at Bel sites | • The "zero accidents" project was launched following a health and safety review conducted in all regions.<br>• A shared "health & safety" policy was validated for all subsidiaries. The first phase of awareness-raising was carried out, notably via Dailybel, the Group's in-house newsletter, which is translated into 12 languages.<br>• Projects to strengthen risk prevention were developed as several sites, including Poland, Slovakia, Egypt, Syria, Morocco, France, and other countries.<br>• Lastly, building and equipment safety was beefed up in Poland and at sites in the Middle East, North Africa, France and the Netherlands. |
| 5. Mobilizing employees to meet sustainable development challenges | • The CSR effort was formally organized around five pillars and more than 20 areas of progress. Responsibility for most progress areas will be assigned to professional experts from corporate HR, marketing, innovation, communication, and industrial departments, who were entrusted with a CSR mission.<br>• In 2010, the main subsidiaries, which together account for 75% of the Group's sales, prepared their own CSR roadmaps, underscoring their commitment to the Group's efforts in this area. |

## Commitments and outlook for 2011

- In France, an action plan to promote the hiring of handicapped persons will be implemented over a two-to-three year period.
- The Group will focus on all local initiatives on behalf of the handicapped.
- For executive management, the Group's objective is to move towards French-non-French and male-female parity.

- As of 2011, the social charter will be progressively rolled out for all employees.
- In France, the first action resulting from the "Living well at work" survey will be implemented in early 2011, with the possibility for managers at headquarters to telecommute from their homes, under certain circumstances. A report is planned for the end of the year with a view to extending this possibility.
- The Group will seek to define work rules aimed at improving the work-life balance of all employees. This subject in particular will be factored into the rollout of new office tools (i.e., the "New Age" program) in 2011.

- The first alignment efforts will get under way in 2011. Alignment with the minimum benefits base package will be implemented in all 32 countries by end 2012.

- The Group's "health & safety" policy will be deployed with the rollout of key performance indicators at all our sites. All employees will be made aware of and asked to adhere to 10 fundamental best practices.
- "Health & safety" behavior training will be launched in France, first for managers and then for all employees.
- Lastly, eight new sites are on track to receive OHSAS certification in 2011.

- In 2011, new tools will be put into place to allow all employees to participate in the CSR effort, notably the smilesfortheplanet.com website in English and French, which will relay the Group's commitments and highlight best practices (online as of 2011).
- The site has a dedicated space for employees to access information. Experts will make regular contributions to the site, sharing their knowledge and opinions on a range of subjects relating to sustainable development.
- A CSR reference guide will be prepared in 2011, to enable entities to self-assess their progress in the area of CSR. In addition to the reference guide, a guide will be issued to help operational entities prepare uniform roadmaps.
- Local CSR correspondents will be progressively named, starting in 2011 at pilot entities in France, the UK, Germany, and the Americas region.
- These countries will prepare roadmaps in 2011, with local roadmaps required for all entities no later than end 2012.

# SUMMARY MANAGEMENT REPORT

Sales and marketing strategies tailored to the Group's various markets drove sales and volumes higher in 2010.

## A REMARKABLE ADVANCE IN OPERATING INCOME

Organic sales, i.e., sales excluding foreign exchange fluctuations and changes in the scope of consolidation, grew 7.3%, fuelled by double-digit growth in markets outside Europe. Operating income advanced significantly to €195 million, as a result of improved income from ordinary activities in markets outside Europe and lower non-recurring costs, which fell from €47 million in 2009 to €16 million in 2010.

As forecast in the 2010 half-year report, operating margin was down sharply in the second-half of the year, primarily as a result of a steep and sudden hike in raw material prices and the recognition of additional impairment losses on certain assets in Eastern Europe.

Net financing costs fell 18% versus the previous year, mainly as a result of Group efforts to decrease debt, while income tax expense was up sharply to €57 million. After taking into account net financing costs and income tax expense for the year, consolidated net profit – Group share totaled €116 million, up from €85 million in 2009.

Bel's balance sheet was strengthened during the year. At December 31, 2010, the Group's total equity stood at €1,009 million, compared with €902 million a year earlier, while net financial debt came to €240 million, down €117 million versus the prior year. This strong performance was achieved thanks to tight managment of working capital requirement and investment, despite a backdrop of rising raw material prices and higher income tax expense.

### DIVIDEND

On March 23, 2011, the Board of Directors voted to propose a dividend of €6.0 per share, payable as of May 18, 2011. The dividend is subject to the approval of the Annual General Meeting scheduled for May 12, 2011.

# PERFORMANCE BUOYED BY ROBUST VITALITY OF CORE BRANDS AND A SHARP DECLINE IN DEBT FOR THE SECOND YEAR IN A ROW

## OUTLOOK FOR 2011

After a remarkable year of growth and profitability in 2010, the Group enters a period in 2011 marked by severe turbulence. The rise in raw material prices observed in the second half of 2010 continues apace, while political and social unrest has cropped up in a number of countries where the Group operates.

These market factors could weigh on the year's activity and profitability, despite operating measures already undertaken. Bel, however, confirms its 2011 goals, with the company seeking to advance its positions in the branded cheese market and attract new consumers in ever-greater numbers.

To those ends, it will continue to build on its strong financial position, the dedication of its employees, the value of its international brands, and its ambitious and imaginative policy of innovation.

2010 Results

**€2,418 million** in sales

**€195 million** in operating income

**€116 million** in consolidated net profit – Group share

## Key figures

| *(in millions of euros)* | 2010 | 2009 | % change |
|---|---|---|---|
| Sales | 2,418 | 2,221 | +8.9 |
| Operating income | 195 | 149 | +30.7 |
| Consolidated net profit - Group share | 116 | 85 | +37.0 |

# CONSOLIDATED INCOME STATEMENT

## at December 31, 2010 vs. prior year

| *(In thousands of euros)* | December 2010 | December 2009 |
|---|---|---|
| Sales | 2,417,512 | 2,220,655 |
| Cost of goods and services sold | (1,662,870) | (1,517,065) |
| Gross margin | 754,642 | 703,590 |
| Sales and marketing expense | (366,125) | (340,124) |
| Research and development expense | (15,614) | (17,610) |
| Administrative and general overhead expense | (162,401) | (150,838) |
| Other operating income and expense | 438 | 912 |
| Income from ordinary activities | 210,940 | 195,930 |
| Other non-recurring income and expense | (16,165) | (46,950) |
| Operating income | 194,775 | 148,980 |
| Income from cash and cash equivalents | 1,816 | 4,171 |
| Cost of gross financial indebtedness | (19,059) | (25,278) |
| Cost of net financial indebtedness | (17,243) | (21,107) |
| Other financial income and expense | (2,847) | (3,479) |
| Pre-tax profit | 174,685 | 124,394 |
| Income tax expense | (56,942) | (36,770) |
| Net profit of the consolidated group | 117,743 | 87,624 |
| Minority interest | (1,363) | (2,670) |
| CONSOLIDATED NET PROFIT - GROUP SHARE | 116,380 | 84,954 |
| Earnings per share *(in euros)* | 17.03 | 12.43 |
| Diluted earnings per share *(in euros)* | 16.96 | 12.32 |

# CONSOLIDATED BALANCE SHEET

## at December 31, 2010 vs. prior year, before appropriation of earnings

| ASSETS *(in thousands of euros)* | December 2010 | December 2009 |
|---|---|---|
| NON CURRENT ASSETS | | |
| Goodwill | 389,187 | 382,523 |
| Other intangible assets | 305,623 | 311,234 |
| Property, plant and equipment | 539,988 | 549,419 |
| Assets available for sale | 51,884 | 38,357 |
| Other financial assets | 3,975 | 1,192 |
| Loans and advances | 7,178 | 7,157 |
| Trade and other receivables | 79 | 1,721 |
| Deferred tax assets | 11,128 | 11,657 |
| Non-current assets held for sale | | 578 |
| Total | 1,309,042 | 1,303,838 |
| CURRENT ASSETS | | |
| Inventories and work-in-progress | 223,923 | 178,529 |
| Trade and other receivables | 410,255 | 386,191 |
| Other financial assets | 498, | 361 |
| Loans and advances | 290 | 177 |
| Collectible tax assets | 33,723 | 27,336 |
| Cash and cash equivalents | 139,939 | 116,281 |
| Total | 808,628 | 708,875 |
| TOTAL ASSETS | 2,117,670 | 2,012,713 |

| EQUITY AND LIABILITIES *(in thousands of euros)* | December 2010 | December 2009 |
|---|---|---|
| Share capital | 10,308 | 10,308 |
| Additional paid-in capital | 21,967 | 21,967 |
| Reserves | 958,203 | 846,491 |
| Treasury shares | -7,390 | -7,390 |
| Equity - Group share | 983,088 | 871,376 |
| Minority interest | 25,596 | 30,520 |
| Equity | 1,008,684 | 901,896 |
| NON CURRENT LIABILITIES | | |
| Provisions | 10,577 | 8,729 |
| Employee benefits | 38,789 | 36,105 |
| Deferred tax liabilities | 151,546 | 140,816 |
| Liabilities related to assets held under finance lease - over one year | 1,180 | 0 |
| Long-term borrowings and financial liabilities | 323,142 | 409,973 |
| Other liabilities | 36,344 | 33,529 |
| Total | 561,578 | 629,152 |
| CURRENT LIABILITIES | | |
| Provisions | 17,520 | 16,016 |
| Employee benefits | 2,264 | 1,947 |
| Liabilities related to assets held under finance lease - less than one year | | 82 |
| Short-term borrowings and financial liabilities | 49,754 | 54,691 |
| Other financial liabilities | 12,320 | 11,010 |
| Trade and other payables | 421,696 | 364,325 |
| Due tax liabilities | 37,765 | 25,085 |
| Current bank facilities and other borrowings | 6,089 | 8,509 |
| Total | 547,409 | 481,665 |
| TOTAL EQUITY AND LIABILITIES | 2,117,670 | 2,012,713 |

# CONSOLIDATED CASH FLOW STATEMENT

## at December 31, 2010 *(in thousands of euros)*

| CASH FLOW FROM (USED IN) OPERATING ACTIVITIES | | December 2010 | December 2009 |
|---|---|---|---|
| Pre-tax profit | | *174,685* | *124,394* |
| Adjustments for: | | | |
| Depreciation and write-downs | | 92,272 | 121,602 |
| Capital gains (losses) on disposals | | (370) | 5,813 |
| Reclassification of dividends and borrowing costs | | 18,191 | 23,876 |
| Other non-cash items on the income statement | | 5,506 | (133) |
| **Cash flow** | | 290,284 | 275,552 |
| **Increase (decrease) in inventories, current receivables and payables** | | (7,097) | (4,990) |
| **Increase (decrease) in non-current receivables and payables** | | 3,106 | 666 |
| **Income taxes paid** | | (44,946) | (20,753) |
| Net cash flow generated by operating activities | *(1)* | 241,347 | 250,475 |
| | | | |
| CASH FLOW FROM (USED IN) INVESTING ACTIVITIES | | | |
| Acquisition of activities (included in the scope of consolidation) | | (2,956) | (1,184) |
| Disposals of activities (included in the scope of consolidation) | | 270 | |
| Acquisitions of tangible and intangible assets | | (63,856) | (78,922) |
| Disposals of tangible and intangible assets | | 2,533 | 1,467 |
| Investment grants received | | 0 | 2,442 |
| Acquisitions of financial assets | | (3,554) | (1,860) |
| Disposals of financial assets | | 2,134 | 1,792 |
| Interest received | | 0 | |
| Dividends received | | 916 | 545 |
| Net cash flow from (used in) investing activities | *(2)* | (64,513) | (75,720) |
| | | | |
| CASH FLOW FROM (USED IN) FINANCING ACTIVITIES | | | |
| Dividends paid | | (40,112) | (23,520) |
| Interest paid | | (19,107) | (24,375) |
| Repayment of debt resulting from finance lease contracts | | (80) | (98) |
| Increase (decrease) in current accounts with entities outside the scope of consolidation | | (6,875) | 431 |
| Borrowings and financial liabilities issued | | 25,655 | 13,744 |
| Repayments of borrowings and financial liabilities | | (109,882) | (276,603) |
| Net cash flow from (used in) financing activities | *(3)* | (150,401) | (310,421) |
| | | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | *(1) + (2) + (3)* | 26,433 | (135,666) |
| Net cash and cash equivalents at the beginning of the period | | 107,724 | 235,051 |
| Effect of foreign exchange rate variations | | (489) | (2,147) |
| Other items with no effect on cash | | 0 | 10,486 |
| Net cash and cash equivalents at the end of the period | | 133,668 | 107,724 |
| At the closing date, net cash and cash equivalents comprised the following: | | | |
| Marketable securities and money market instruments | | 99,162 | 62,206 |
| Cash on hand and balances with banks | | 40,595 | 54,027 |
| Current used bank facilities including overdrafts and accrued interest | | (6,089) | (8,509) |
| TOTAL | | 133,668 | 107,724 |

## FOR MORE INFORMATION ABOUT BEL
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## AND THE CSR POLICY OF THE GROUP
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### BEL GROUP CONTACT INFORMATION

- **Guillaume Jouët, VP Communications, Public Affairs and Corporate Social Responsibility**
  Tel. +33 (0)1 40 07 72 50 – e-mail: communication@groupe-bel.com
- **Frédérique Gaulard, Head of CSR**
  Tel. +33 (0)1 40 07 72 50 – e-mail: rse@groupe-bel.com
- **Fromageries Bel**
  Headquarters: 16, boulevard Malesherbes 75008 Paris - Tel. + 33 (0)140 07 72 50
  French corporation *(société anonyme)* with a share capital of €10,308,502.50 - RCS Paris B 542 088 06



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