

# Smiles for the FUTURE



## Corporate Social Responsibility Report **2012**



Sharing smiles



# Corporate Social Responsibility Report

## CONTENTS

	MESSAGE FROM	1			
	BEL GROUP BASICS	2			
	OUR AREAS OF PROGRESS AND MAIN COMMITMENTS	4			
	GOVERNANCE PRINCIPLES	7			
	1. NUTRITION AND RESPONSIBLE PRODUCTS	21		3. ENVIRONMENTAL FOOTPRINT	33
	2. RESPONSIBLE COMMUNICATION AND CONSUMPTION	27		4. PARTNERSHIPS AND SOCIETY	53
				5. COMMITTED EMPLOYER	65
				SUMMARY	80
				CROSS-REFERENCE TABLE	85
				NOTE ON METHODOLOGY	87
				REPORT BY THE STATUTORY AUDITORS	89

# Message from

## ANTOINE FIÉVET

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF  
THE BEL GROUP



“

I firmly believe that one of the Group's main priorities is integrating our Corporate Social Responsibility approach at all levels of our operations despite the unfavorable economic context that we are currently facing.

I am also pleased that our employees, who are known for their sense of commitment, have been deeply involved in our CSR policy for the past several years. Our first CSR report reflects this commitment and demonstrates how Bel's teams have been working on this ambitious company project which has brought us all together. Our mission is to share smiles with all families through the pleasure of dairy goodness. This smile also extends to our ability to address challenges in today's society and to reduce our impact on the environment.

We still have a lot to accomplish. Our "Smiles for the future" program defines the foundations for our Group's future growth: sustainable growth reconciling economic performance and respect for humans and our environment. This program assists in guiding our actions. It reflects our commitment to continually work toward progress and to have our social and economic partners, our consumers, and our employees join us in this honorable initiative.

This report shows the various numbers of actions, along with their effectiveness, that have been made within all our subsidiaries and all our production sites throughout the world. For the past five generations, Bel's management has placed the company's responsibility and long-lasting success at the heart of its decision-making. This program encompasses these original values and offers each of our employees the opportunity to get involved, to innovate and to have our corporate responsibility play a role in our performance.

”

“ I firmly believe that one of the Group's main priorities is integrating our Corporate Social Responsibility approach at all levels of our operations despite the unfavorable economic context that we are currently facing. ”

Antoine FIÉVET

A handwritten signature in dark ink, reading 'Antoine Fiévet', written in a cursive style.

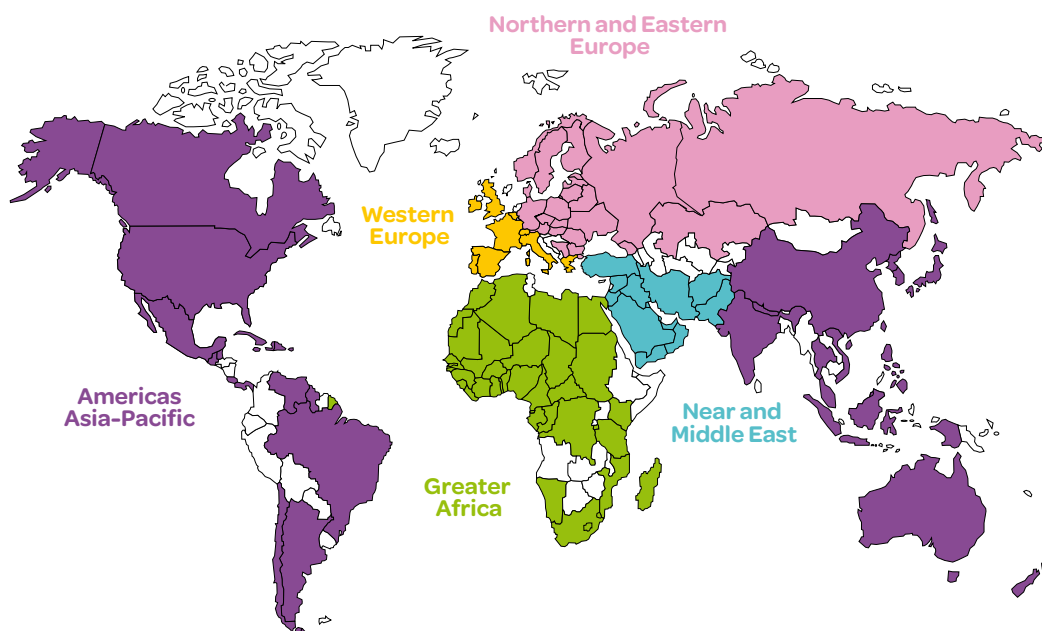


# Bel Group basics

A FAMILY-CONTROLLED GROUP FOUNDED IN 1922

**OUR MISSION:** TO SHARE SMILES WITH ALL FAMILIES THROUGH  
THE PLEASURE OF DAIRY GOODNESS

PRESENT INTERNATIONALLY IN OVER **120** COUNTRIES



AROUND  
**11,000**  
EMPLOYEES

**27** PRODUCTION  
SITES AROUND  
THE WORLD

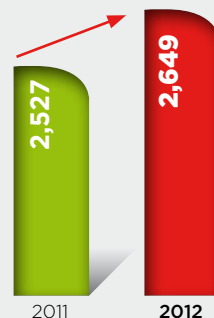


**BEL, THE 3<sup>RD</sup>  
LARGEST BRANDED  
CHEESE MANUFACTURER  
WORLDWIDE**

THE WORLD SPECIALIST  
IN SINGLE-SERVING  
CHEESE PORTIONS  
**A LEADING POSITION IN  
25 MARKETS IN WHICH IT IS  
PRESENT AND AMONG THE  
TOP THREE IN 45 MARKETS**

## 2012 Performance

Sales  
(in € thousands)  
**+ 4.8%**



# 5 CORE BRANDS AND MORE THAN 25 LOCAL BRANDS



MORE THAN **12** BILLION  
BEL PORTIONS  
WERE CONSUMED  
WORLDWIDE IN 2012  
BY APPROXIMATELY  
**400** MILLION  
CONSUMERS

## BEL'S CSR PROGRAM

**Smiles** for  
the  
**FUTURE**

BEL HAS BASED  
ITS PROGRAM ON  
**5** MAJOR ISSUES AND  
IS COMMITTED TO  
MAKING PROGRESS IN  
EACH OF THEM





# Smiles for the FUTURE

## OUR AREAS OF PROGRESS AND MAIN COMMITMENTS

### NUTRITION AND RESPONSIBLE PRODUCTS

**OUR RESPONSIBILITY:** developing products that satisfy the expectations of the greatest number of consumers in terms of safety, health, pleasure and accessibility.

**Quality, safety and traceability** → Ensuring that processes are strictly controlled.

**Nutrition** → Optimizing the levels of fat, salt and calcium in our recipes.

**Natural qualities** → Lowering the number of additives in our formulas.

**Accessibility** → Developing products that are accessible to as many consumers as possible.



Optimization of Kiri® and The Laughing Cow® recipes in 2012 within the context of the French government's voluntary nutritional improvement charters **French National Health and Nutrition Program (PNNS)**.

### RESPONSIBLE COMMUNICATION AND CONSUMPTION

**OUR RESPONSIBILITY:** giving consumers who put their trust in our brands the keys for more responsible consumption.

**Information** → Providing access to clear, relevant, and complete information concerning our products.

**Responsible marketing** → Complying with the principles of our Responsible Communications Charter.

**Brand commitment** → Creating partnerships with charities engaged in good citizenship and solidarity actions.

**Personal data** → Safeguarding consumer privacy.



In 2012, Mini Babybel® supported the association **Le Rire Médecin** in having professional clowns visit hospitalized children. 300 clown visits were offered to hospitalized children.

**le rire médecin**  
«de vrais clowns à l'hôpital»

## ENVIRONMENTAL FOOTPRINT

**OUR RESPONSIBILITY:** reducing the environmental footprint of all our activities, whether directly related to the manufacture of our products or not.

**Manufacturing** → Reducing our water and fossil energy consumption as well as reducing our greenhouse gas emissions and waste production.

**Transport** → Reducing greenhouse gas emissions by working directly or in partnership with our logistics services providers.

**Packaging** → Reducing the quantity of materials used in packaging and favoring environmentally friendly materials.

**Employees** → Educating our employees on environmentally friendly practices.



In 2012, a **biomass boiler** was installed on the Cléry-le-Petit industrial site in France, preventing 9,400 metric tons of greenhouse gas being emitted into the atmosphere on a yearly basis.

## PARTNERSHIPS AND SOCIETY

**OUR RESPONSIBILITY:** establishing partnerships with our suppliers and civil society to work together in creating sustainable growth.

**Responsible dairy producers** → Supporting improvements at the environmental, social, and economic levels.

**Sustainable purchasing** → Implementing purchasing practices that reflect our programs of improvement.

**Philanthropy** → Supporting initiatives on behalf of children and their well-being.

**346 suppliers** were assessed on their CSR performance from 2009 to 2012.

**Around 100 projects** have been supported by Bel's corporate foundation since 2008



## COMMITTED EMPLOYER

**OUR RESPONSIBILITY:** providing our employees with the conditions for personal and collective growth.

**Enjoy our workplace** → Establishing safe and pleasant working conditions.

**Empower everyone** → Enabling each employee to make a contribution to the Group's success in an independent, committed and responsible manner.

**Grow further** → Developing our employees' experience and skills without discrimination of any kind.

**Share success** → Introducing a compensation policy that is transparent, fair and competitive.



Based on the results of the **Global Employee Opinion Survey**, the Group has defined four indicators that will allow it to track its employees' perceptions and ideas on the four areas.







# GOVERNANCE PRINCIPLES

<b>1</b>	<b>Bel and the challenges facing it</b>	<b>8</b>	<b>3</b>	<b>Relationship with stakeholders</b>	<b>16</b>
1.1	Bel, an actor of the dairy industry	8	3.1	Mapping of stakeholders	16
1.2	Bel, an international player	9	3.2	Methods of disclosing information and communicating with stakeholders	17
1.3	How the Bel Group is responding to all of its challenges	9			
1.4	A response that nurtures the Group's values	10	<b>4</b>	<b>Sharing the value created</b>	<b>19</b>
<b>2</b>	<b>Incorporating CSR in the Group's activities</b>	<b>10</b>	<b>5</b>	<b>Taking into account climate change</b>	<b>20</b>
2.1	A dedicated organization	10			
2.2	External reference guides	12			
2.3	Bel's reference guides	13			
2.4	Mobilizing employees	15			



## GOVERNANCE PRINCIPLES

Bel and the challenges facing it

***Our approach:** our Corporate Social Responsibility program takes into account the specificities of the Bel Group's model, its brands and where it does business. Such an approach makes it easier for employees to adopt and incorporate it in developing relationships with our stakeholders based on making continued progress.*

# 1 BEL AND THE CHALLENGES FACING IT

## 1.1 BEL, AN ACTOR OF THE DAIRY INDUSTRY

Generally speaking, the agri-food industry is at the center of one of the major challenges facing our planet: the fight against hunger and malnutrition. It is a major concern for both developing countries and developed countries. Even though excessive weight gain and obesity have become major public health concerns in developed countries in recent years, 16 million people suffer from malnutrition, up 3 million from six years ago. While at the same time approximately 852 million people suffer from hunger in developing countries where excessive weight gain and obesity are beginning to appear<sup>1</sup>.

On a global level, the agri-food chain is confronting significant environmental challenges throughout the product life cycle: water and energy consumption, greenhouse gas emissions, discharges released into water and the soil, etc.

Each day the issue of the water supply and its quality is becoming increasingly worrisome. Approximately 800 million people throughout the world do not have access to drinkable water<sup>2</sup> and the global demand for water will exceed available reserves by 2030<sup>3</sup>.

According to the Food and Agriculture Organization of the United Nations (FAO), the agri-food sector represents approximately 30% of energy consumption worldwide and is responsible for 20% of greenhouse gas emissions, of which approximately 4% come from the dairy sector. The reserves of non-renewable resources, which took millions of years to be formed, are being depleted at an accelerating rate due to intensive use by humans. The availability of these resources will be a major challenge in the decades to come, especially since the economic growth of certain emerging countries is placing increasing demand on global reserves.

In addition to food access, food safety is a major issue throughout all the stages in the agri-food chain, both in developed countries where companies are cautious about food safety risks and in developing countries where transport and storage conditions can jeopardize food safety and quality.

The social issues related to the agri-food chain are as considerable as the economic weight it represents: the intensity of agricultural production and the revenues of farmers are greatly dependent on the restrictions and needs of the agri-food industries, which themselves must offer food products at affordable prices to end-customers. Moreover, the agri-food sector has a major role to play in the economy as it revitalizes areas by setting up operations for its activities and creating jobs.

In order to meet all of these challenges and support sustainable development, it is critical that the entire dairy industry join and act together – from dairy producers to processors, distributors and consumers. It is the only way to offer throughout the world dairy products at affordable prices that combine good health, pleasure, and respect for the environment.

<sup>1</sup> The State of Food Insecurity in the World 2012 - Food and Agriculture Organization.

<sup>2</sup> Progress on drinking water and sanitation 2012 - World Health Organization.

<sup>3</sup> Green Economy Report - United Nations Environment Programme.

<sup>4</sup> Energy and food: some facts and figures/Greenhouse Gas Emissions from the Dairy Sector - Food and Agriculture Organization.



## 1.2 BEL, AN INTERNATIONAL PLAYER

Founded in France by Jules Bel in 1922, the Bel Group remains a family-controlled group managed by the founder's descendants. Ensuring sustainable profitability and growth is its primary concern and challenge.

International growth has been a strategic focus of the Group since it set up its first subsidiary outside of France in 1929. It currently has about 11,000 employees in approximately 30 countries on five continents who contribute to the Group's international development on a daily basis.

Achieving the two-fold objective of sustainable profitability and growth is dependent upon the quality of the teams and their commitment. The Group is a committed employer that wants to provide its employees with jobs and a work environment in which they can thrive and contribute to the Group's sustainable development.

The Group's growth and profitability policy is based on five core international brands – The Laughing Cow®, Kiri®, Mini Babybel®, Leerdammer® and Boursin® – and 25 local brands adopted by approximately 400 million consumers in 120 countries worldwide. Everyday, these brands address hundreds of millions of people, both children and adults, through various modes of communication. Communicating in a comprehensible, transparent, and open manner is very important to the Group. Consumers expect as much from the brands, and the Bel Group has been successful year after year in building the bond of trust which is one of its strengths.

## 1.3 HOW THE BEL GROUP IS RESPONDING TO ALL OF ITS CHALLENGES

The Group has identified and set for itself five major challenges which it intends to meet by working with its stakeholders towards improvement (See "Relationship with stakeholders", pages 17-18).

The Group's Corporate Social Responsibility (CSR) program "Smiles for the future" completely reflects Bel and its values and is therefore a part of its strategy given its aim of achieving sustainable growth while being mindful of all of its stakeholders.

### THE FIVE PILLARS OF THE "SMILES FOR THE FUTURE" PROGRAM ARE:

#### Nutrition and responsible products:

developing products that satisfy the expectations of the greatest number of consumers in terms of safety, health, pleasure and accessibility.

#### Responsible communication and

**consumption:** giving consumers who put their trust in our brands the keys for more responsible consumption.

#### Environmental footprint:

reducing the environmental footprint of all our activities, whether directly related to the manufacture of our products or not.

#### Partnerships and society:

establishing partnerships with our suppliers and civil society to work together in creating sustainable growth.

**Committed employer:** providing our employees with the conditions for personal and collective growth.





## GOVERNANCE PRINCIPLES

Incorporating CSR in the Group's activities

### 1.4 A RESPONSE THAT NURTURES THE GROUP'S VALUES

The "Smiles for the future" program is based on the Group's five values:

- **ethics:** building a responsible business by placing honesty, fairness and integrity at the center of its employees' daily activities and behavior. This includes respecting coworkers and the working environment and a setting a good example;
- **innovation:** being proactive and taking risks to reconcile financial issues and sustainable development issues. Bel's employees actively keep the Group's commitments to sustainable growth by trying out new approaches, keeping their curiosity, and being free to create and develop;
- **enthusiasm:** employees often say that "Bel is an international group with the spirit of a startup." The Group motivates its employees to surpass themselves in meeting the environmental, social and societal challenges that it faces by fostering an entrepreneurial spirit and enthusiasm;
- **competence:** providing favorable conditions so that all of its employees can develop and expand their skills. This commitment is a part of "Grow further", one of the four areas of the Group's social charter that defines the mutual commitments between Bel and its managers and teams;
- **cohesion:** working together on shared goals and ambitions. The major challenges which it faces are an opportunity for the Group to motivate and unite all of its employees to work toward progress in which each person feels that he/she is making a real contribution regardless of where he/she is located globally.

## 2 INCORPORATING CSR IN THE GROUP'S ACTIVITIES

### 2.1 A DEDICATED ORGANIZATION

The CSR Department has headed up and overseen the CSR program since 2010. The CSR Department reports directly to the Vice-President of Human Resources, Communications and Corporate Social Responsibility, who himself reports directly to the Group's Chairman and Chief Executive Officer. The operational commitment plan "Smiles for the future" and its specific targets are validated by Senior Management at its Executive Committee meetings and monitored by the Group's Management Committee, under the Board of Directors' supervision.

The mission of the CSR Department is to:

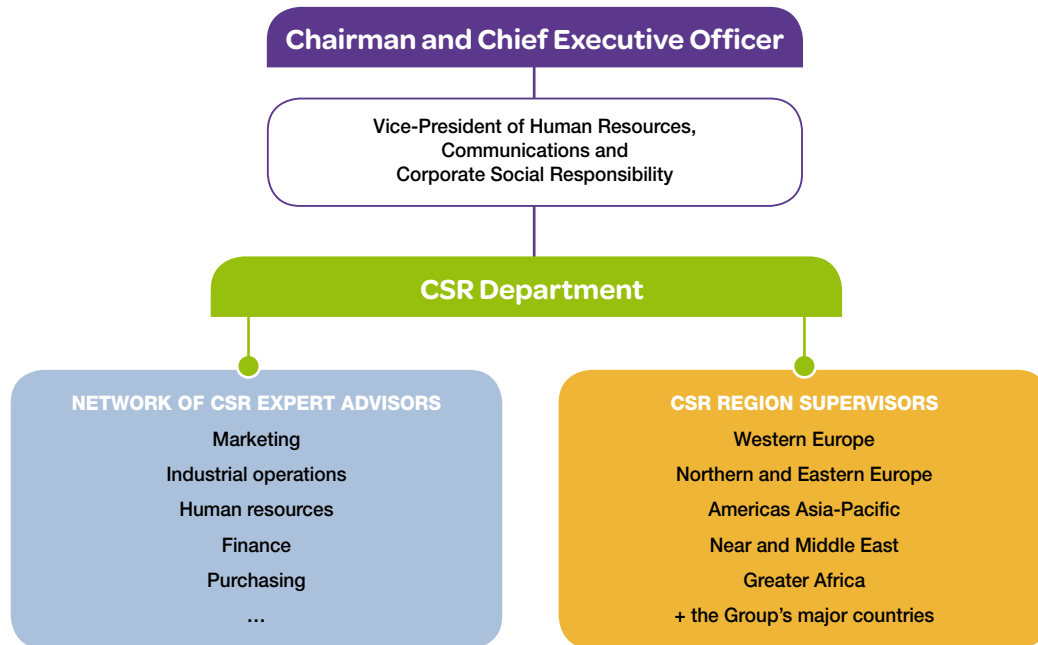
- assist top management in developing the strategy to take on each major challenge and to validate the corresponding improvement targets;
- raise awareness among and educate employees on these challenges so that they can be proactive and act as ambassadors for the Group's program;
- put in place the necessary measurement tools to better manage the projects that work toward achieving the set targets as well as to ensure reliable reporting;
- share the Group's CSR program and the progress that has been made with the internal and external stakeholders (drafting this report, updating information or disclosures on the website, responding to queries from stakeholders, etc.).

The momentum created by the CSR Department is channeled throughout the group, particularly through two specific networks: a network of business experts from the corporate departments and a second network of local supervisors representing the Group's main regions and countries.





## ORGANIZATION DEDICATED TO CSR



### CLOSE WORKING RELATIONSHIP WITH EXPERT ADVISORS

Approximately 20 experts known as “CSR expert advisors” have been identified within the various corporate departments (marketing, industrial operations, human resources, purchasing, finance, etc.). These expert advisors ensure that the Group's targets are being achieved in their respective areas of expertise. They head up special internal committees (nutrition, packaging, supply chain, etc.) in order to integrate the environmental, social, and societal issues into their business practices in their own local networks. The network of CSR expert advisors meets at least twice a year during business seminars over a two-day period.

### LOCAL PRESENCE IN MARKETS

The Vice-Presidents of the geographical regions choose the action steps to take on a priority basis in their region in order to help the Group fulfill its commitments to its stakeholders in working toward improvement.

Each of the Group's operational regions has appointed its own CSR supervisor. Moreover, local CSR supervisors have been appointed in a certain number of major countries (France, Germany, Morocco, etc.) in order to coordinate and implement locally the “Smiles for the future” program.

In 2012, each of the operational regions identified how it could contribute to the Group's key areas of progress and prioritized action plans for the five pillars of the CSR program in relation to its own context and its local stakeholders' expectations. The CSR Department assists the regions and the expert advisors in rolling out these actions.



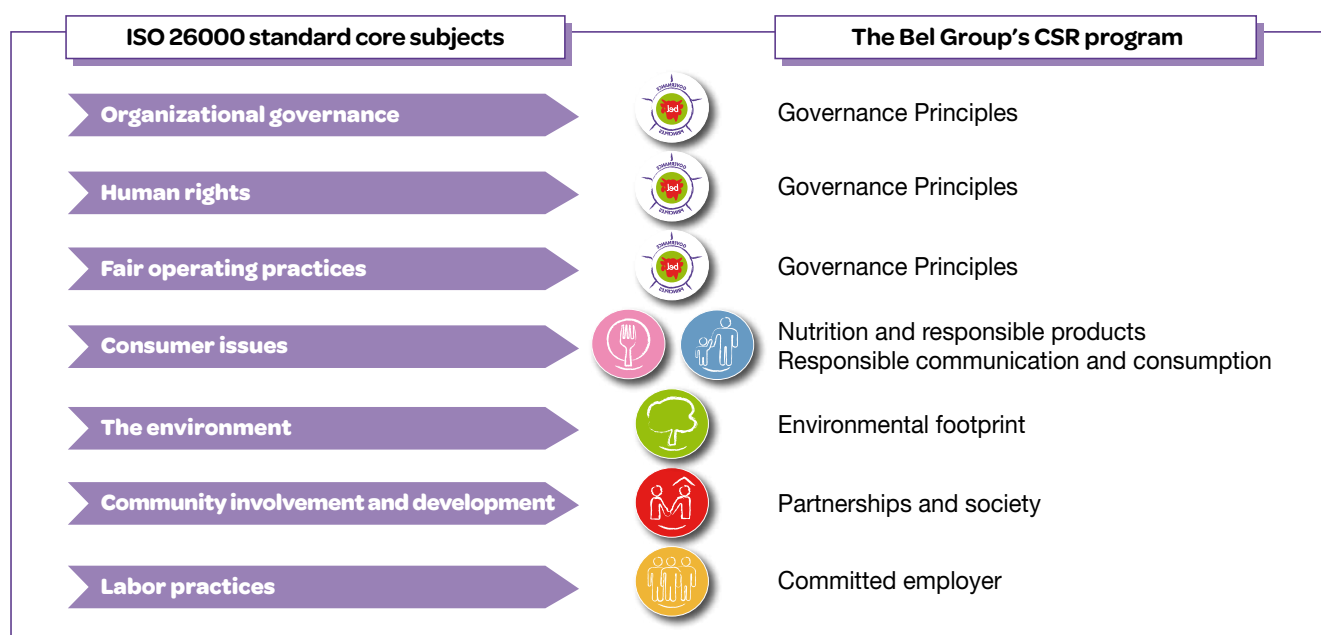
## GOVERNANCE PRINCIPLES

Incorporating CSR in the Group's activities

## 2.2 EXTERNAL REFERENCE GUIDES

The Group has structured its program to its organization while at the same time ensuring that its areas of progress respond to all of the core subjects of ISO 26000.

### CORRESPONDENCE BETWEEN THE SEVEN CORE SUBJECTS OF THE ISO 26000 STANDARD AND THE PILLARS OF THE BEL GROUP'S CSR PROGRAM



Furthermore, the Group's progress reporting satisfies the requirements of the decree implementing article 225 of France's "Grenelle II" law and is based on the Global Reporting Initiative (GRI) guidelines (see the cross-reference table on page 85-86).

Implementation of the CSR program within the Bel Group is based on a set of standards and reference guides (international, national, sector-based, etc).

## UNITED NATIONS GLOBAL COMPACT

The Bel Group has been a signatory to the United Nations Global Compact since 2003.

The Group has committed itself to adopting, upholding and applying the ten fundamental principles of the Global Compact in support of human rights, labor laws, the environment and anti-corruption.

These principles are incorporated in the Bel Group's culture and how it conducts its business, demonstrated particularly in its Code of Best Business Practices and its CSR policy.

The Group reports on the progress made in relation to each of the ten principles in its annual Business Report.

In 2012, the Bel Group renewed its commitment to adhere to and promote the principles of the Global Compact and published for the first time in 2013 a Corporate Social Responsibility Report, incorporated in its Registration Document. This report recounts the actions taken in 2012 in accordance with these ten principles.

Antoine Fiévet  
Chairman and Chief Executive Officer of the Bel Group  
December 20, 2012





## LAWS AND REGULATIONS

Every employee of the Bel Group is required to comply with locally applicable laws and regulations. Local regulations shall prevail in the event that the regulations of a country are more restrictive than the regulation stipulated by Bel.

## INTERNATIONAL CONVENTIONS AND RESPECT FOR HUMAN RIGHTS

As a signatory to the United Nations Global Compact, Bel is committed to promoting and complying with its human rights principles both within the Group and its area of influence. It also ensures that the Group is not an accessory to or in anyway complicit in violating such principles.

Protecting the basic rights of its employees is one of the seven principles of the Group's Code of Best Business Practices (see "Code of Best Business Practices"). These basic rights are inspired by the ones set forth in the Universal Declaration of Human Rights and the conventions of the International Labor Organization: banning of child labor and forced labor; hygiene, health and safety; non-discrimination; equal opportunities based on merit and skill; no tolerance of sexual or moral harassment; freedom of association and right to collectively bargain, and freedom of political affiliation.

The Group also ensures that its suppliers comply with the International Labor Organization's fundamental conventions. Firstly, the Bel Group's Sustainable Purchasing Charter underlines the ten principles of the Global Compact and sets forth the fundamental principles that suppliers must comply with when they enter into a business relationship with the Group. Secondly, in 2009 the Purchasing Department launched a campaign to assess its suppliers using the EcoVadis® tool, which incorporates criteria relating to human rights and fair business practices (See "Partnerships and Society" pillar on page 53).

## INTERNATIONAL REFERENCE GUIDES

In order to gradually integrate environmental, social, and societal issues in all of its decision-making and implementation processes, the Group uses the following international reference guides:

- the international reference guides recognized by the Global Food Safety Initiative (GFSI) for food safety management;
- ISO 14001 for environmental management;
- OHSAS 18001 for occupational health and safety management.

Application of these standards by sites is certified. The Group retained a single certification company (SGS) to streamline efforts in having its sites certified.

All new sites, whether built or acquired, must be certified according to GFSI standards, ISO 14001 and OHSAS 18001 no later than two years after their integration into the Group.

Furthermore, quality management is based on ISO 9001, with the relevant certification done on a voluntary basis within the Group (19 Bel sites certified at the end of 2012).

Number of certified sites	2011	2012	2015 Targets
according to GFSI standards (Bel sites*)	14	15	100%
according to GFSI standards (Bel sites* and subcontractors**)	24	30	100%
ISO 14001 (Bel sites*)	9	9	100%
OHSAS 18001 (Bel sites*)	3	5	100%

\*Scope: 28 sites (industrial and R&D)

\*\*Scope: 17 subcontractor sites

## 2.3 BEL'S REFERENCE GUIDES

Taking into account its own specificities, the Group uses internal reference guides that are gradually rolled out to all relevant employees.

### CODE OF BEST BUSINESS PRACTICES

Bel has adopted a Code of Best Business Practices that applies to all of the Group's employees and which will be accompanied by the creation of an Ethics Committee in 2013.

In accordance with the laws and regulations applicable to the Group, this Code aims to establish a minimum set of common rules for all of the countries in which the Group has operations in order to ensure their compliance, guarantee the basic rights of employees as set forth in the principles of the International Labor Organization, and promote a shared corporate culture that is beneficial to all.

It is based on seven principles that the Group intends to apply in its business practices. It also sets forth guidelines on how employees should conduct themselves professionally.



## GOVERNANCE PRINCIPLES

Incorporating CSR in the Group's activities

These seven principles are:

- complying with laws and regulations as well as incorporating international standards, which underlines the Group's commitment to respecting the ten principles of the United Nations Global Compact, the principles set forth in the Universal Declaration of Human Rights, the ILO's fundamental conventions and anti-corruption laws;
- consumer protection by being committed to the quality, traceability and safety of its products, informing the consumer and taking a responsible approach to communication, and complying with data privacy regulations.
- respect for the environment;
- protecting the basic rights of employees based on the ILO conventions;
- preventing conflicts of interest and fraud and condemning corruption;
- encouraging fair business practices and compliance with the local and international laws and regulations regarding competition and business practices in the countries where the Group is present;
- accuracy of financial information and safeguarding the confidentiality of personal and financial information.

The Group is developing targeted initiatives in support of its Code of Best Business Practices. For example, the Group has mapped out the regions in which it operates that are more susceptible to the risk of corruption, using Transparency International studies as a reference. Specific actions to raise management's awareness are conducted on a priority basis in these regions.

### THE GROUP'S INTERNAL REFERENCE TOOLS AND DOCUMENTS

The Group's CSR Department, its expert advisors, and its corporate departments have put in place documents and tools to facilitate the roll-out of the CSR program throughout the regions and businesses:

- the CSR Reference Guide is an internal tool that measures the operating entities' progress in each of the areas of progress defined in the CSR program;
- the Manual for designing a local CSR roadmap assists the operating entities in designing their action plans (identification of priorities, inclusion of stakeholders, etc.);
- the CSR Reporting Protocol defines the CSR key performance indicators and is the reference guide for all the individuals involved in the Group's reporting;
- the marketing tool "Growing Brands with Purpose", which is currently being rolled out, assists the marketing teams in guiding brands so that they participate in the Group's CSR commitments (see "Involving our brands in actions of good citizenship and solidarity" on page 32);

- the Responsible Communications Charter lists the principles which all of the Group's communications must uphold (see "Developing responsible advertising and promotional campaigns" on page 30);
- the Sustainable Purchasing Charter clearly sets forth the Group's expectations with regards to its suppliers and encourages continued progress (see "Sustainable Purchasing Charter" on page 58);
- the rules on how to manage relationships with suppliers in relation to the scores they received on their CSR performance assessment enable the Group to assist its suppliers in working toward continued improvement (see "CSR performance assessment of suppliers" on page 59);
- the People First social charter sets forth the key commitments that tie together the Group, its team leaders and its employees (see the "Committed employer" pillar on page 65).

Finally, reference documents specific to the different business activities - Policies, Position Papers, Charters, Codes, Manuals - are drafted and communicated internally (i.e., Environmental Policy, ecodesign packaging manual).

All of these documents have been distributed to all involved in the CSR program and some of these documents are available at [www.groupe-bel.com](http://www.groupe-bel.com).

### ASSESSMENT GRID OF INVESTMENT PROJECTS

Since 2011, a specific assessment grid has been used to give all investment projects of more than €100,000 a rating which takes into account environmental, social, and societal aspects. A progress plan is required to validate the investment if the CSR rating is average. If the CSR rating is low, the investment budget is not granted.

In 2012, the investment committee validated 24 projects that were presented; none of these required a specific progress plan.

### CRISIS MANAGEMENT PROCEDURES

One of the Group's priorities is preparing its teams to confront crisis situations. It has a defined crisis management procedure that shares methods and tools to efficiently handle all kinds of crisis situation (environmental pollution, occupational accidents, public opinion crisis, social crisis, possible contamination of the production chain, etc.). A dedicated guide and specific tools are used to roll out the crisis management procedure and specialized crisis management training has been incorporated into the "Campus" program, the training program for the Group's managers.





## 2.4 MOBILIZING EMPLOYEES

The Group would like to get all of its employees involved so that corporate responsibility is at the center of its development strategy and environmental, social, and societal issues are taken into serious consideration in management and business practices.

### RAISING AWARENESS AND INFORMATION

For each area of progress, a press review "the Planeto'scope", published monthly in French and English, compiles news events and good practices that have been observed outside the Group and which serve as a source of inspiration for the operating entities.

The CSR Department also distributes fact sheets on topics impacting the CSR program and of which it is important that everyone in the Group has a basic understanding (i.e., life cycle analysis, additives, standards and certification, etc).

### TRAINING

In the Group's "Campus" training program, courses are offered to employees so that they better understand and incorporate environmental, social, and societal issues in their management and business practices.

Since 2012, a course on CSR has therefore been made available to managers, particularly to the 213 grade one to three managers (top management). The goal is for the managers to better understand and adopt Bel's CSR objectives so that they can then roll out the program within their scope of activity.

	2012	2015 Target
% of grade 1 to 3 managers having completed CSR training	24 %	100 %

At the same time, function-specific training courses have been gradually adapted to incorporate environmental, social, and societal issues. For example, this is the case for the "Sustainable Purchasing" training given to employees making purchasing decisions.

Trainings courses on specific topics (Nutrition, Health & Safety, etc.) are also offered in the program.

### COMPENSATION SYSTEMS

Since 2012, the Group has incorporated a CSR target into the variable portion of managers' compensation. This target is mandatory and represents at least 10% of the total weight of the key performance indicators. In 2012, this target was based on each manager's contribution in rolling out the People First social charter (the "Committed employer" pillar of the program).

Beginning in 2013, the inclusion of CSR performance in the variable portion of managers' compensation will be further refined to better reflect their actual efforts and achievements. The results will be measured against the indicators described in the Group's CSR Reporting Protocol.

### MANAGING THE PROGRAM AND REPORTING

The Group considers the new reporting requirements pursuant to France's "Grenelle II" law of July 10, 2010 as an opportunity to better manage its CSR performance.

Developed by the Group's CSR expert advisors and based on the recommendations of the Global Reporting Initiative (see cross-reference table on pages 85-86), the environmental, social, and societal key performance indicators measure progress and enable a better understanding of the efforts that need to be made to achieve the targets set. These indicators also reflect the local or cross-sector initiatives that the Group would like to share and highlight, and by doing so inspire new projects and further develop the sense of pride in belonging to the Bel Group.

By using these indicators, the Group is also able to report on its non-financial performance to its external stakeholders in a more transparent manner.

The CSR Reporting Protocol acts as a reference guide for all the individuals involved in the Group's reporting. It describes the non-financial indicators discussed in this document along with the procedures to be used in applying them. The statutory auditors use it as a reference when they audit the data. It is updated on a yearly basis.

In accordance with L. 225-102-1 of the French Commercial Code (the "Grenelle II" law), the Group has requested that its statutory auditors verify its consolidated indicators on a global basis in line with ISAE 3000 (International Standard on Assurance Engagements). The statutory auditor's assurance opinion indicating a moderate level and the methods used in the reporting appear on page 87.



## GOVERNANCE PRINCIPLES

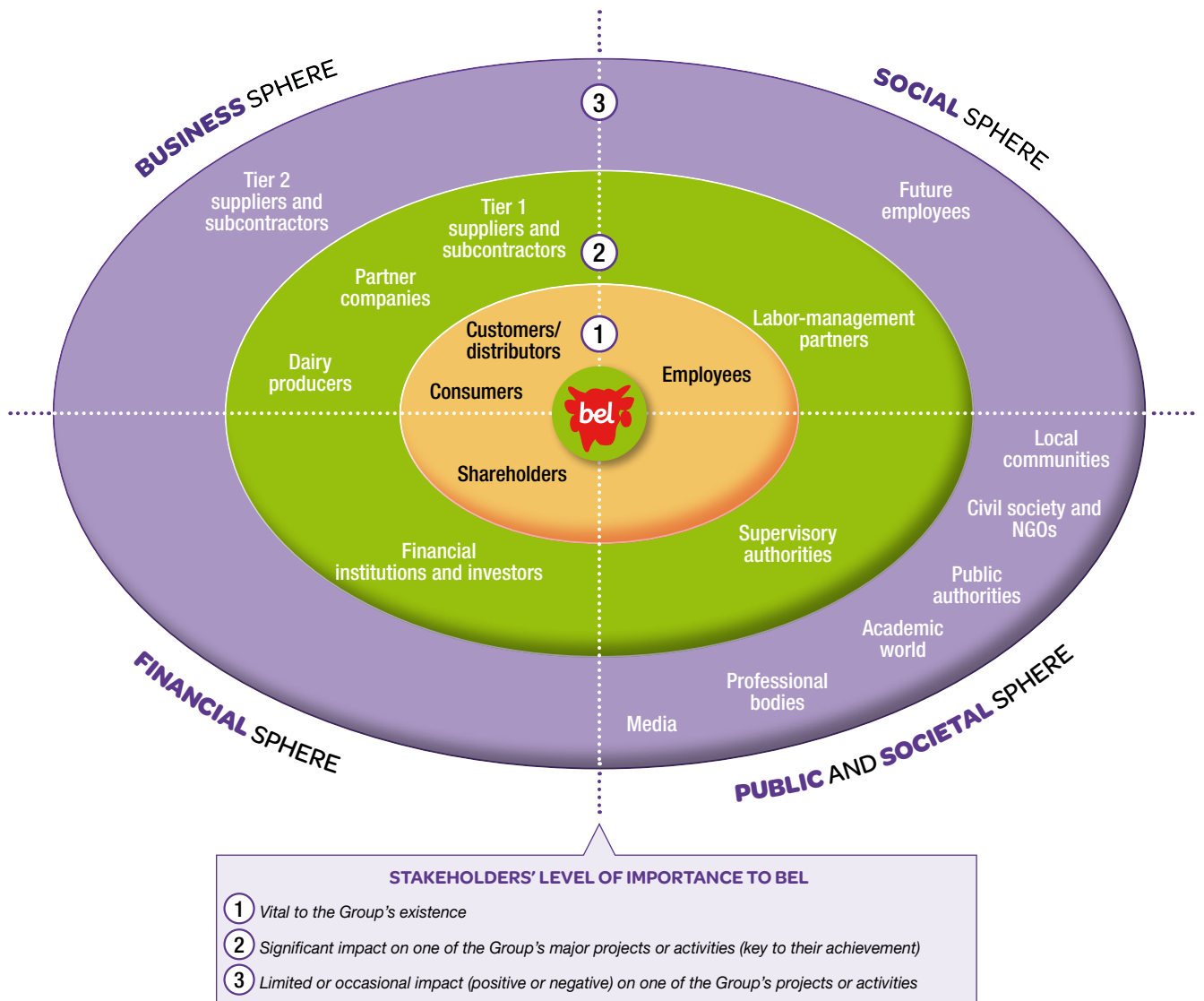
Relationship with stakeholders

# 3 RELATIONSHIP WITH STAKEHOLDERS

## 3.1 MAPPING OF STAKEHOLDERS

The Bel Group has identified its major stakeholders and has mapped them out according to their ranking as shown below.

They are broken out in order of their importance to Bel (the concentric circles) and the type of relationship that they have with the Bel Group (business, social, financial, public and societal spheres).





## 3.2 METHODS OF DISCLOSING INFORMATION AND COMMUNICATING WITH STAKEHOLDERS

The Bel Group is particularly interested in building sustainable relationships with its stakeholders and creating an environment that favors constructive collaboration focused on continued progress.

It is keen to keep its stakeholders up-to-date on Sustainable Development commitments and successes and welcomes hearing their opinions and expectations on its CSR program. To achieve this, it endeavors to set up methods of disclosing information and communicating.

Major stakeholders	Methods of disclosing information and communicating	Main expectations of the stakeholder	Actions taken to address issue
<b>All stakeholders</b>	<ul style="list-style-type: none"> <li>Registration Document</li> <li>The Bel Group's websites</li> <li>Business Report</li> <li>CSR Report</li> </ul>	<ul style="list-style-type: none"> <li>Transparency in non-financial communications</li> <li>Compliance with laws and regulations</li> <li>Ethical and responsible behavior</li> </ul>	<ul style="list-style-type: none"> <li>The Group CSR program: Five pillars and principles of governance</li> <li>Introduction of indicators tracking progress</li> <li>Continual improvement in how the Group communicates its CSR program</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Global Employee Opinion Survey</li> <li>Internal communication actions</li> <li>Individual reviews</li> <li>Staff meetings and conventions</li> <li>Dialog with employee representatives</li> </ul>	<ul style="list-style-type: none"> <li>Safety and well-being at work</li> <li>Empowerment</li> <li>Career development and employability</li> <li>Share success</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of People First social charter</li> <li>"Zero accident" program</li> </ul>
<b>Customers/distributors</b>	<ul style="list-style-type: none"> <li>Business review</li> <li>Responding to distributors' questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>Offering responsible products to their own customers</li> <li>Being able to inform their customers on the products that they sell</li> </ul>	<ul style="list-style-type: none"> <li>Organization of meetings</li> <li>Participation in CSR initiatives organized by distributors</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>Packaging information</li> <li>Media communications (TV, press, radio, etc.)</li> <li>Websites of the Group's brands</li> <li>In-store advertising</li> <li>Quantitative and qualitative market research</li> <li>Social networks</li> <li>Customer services</li> </ul>	<ul style="list-style-type: none"> <li>Food quality and safety</li> <li>Organoleptic qualities</li> <li>Nutritional benefits</li> <li>Natural qualities (certain countries)</li> <li>Accessibility</li> <li>Clear and honest product information</li> <li>Brand commitments</li> </ul>	<ul style="list-style-type: none"> <li>See the "Nutrition and responsible products" and "Responsible communication and consumption" pillars for details on the actions taken</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>General shareholders' meeting</li> <li>Board of Directors</li> <li>Shareholder communications and notices</li> <li>Registration Document</li> </ul>	<ul style="list-style-type: none"> <li>Growth, profitability and the company's future</li> <li>Information on governance and risk management</li> <li>Information on the company's non-financial targets and performance and the means used in achieving them</li> </ul>	<ul style="list-style-type: none"> <li>Publication of CSR reporting in accordance with Article 225 of the "Grenelle II" law</li> <li>Presentation of the CSR program to members of the Board of Directors</li> </ul>
<b>Dairy producers</b>	<ul style="list-style-type: none"> <li>Visits from dairy production technicians (CSR-trained)</li> <li>Annual meetings</li> </ul>	<ul style="list-style-type: none"> <li>Fair compensation</li> <li>Sustainability of the relationship with Bel</li> <li>Assisting them in striving for improvement in their practices</li> </ul>	<ul style="list-style-type: none"> <li>Policy promoting the development of sustainable dairy production</li> </ul>
<b>Suppliers and subcontractors</b>	<ul style="list-style-type: none"> <li>Exchanges with both local and Group buyers</li> <li>EcoVadis® platform: results of the assessment of suppliers' CSR performance</li> </ul>	<ul style="list-style-type: none"> <li>Fair compensation</li> <li>Prompt payment</li> <li>Sustainability of the business relationship</li> <li>Development outlook</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Purchasing Policy</li> <li>Sustainable Purchasing Charter</li> </ul>
<b>Labor-Management partners</b>	<ul style="list-style-type: none"> <li>Employee representative bodies (trade unions, works council, workforce delegates, Committee for Health and Safety at Work, etc.): social agenda and dialog sessions</li> </ul>	<ul style="list-style-type: none"> <li>Social and economic justice</li> <li>Working conditions</li> <li>Information on HR policies and the general organization of the company</li> </ul>	<ul style="list-style-type: none"> <li>People First Policy</li> <li>Labor agreements</li> </ul>



## GOVERNANCE PRINCIPLES

### Relationship with stakeholders

Major stakeholders	Methods of disclosing information and communicating	Main expectations of the stakeholder	Actions taken to address issue
<b>Financial institutions and investors</b>	<ul style="list-style-type: none"> <li>Annual Group presentation</li> <li>Registration Document</li> <li>Press releases</li> </ul>	<ul style="list-style-type: none"> <li>Group growth, financial stability, sustainability and profitability</li> </ul>	<ul style="list-style-type: none"> <li>Publication of CSR reporting in accordance with Article 225 of the "Grenelle II" law</li> <li>Presentation of the CSR program to members of the Board of Directors</li> </ul>
<b>Civil society NGOs</b>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Responding to requests (questionnaires)</li> <li>Bel Foundation's annual progress report</li> </ul>	<ul style="list-style-type: none"> <li>Continual improvement in how the company addresses environmental, social and societal issues</li> <li>Transparent communication on issues in which it is directly involved (differ depending on the NGO)</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships with representatives from civil society in addressing certain issues</li> <li>Commitments made by the brands to NGOs</li> </ul>
<b>Professional organizations</b>	<ul style="list-style-type: none"> <li>Representation in professional bodies</li> </ul>	<ul style="list-style-type: none"> <li>Sharing success</li> </ul>	<ul style="list-style-type: none"> <li>Group's contribution to projects</li> <li>Involvement of employees in the working groups</li> </ul>
<b>Academic world</b>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Participating at forums (schools, universities, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Sharing and making available the company's expertise</li> <li>Financial assistance for research</li> <li>Student career prospects</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships and research projects with individuals from the academic world (schools, universities, etc.)</li> <li>Internships and apprentice programs</li> </ul>
<b>Public authorities</b>	<ul style="list-style-type: none"> <li>Different methods of disclosing information and communicating depending upon the entities and geographic locations</li> <li>Participating in working groups</li> </ul>	<ul style="list-style-type: none"> <li>Stimulating the local economy and job creation</li> <li>Participating in public debates and in creating relevant legislation and regulations</li> <li>Involvement in local and national programs</li> </ul>	<ul style="list-style-type: none"> <li>Participating in public programs and campaigns (for example, in France the Group has signed voluntary nutritional improvement charters within the context of the National Health and Nutrition Program)</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Different methods of disclosing information and communicating depending upon the entities and geographic locations</li> </ul>	<ul style="list-style-type: none"> <li>Getting involved in specific local issues</li> <li>Protecting the environment surrounding the sites</li> <li>Local job creation</li> <li>Supporting local development (economy, infrastructures, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Environmental policy</li> <li>Local good citizenship and solidarity actions</li> </ul>
<b>Future employees</b>	<ul style="list-style-type: none"> <li>Participating in forums</li> <li>Employer brochure</li> <li>Careers page on the Group's website</li> </ul>	<ul style="list-style-type: none"> <li>Career opportunities</li> <li>Working conditions</li> <li>Compensation</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment policy</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Press conferences</li> <li>Press releases</li> <li>Responding to requests (interviews, information requests)</li> <li>Various types of communication at all levels (Group, local, brands)</li> </ul>	<ul style="list-style-type: none"> <li>Clear and relevant information</li> </ul>	<ul style="list-style-type: none"> <li>Communication management by the Group's Communications Department</li> </ul>

## FOCUS



### THE BEL GROUP AND WWF FRANCE

The Bel Group wants to work towards more sustainable dairy production by setting up a progress initiative on the impacts of its business related to animal feed and livestock farming. In order to identify the main working areas and to implement this initiative, in November 2012 it signed a three-year partnership agreement with WWF France.





## 4 SHARING THE VALUE CREATED

The Group makes a direct contribution to economic and social development in the countries in which it operates.

It collects milk directly from 3,300 dairy producers, as well as a large number of very small producers in Ukraine whose sales to Bel represent a significant portion of revenues. Bel also has more than 20,000 suppliers of other raw materials and goods and services throughout the countries in which it is implanted. Local supply is preferred whenever possible.

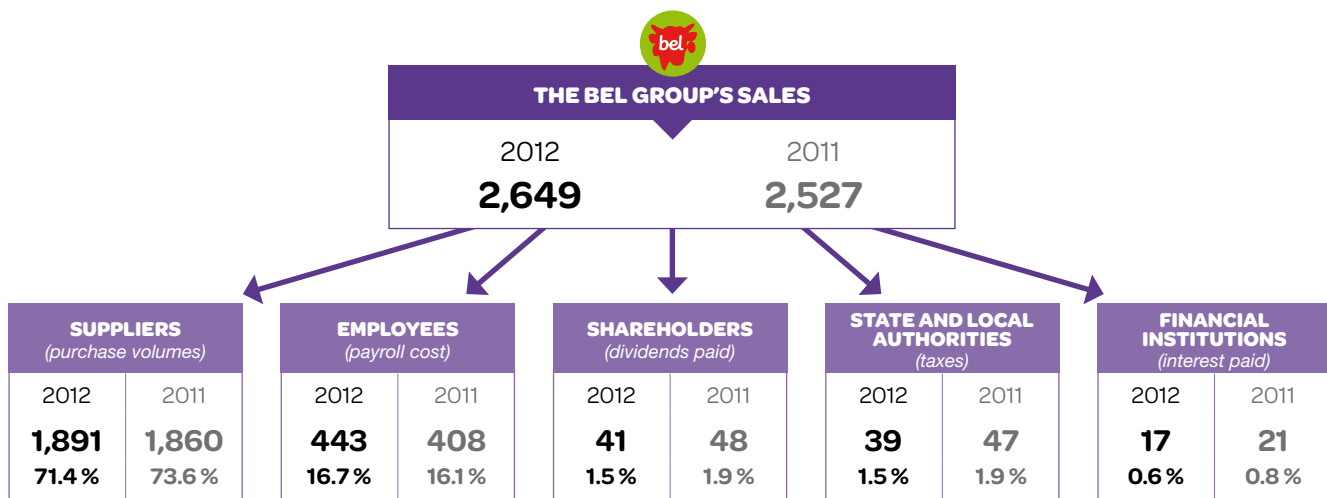
The Group employs around 11,000 employees globally, all of whom receive compensation that is in line with the Group's policy and a benefits package. The "Share success" area of the People First social charter sets forth the Group's commitment to having its employees receive a fair return on the value that they helped create.

The Group has little debt contracted with financial institutions, and its level of debt has decreased steadily in recent years. Consequently, the portion of created value paid to financial institutions is very low.

In 2012, the Group paid €39 million in taxes to the French State and local authorities. The Group's tax rate is 32.6%, which has been stable for several years. It benefits from tax rates which are lower than those applied in France in some of the countries where it is located (e.g. North Africa)

Lastly, the average amount of dividends distributed to the Group's shareholders represented 1 to 2% of its sales.

### SHARING THE VALUE CREATED



2012 values, in € thousands

Moreover, the Group makes grants to charitable organizations through its corporate foundation and the local philanthropic projects supported by its entities throughout various countries in the world.



# 5 TAKING INTO ACCOUNT CLIMATE CHANGE

In 2012, Bel had an external company identify the main impacts of climate change on its activities:

- increased water stress may jeopardize the operations of certain of its production sites. To confront this global crisis, the Group needs to adapt its existing installations and design new installations to respond to the foreseeable consequences of water shortage;
- changes in biodiversity may impact suppliers of dairy raw materials. Bel needs to conduct diagnostic evaluations on the vulnerability of its suppliers so that it can gradually adapt its strategy and prepare accordingly;
- the increase in raw-materials prices. The Group is addressing this concern by putting in place a certain number of improvement plans to optimize the use of raw materials;
- extreme weather events may cause supply shortages. The Group is reviewing actions for its business continuity plan in the event of a major incident.



# NUTRITION AND RESPONSIBLE PRODUCTS

1

## 1 Ensuring product quality and safety 22

## 2 Improving the nutritional quality of products 23

## 3 Strengthening the natural qualities of products 24

- 3.1 Additives 25
- 3.2 Use of ingredients from genetically modified plants 25
- 3.3 Organic cheeses 25

## 4 Developing nutritionally beneficial products accessible to the greatest number of people 26



## NUTRITION AND RESPONSIBLE PRODUCTS

Ensuring product quality and safety

***Our responsibility: developing products that satisfy the expectations of the greatest number of consumers in terms of safety, health, pleasure and accessibility.***

Bel sells its products in 120 countries, where it encounters a variety of food-related public health issues:

- undernourishment from food deficiencies, which can often lead to malnutrition;
- overeating, which can lead to excessive weight gain and obesity and related non-communicable disease (such as diabetes and cardiovascular diseases, etc.).

Bel's mission "to share smiles with all families through the pleasure of dairy goodness" demonstrates the Group's commitment to making accessible to a large number of families products that meet their expectations in terms of safety, pleasure, health and accessibility.

## 1 ENSURING PRODUCT QUALITY AND SAFETY

The Bel Group's first responsibility is guaranteeing the quality, traceability and safety of its products throughout the entire production chain worldwide. Strict controls and full traceability are carried out at each of the stages in the product life cycle.

The Group's Quality and Regulations Department reports to the Group's Industrial and Technical Department and leads and coordinates all of the processes related to Food Safety, Quality and Regulations and ensures that they are effective. It recommends policies to put in place, ensures that systems and reporting are coherent at the different levels, provides assistance to the Group's entities and audits the organizations to assess how effectively their systems are working. It alerts the Chairman and Chief Executive Officer and the Management Committee to any major situation occurring in its three key areas.

### External Reference Guide

- Global Food Safety Initiative (GFSI)

### Key performance indicator

- Volumes sold from sites certified according to GFSI standards (including subcontractors) (%)

All production sites worldwide meet food safety and quality requirements set by the Group's Quality and Regulations Department. In addition, the Group has set a goal that by 2015 all the products it sells will be manufactured in sites certified according to Global Food Safety Initiative standards. Out of the Group's 17 subcontractor sites, 15 have already been certified according to GFSI standards. The remaining sites are expected to be certified by 2015.

### Food safety: certifications according to GFSI standards

	2012	2015 Target
% of volumes sold from certified sites (subcontractors included)	78%	100%

### FOCUS

#### PREPARATION FOR FSSC 22000 CERTIFICATION OF BEL INDUSTRIES

Bel Industries is a division of the Group that sells dairy proteins to agri-food industrialists. In preparing for FSSC 22000 certification (international food safety standard recognized by GFSI), a set of actions were put in place in 2012 to improve food safety at the French sites in Vendôme, Mayenne and Vincennes. Some of these actions include raising employees' awareness of food hygiene and safety issues, applying the HACCP (Hazard Analysis and Critical Control Points) approach (whose objective is to assess and manage significant food safety hazards), and strengthening environmental analyses.

Certification is expected to occur in March 2013. This approach contributes to permanently improving performance in terms of food safety and to complying with regulatory requirements and customer expectations.





## GUARANTEEING HIGH QUALITY RAW MATERIALS

The Group's dairy production technicians ensure on an ongoing basis that the good practices guaranteeing high quality milk are being communicated to dairy producers who directly supply Bel. When the technicians detect an issue with the quality of the milk, they recommend and put in place targeted actions at the dairy producers which include:

- an audit of operations (sometimes attended by a veterinarian);
- proposed action plans to improve the quality of the milk in question;
- monitoring of these plans, which could last from a few months to a year, to assist the producer in bringing about improvements.

Moreover, all other raw materials used in products and all packaging undergo strict quality control testing.

## MAINTAINING THE COLD CHAIN

For products that need to be refrigerated, the Group pays special attention to maintaining a continuous cold chain throughout the product life cycle, from the collection of milk from the dairy producer, to the transport and storage of the product and finally to its sale at the distributor. Audits of the distribution chain are conducted for this purpose.

Moreover, the packaging indicates to the consumer how to store the product to guarantee optimal quality.

# 2 IMPROVING THE NUTRITIONAL QUALITY OF PRODUCTS

Access to food that can be part of a balanced diet is increasingly expected by stakeholders (consumers, public authorities, healthcare officials, etc.). For agri-food companies, this means constantly improving the nutritional quality of their products while still satisfying taste expectations. Bel has made this dual aspect a key goal of its nutrition policy.

Bel's nutrition policy is built on several levels of expertise:

- an independent scientific committee of international nutrition experts which meets twice a year;
- a close working relationship with public bodies (e.g. National Institute of Nutrition in Vietnam) and associations (e.g. American Dietetic Association in the United States);
- an internal team of dieticians and nutritionists who draw up and coordinate the Group's nutrition policy;
- a network of 27 nutrition supervisors within the teams who ensure that this nutritional strategy is implemented in all countries.

Finally, all marketing team managers systematically take a two-day training course in nutrition to support the deployment of the nutrition policy.

## FOCUS

### FRANCE: SIGNATURE OF TWO VOLUNTARY NUTRITIONAL IMPROVEMENT CHARTERS

In May 2011 Bel France and Bel Foodservice signed two voluntary nutritional improvement charters with the public authorities for two of its emblematic brands, The Laughing Cow® and Kiri®, within the scope of the National Health and Nutrition Program (PNNS).

Under these charters, the nutritional quality of almost 20 cheese products will be improved.

Bel commits to achieving the following targets by end-2013\*:

- lowering average fat content: -5.6% for The Laughing Cow® products and -5.7% for Kiri® products;
- lowering average salt content: -6.4% for The Laughing Cow® products and -5.8% for Kiri® products;
- increasing average calcium content: +38% for The Laughing Cow® products.

\*Reference date: 2009





## NUTRITION AND RESPONSIBLE PRODUCTS

Strengthening the natural qualities of products

The Group has followed institutional recommendations by focusing its efforts on three nutrients in its recipes which are associated with public health challenges throughout the world: fats, salt and calcium.

The Group carries out differentiated actions for these three nutrients, to take into account consumer diversity and expectation for its products.

- for products designed for and eaten by children, and those with an active nutritional positioning, i.e. those where the nutritional benefit is emphasized, the priority is optimizing nutritional content, when necessary. a nutritional renovation roadmap to be performed by 2015 has been consolidated at the Group level;
- for “indulgence” products designed for adults and eaten mostly on special occasions, nutritional profile improvement is not a priority, although regions and countries are free to take this initiative during product renovation programs.

### Internal Reference Guide

- Position paper Innovation/Renovation on Nutritional Profiles

### Key performance indicators

Monitoring nutrients

- fat content (g/100g of cheese)
- salt content (g/100g of cheese)
- calcium content (mg/100g of cheese)

Besides the work on these three nutrients, Bel can add vitamins, minerals, etc. to its recipes in response to the specific needs of certain populations. For instance, in 2012 the Group launched:

- portions of vitamin D-enriched cheese for school canteens in Europe;
- cheese snacks enriched in vitamins A and D, iodine and zinc for children in Vietnam.

### FOCUS

#### LAUNCH OF RENEWED FORMULAS IN VIETNAM AND WESTERN EUROPE

During 2012, the fat content of triangular portions of The Laughing Cow® sold in Vietnam was lowered from 27 to 23.5 g per 100 g of cheese.

A new recipe for Kiri® Crème was launched in September 2012, after being validated by consumer tests during the first half of 2012. It is sold throughout Western Europe. Its contents conform to the commitments in the PNNS voluntary nutritional improvement charters: 29.5 g of fat and 570 mg of salt per 100 g of cheese.

### FOCUS

#### THE LAUGHING COW® FORTIFICATION IN EGYPT



Calcium and vitamin-D deficiencies have been observed in children in Egypt. Since 2007, The Laughing Cow® cheese has been specifically enriched to meet children's nutritional requirements.

The improved recipe is accompanied by informative labeling on packaging and an advertising campaign informing parents and children of the benefits these nutrients have on children's growth and development.

## 3 STRENGTHENING THE NATURAL QUALITIES OF PRODUCTS

Growth in the world's population is causing even faster growth in the rate of urbanization: the need to reconnect with nature is becoming increasingly important in our societies where more than one person in two is a city dweller. This need is reflected by the search for healthy, good, nutritional and “natural” food. The rejection by some consumers of certain specific ingredients is behind this desire for “natural qualities”- even though their concerns over safety are not supported by any scientific data, and their use is authorized by local statutory regulations.

The Bel Group carries out continuous scientific and regulatory monitoring to ensure that the ingredients in its products present no known health risks for consumers and that their use complies with statutory regulations in force.



### 3.1 ADDITIVES

An additive is a substance which is not consumed normally as a food or as an ingredient in food, but which Bel can include in its recipes for specific technical functions: increase the shelf life, obtain a creamy texture, etc. All the additives used by the Group satisfy statutory regulations. If no functions justify the use of additives, they are not used in the products: this is the case for Mini Babybel® Original and Boursin® Garlic and fresh herbs, for example.

#### Internal Reference Guide

- Position paper Renovation/Innovation on the use of Additives

#### Key performance indicator

- Number of additives per recipe

Even though there is no scientific data to cast doubt over the additives the Group uses, we are seeing a growing concern about this in some countries. Attentive to its consumers, the Group is running research and development projects on removing additives from its products. However, changing a recipe is a complex process, because a comprehensive overview of stakeholders' expectations is required in order to do so successfully: organoleptic qualities, shelf life, conservation conditions, image, etc. A recipe renovation roadmap to reduce additives by 2015 has been consolidated at the Group level.

#### FOCUS

#### LOWERING THE NUMBER OF ADDITIVES IN RECIPES

In 2012, a new recipe for Kiri® with one less additive was marketed in Slovakia and the Czech Republic. In Europe, the recipe for Kiri® Goûter has been optimized, and contains one less additive. Finally, the recipe for The Laughing Cow® which is manufactured and sold in Turkey has been renewed with two less additives.

### 3.2 USE OF INGREDIENTS FROM GENETICALLY MODIFIED PLANTS

Since genetically modified plants appeared, the Group's positioning has favored supplies of "conventional" raw materials and ingredients, to satisfy the expectations of certain stakeholders. This means that raw materials and ingredients do not contain GMOs or only contain an accidental and technically inevitable quantity of less than 0.9%, as defined by the European Union's regulations.

Even if the feed additives of some dairy cows may contain GMOs, the products from these animals (including milk) do not contain GMOs themselves (EFSA notice of July 19, 2007).

### 3.3 ORGANIC CHEESES

Products from organic farming are used in some cases to satisfy consumer expectations for natural qualities.

The Bel Group has decided against positioning itself on this segment, which is a niche market and requires supply which is incompatible with a large volume industrial model offering products at affordable prices to the greatest number of consumers.



## NUTRITION AND RESPONSIBLE PRODUCTS

Developing nutritionally beneficial products accessible to the greatest number of people

### 4 DEVELOPING NUTRITIONALLY BENEFICIAL PRODUCTS ACCESSIBLE TO THE GREATEST NUMBER OF PEOPLE

The Bel Group seeks to satisfy a growing number of consumers throughout the world, by offering them formats and recipes tailored to their expectations at affordable prices.

Preserving and reinforcing product accessibility is done in a number of ways:

- a portion format which, in certain cases, makes unit sales possible;
- programs on production sites to control sale prices despite fluctuations in some raw material prices and energy costs;
- specific recipes for local brands offering good nutritional qualities, often with conservation outside a cooling system, but which are more affordable for the purchasing power of their target populations.

However, despite these efforts, a significant percentage of the population in developing countries still has very limited purchasing power which makes access to these products difficult. The Bel Group has therefore created the Bel Access division, one of its goals being to give populations with weak purchasing power access to products tailored to their nutritional needs.

The Group also wants to use these projects to create value in local economies through those involved in manufacturing and selling these new products, thus contributing to reducing poverty. This involves setting up specific models (distribution, industrial, etc.) which however capitalize on the Group's expertise.

A first project has been set up in Vietnam with the support of an international organization (GAIN - Global Alliance for Improved Nutrition) and local partners (Health Ministry).

Projects are underway to identify countries where similar models could be set up. By 2015, new product offers aimed at populations with weak purchasing power may be introduced in several countries.

#### FOCUS



#### ACCESSIBILITY: PILOT PROJECT IN VIETNAM

In September 2011, the Group started to test a product manufactured from milk and rice - Goodi® - tailored to the nutritional needs of Vietnamese children. This pilot project is based on an innovative distribution model: a network of 20 door-to-door salesgirls.

The project was suspended in 2012 following initial feedback in order to optimize the product and improve its taste for consumers. The remodeled recipe will be launched on the market during 2013.



# RESPONSIBLE COMMUNICATION AND CONSUMPTION

## **1 Making information more accessible 28**

- 1.1 Nutritional information 29
- 1.2 Environmental information 29
- 1.3 Information on product origin 29

## **2 Developing responsible advertising and promotional campaigns 30**

## **3 Involving the brands in actions of good citizenship and solidarity 32**

2





## RESPONSIBLE COMMUNICATION AND CONSUMPTION

Making information more accessible

***Our responsibility: giving consumers who put their trust in our brands the keys for more responsible consumption.***

The growth in communication methods, particularly the internet, means that consumers are exposed to an ever increasing number of messages and can find more and more detailed information on the products themselves (nutritional composition, environmental impact, etc.).

Beyond the purely commercial act of buying something, consumers are looking for products that resonate with their own awareness of societal issues and desire for commitment, and the societal commitment they perceive in brands which they want to continue to trust. Consumers are looking for more responsible behavior from brands and the companies that make them.

This dual development means that brands have new responsibilities: they are no longer merely content to just put their name to products, they now have a duty to respond to demands for information from their consumers, to apply ethical principles in their communication practices, and even to become involved in societal and environmental issues.

Synonymous with quality, healthy treats and conviviality, the Bel Group's brands are its greatest strength. Every day, they address millions of people, both children and adults, through various modes of communication. The brands need to respond to these new expectations in order to sustain and reinforce their strong bond of trust and closeness with their consumers.

## 1 MAKING INFORMATION MORE ACCESSIBLE

Consumers are increasingly aware and demanding of information about the food they and their children eat. Traditionally, this information involves their nutritional composition, but also their origin, environmental impact, etc.

Packaging is a good way of conveying information because it is accessible at the time of purchase. However their small size means that they offer little scope for educational content. The new communication mediums (internet, Smartphone applications, etc.) are powerful tools for providing consumers with access to the relevant and instructive information they expect.

### Internal Reference Guide

- The marketing tool "Growing Brands with Purpose", which is currently being rolled out, assists the marketing teams in guiding brands so that they participate in the Group's CSR commitments

The Group wishes to go beyond the information it supplies, so that each consumer who wishes can easily obtain further information on its products. In addition, it wants the details of a consumer contact point to be printed on each package, so that consumers can pose unanswered questions and express their expectations in their own language. The Group began to take stock of this issue in 2012, in order to examine the possibility of creating dedicated consumer services for those countries which don't already have them.

A Group consumer information policy for all communication teams will be formalized in 2013 to ensure that communication is uniform, consistent and relevant, regardless of the medium used.





## 1.1 NUTRITIONAL INFORMATION

The Bel Group has defined the minimum core information on the nutritional composition of its products that must be supplied on packaging. This core information is often more detailed than required by local regulations. Consumers can also find nutritional information on its products on the Group's consumer websites.

### Internal Reference Guides

- Group's Nutrition database
- Group nutritional labeling policy

### Key performance indicator

- Monitoring nutritional information on packaging by brand

All quantitative information (macronutrients and micronutrients) comes from the Bel products Nutrition database and is validated by the Group's Quality and Regulations Department (DQRG).

### FOCUS

#### A LOGO TO MAKE PARENTS AND CHILDREN AWARE OF ESSENTIAL NUTRIENTS

A specific logo on The Laughing Cow® products sold in Africa indicates the product's fortification in calcium, vitamin D and vitamin B12. It is placed on the front of the packaging. It informs parents and children of the benefits of these nutrients for children's growth and development.

## 1.2 ENVIRONMENTAL INFORMATION

### External Reference Guides

France: environmental display for mass consumption products

- Afnor general reference guide (BPX30-323)
- Sectoral food product reference guide (ANIA)
- Sectoral dairy product reference guide (CNIEL)

In France, the "Grenelle II" law has introduced the principle of providing consumers with information on the main environmental impacts of mass consumption products, with the aim of "permitting the consumer to make informed decisions and to choose more sustainable consumption methods" and also to "encourage companies to reduce their environmental impact".

The Bel Group is in favor of environmental information calculated on shared rules, in order to avoid the risk of distorting competition between different dairy products. The Bel Group worked throughout 2012 with the French dairy sector on a common reference guide for calculating environmental impacts.

Moreover, the Group is convinced that consumers' understanding of environmental indicators is essential for increasing their interest and changing purchasing habits. As the space available on the majority of its packaging is limited, the Group wishes to communicate this information via other mediums which are more suitable for educational content (websites, for example).

This is why the Group feels that it was not ready to communicate reliably and relevantly to its consumers on the environmental impact of its products in 2012. However, it wishes to redress this situation as quickly as possible. In 2013, the Group's Environment Department will test the common calculation reference guide developed by the dairy sector on the core brands it produces in France.

## 1.3 INFORMATION ON PRODUCT ORIGIN

In a number of countries, consumers want increasingly detailed information on the origin of food products, which can reassure them over product traceability, compliance with social standards, the environmental impact of the logistics chain and even support for growth and employment in their country.

The Group is therefore monitoring the changes in legislation on this subject in different countries.

However, this information is not systematically communicated on the Group's products at the present time.



## 2 DEVELOPING RESPONSIBLE ADVERTISING AND PROMOTIONAL CAMPAIGNS

The Bel Group's brands have established a bond of trust with their consumers. The positioning of some of the brands means they are aimed at children and therefore must respect strict principles governing communication to this sensitive public.

### External Reference Guide

- Responsible communications charter for advertisers (France)

### Internal Reference Guide

- The Bel Group's Responsible Communications Charter

Bel France signed the UDA Responsible Communications Charter for advertisers at the end of 2007 and reports on the progress made in its five commitments to the UDA Advertisers Association annually.

In addition, the Group has had the Responsible Communications Charter as a framework since 2008; this sets out the principles which all communications (brands and Group, irrespective of the media) must respect concerning the content of messages. In addition to these general principles, the Charter lays down specific rules for communication aimed at children. Marketing teams in each of the Group's subsidiaries are asked to present this charter during any brief to a service provider.



The Responsible Communications Charter can be viewed at [www.groupe-bel.com](http://www.groupe-bel.com). It will be updated in 2013 to be more tailored to the teams.

Bel France reinforced the validation procedures for its communications following an incident in France in August 2012 (see focus).

### FOCUS

#### BEL FRANCE: VALIDATION PROCEDURES FOR COMMUNICATIONS

Despite the internal validation procedures for all its communications, an incident involving a message communicated during a Mini Babybel® promotion affected Bel France in August 2012. A charity for the mentally handicapped drew the Group's attention to an ink pad slogan which might offend the public. Bel France's General Manager immediately made a public apology and stopped production of the promotional products. Bel France strengthened its internal validation procedures and again stressed the importance of all of these procedures as well as the principles of responsible communication to its marketing teams.

### FOCUS

#### BROCHURE FOR PEDIATRICIANS AND DOCTORS



In 2011 and 2012, Bel circulated 7,700 brochures to 13,000 general practitioners and 1,700 pediatricians as part of its nutritional communication on its children's cheeses.

This brochure provides health professionals with the information they need on Bel cheeses and raises their awareness of their benefits for children's physical and personal development. The brochure deals with the following subjects:

- the nutritional benefits of Bel cheeses;
- the advantages of individual portions (handy size, fun, practical);
- the importance of family mealtimes and "cheese time";
- discovering tastes and variety in eating.



The Bel Group uses its promotional messages and actions to encourage responsible behavior in its consumers, by encouraging them to adopt environmentally friendly habits and healthy eating habits.

Health officials, child-care professionals and restaurant operators also need information to provide nutritional advice to their patients or to prepare menus of healthy and balanced meals. The Bel Group is setting up awareness actions for them in France and different African countries, so they are able to provide information on the products sold by the Group.

Finally, with the growth in new technologies, the Group is conscious of the importance of respecting the personal data collected during marketing actions, especially from children. A procedure is being developed in different countries (France, Germany, and Ukraine) to ensure that the Group's employees and its service providers respect the rules on processing personal data.

## FOCUS

### PROMOTING RESPONSIBLE BEHAVIOR

#### Near and Middle East: Albakara.com promotes healthy eating

The Albakara.com website has taken a pioneering approach to talking about nutrition to children in the Near and Middle East. Children learn how to adopt the right habits to grow properly in an entertaining way (online games, videos) with The Laughing Cow® and four funny characters representing the bad eating habits to avoid. Almost 500,000 hits were recorded on the website in one week, during the TV commercial promoting the campaign in May 2012.

#### France: fun and educational fans promoting a balanced diet

A fun and educational fan was created during the summer of 2012 in partnership with Les Incollables® (Edition Play Bac), the French version of Brain Quest, to promote a balanced diet and interest in cheese amongst children. 160,000 fans bearing the three brands The Laughing Cow®, Kiri® and Mini Babybel® were handed out to families with children on 135 campsites and during in-store promotional operations. Distribution of the fan will be widened in 2013 via a newspaper/magazine insert.

#### France: informing consumers about sorting packaging for recycling

Since fall 2012 the gradual appearance of the Eco-Emballages Green Dot sorting info on packaging has made French consumers of the Kiri®, Port Salut® and Cousterson® brands conscious of the importance of sorting packaging: the instructions were on 20% of the self-service range by end-2012, and the goal is to roll them out to 40% of the range by end-2013.

#### Bel Foodservice: encouraging more balanced menus in school canteens

Bel Foodservice, the Group's Out of Home division, decided to support school cooks by helping them put balanced meals on their menus which are really liked and eaten by pupils. A cheese, fish and vegetable recipe book was specially written and circulated to 33,000 cooks. Cooking advisers also carried out over 100 demonstrations. Pupils also play educational games about the benefits of balanced diet in activities which are run in over 500 school canteens (without focusing on brands).

#### Slovakia: learning how to eat better with Kiri®

The "Kiri® tastes us, Kiri® learns us!" program in Slovakia has been making pupils aware of the importance of nutrition since 2009. In a country where excessive weight gain and obesity are on the increase, the program provides teachers with teaching aids (posters, cards, etc.) to teach children the basics of a balanced diet.



### 3 INVOLVING THE BRANDS IN ACTIONS OF GOOD CITIZENSHIP AND SOLIDARITY

The Bel Group, aware of the role companies have to play in societal and environmental issues, wants some of its brands to get involved in good citizenship and solidarity actions which are consistent with their mission and values.

Thus, Mini Babybel® is fun and “mischievous” and is aimed at the child in each consumer, adults included: the brand’s mission is for all children to be playful and carefree.

#### Internal Reference Guide

- Core brands’ missions

From 2013, as part of the “Growing Brands with Purpose” project, marketing teams will identify the best brands in each of the Group’s major entities for supporting long-term community actions.

#### FOCUS

#### INVOLVING OUR BRANDS IN ACTIONS OF GOOD CITIZENSHIP AND SOLIDARITY

**France: Mini Babybel® and Le Rire Médecin**



In 2012, Mini Babybel® supported Le Rire Médecin, a charity with the same values as the brand: sharing, exchanging, and laughing. Le Rire Médecin helps children in hospital confront their illness with the help of professional clowns. In addition to financial support, the brand set up the Great Red Nose Challenge to communicate about the charity’s actions, and to involve consumers in their cause. Consumers were asked to create a great chain of solidarity on the internet by posting a photo of themselves with a red nose. With 5,500 photos posted on the website, Mini Babybel® provided 3,300 visits from clowns to sick children.

**Lebanon: Picon® and Arcenciel**



In Lebanon, the Picon® brand – No. one for cheese portions on its market – has partnered with the Arcenciel charity to launch the “Happiness Heroes” competition for the second year running. The competition, which is supported by the Education Ministry, raises pupils’ awareness of social and environmental issues. Pupils aged between 9 and 12 years old from forty schools selected from all Lebanon’s regions were given tasks connected with protecting the environment, supporting families in need, or helping disabled or underprivileged people.





# ENVIRONMENTAL FOOTPRINT

<b>1</b>	<b>Life cycle analysis</b>	<b>34</b>	<b>6</b>	<b>Managing environmental risks</b>	<b>46</b>
<b>2</b>	<b>Water and energy: two priorities for the Group</b>	<b>35</b>	6.1	Discharges into water	46
2.1	Challenges connected to water and energy	35	6.2	Discharges into the air (other than greenhouse gas emissions)	46
2.2	A similar approach to reduce water and energy consumption	36	6.3	Soil pollution	47
2.3	Performance and results	37	6.4	Noise pollution	47
2.4	Renewable energies	39	<b>7</b>	<b>Resources devoted to preventing environmental risks and pollution</b>	<b>48</b>
<b>3</b>	<b>Reducing greenhouse gas emissions</b>	<b>39</b>	<b>8</b>	<b>Reducing the environmental footprint of packaging</b>	<b>49</b>
3.1	Direct emissions connected to producing products	41	8.1	The functions of packaging	49
3.2	Emissions connected to transporting and warehousing products	42	8.2	Packaging at Bel	49
<b>4</b>	<b>Reducing waste</b>	<b>43</b>	8.3	The ecodesign packaging policy	50
4.1	Reducing food waste in factories	43	<b>9</b>	<b>Encouraging employees to adopt simple environmentally friendly practices</b>	<b>52</b>
4.2	Reducing other waste in factories	44			
<b>5</b>	<b>Protecting biodiversity</b>	<b>45</b>			
5.1	Protecting biodiversity in supplies	45			
5.2	Protecting biodiversity on factory sites	45			



## ENVIRONMENTAL FOOTPRINT

Life cycle analysis

***Our responsibility:*** *reducing the environmental footprint of all our activities, whether directly related to the manufacture of our products or not.*

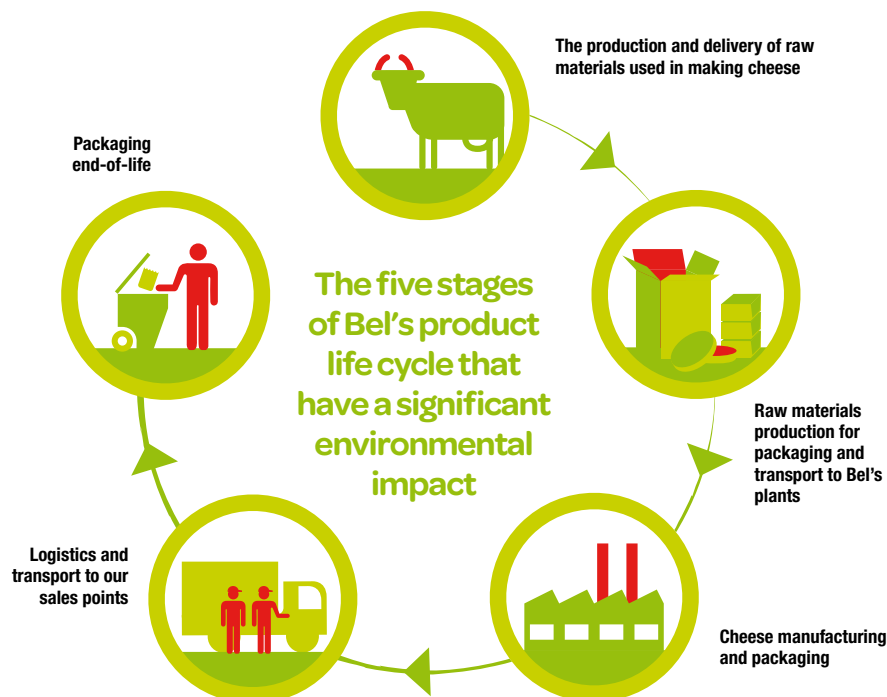
The Bel Group wishes to contribute to preserving the environment and natural resources throughout its value chain, from supply through to the consumption of its products, including the manufacture, transport and warehousing stages. To achieve this goal it ensures

that its suppliers (including dairy producers) and subcontractors have the same ambitions (see “The Group’s commitments and expectation as regards its suppliers” on page 57).

## 1 LIFE CYCLE ANALYSIS

The Group has carried out life cycle analyses on its core products (The Laughing Cow® in portions, Kiri® in portions, wheel and sliced Leerdammer®, Mini Babybel® Original and Boursin® Cheese).

They have highlighted four major and very significant environmental impacts at all stages of its products’ life cycle. The Group has therefore decided to give priority to reducing these impacts through reductions at source.



### 4 MAJOR ENVIRONMENTAL IMPACTS



Water consumption



Non-renewable energy consumption



Greenhouse gas emissions



Waste production



The Group's environmental management policy is based on the ISO 14001 international standard and all production sites will be certified by 2015.

Each site has an organization dedicated to the environment, adapted to its size, which draws on the expertise of the Group's CSR Environment Manager.

#### External Reference Guides

- The environmental laws and statutory regulations in force
- ISO 14001 standard relating to the environmental management system

## 2 WATER AND ENERGY: TWO PRIORITIES FOR THE GROUP

### 2.1 CHALLENGES CONNECTED TO WATER AND ENERGY

#### WATER



The water crisis is at the heart of our planet's survival. Three targets of the United Nations' Millennium Development Goals for 2015 directly concern water: managing water responsibly, sharing water resources, and reducing the percentage of the population with no access to a drinking water supply by half.

Water stress is already affecting some of the Group's factories, especially in North Africa and the Middle East, and according to some forecasts, almost all could be suffering from water supply problems by 2025. The quantity of water used for production (product manufacture, cleaning installations) is therefore a major concern for the Group.

#### ENERGY



The intensive use of fossil fuels (oil, coal, natural gas) is fast depleting reserves which have taken millions of years to form. The availability of these resources will be a major challenge in the decades to come, especially since the economic growth of certain emerging countries is placing increasing demand on global reserves. The combustion of fossil fuels emits the greenhouse gases which cause global warming. Electricity has environmental impacts from the plants which produce it: power stations discharge pollutants into the atmosphere and burn fossil fuels (fuel, gas, coal), nuclear power stations produce radioactive waste, hydroelectric dams change ecosystems, etc.

80% of the world's energy production comes from fossil fuels. However, at the current rate of exploration, there are worries over the reserves of oil and natural gas which are accessible at competitive prices.

The Group has decided to give priority to actions to reduce its energy consumption at source. The Group will study the possibility of using renewable energies based on this reduced consumption.



## ENVIRONMENTAL FOOTPRINT

Water and energy: two priorities for the Group



### 2.2 A SIMILAR APPROACH TO REDUCE WATER AND ENERGY CONSUMPTION

The WASABEL (Water Saving at Bel) methodology for lowering water consumption which was first launched in 2010 in regions suffering from water stress now enables all sites to take stock of their water consumption, and to construct action plans in line with a uniform Group model.

In 2011, the WASABEL methodology was adapted to reducing energy consumption to speed up the efforts already undertaken: the ESABEL (Energy Saving At Bel) methodology was created.

THE WASABEL AND ESABEL METHODOLOGIES ARE BASED ON THE SAME FIVE-STEP APPROACH:

- |               |  |
|---------------|--|
| <b>STEP 1</b> | Taking stock of consumption, and identifying the site's best practices and weaknesses.   |
| <b>STEP 2</b> | Presentation of best practices on other sites and brainstorming to supplement the list of actions to be taken to reduce consumption.   |
| <b>STEP 3</b> | Ranking the actions in three categories from the simplest to the most complex and costly to perform.   |
| <b>STEP 4</b> | Construction of the action plan (all the proposals to be implemented, corresponding investments, associated savings of water and energy, resulting financial savings).   |
| <b>STEP 5</b> | Validation of the action plan by the factory director, taking the site's ambitions and resources into account. The validated action plan sets the site's 2015 targets for reducing its water and energy consumption. |

These continuous improvement actions have already resulted in significant energy and water savings by compounding and sharing best practices across sites, and have spawned innovative practices.

A central team is responsible for rolling out and coordinating these practices, which is creating synergies across sites.

In 2012, 25 out of the Group's 27 factories were running WASABEL and ESABEL programs. The last two factories will begin these programs in 2013.

#### External Reference Guides

- Food and Agriculture Organization: availability of water per country
- Water Risk Filter: tool developed by the WWF

#### Internal Reference Guides

- Water and energy performance standards based on technologies used (dairy industry, cheese spreads)
- WASABEL methodology for reducing water consumption
- ESABEL methodology for reducing energy consumption

#### Key performance indicators

##### Water

- Consumption of drinking water  
(thousands of m<sup>3</sup> and m<sup>3</sup> per metric ton produced)
- Water consumption in regions affected by water vulnerability, stress and shortage compared to the Group's total water consumption  
(% and number of sites affected)

##### Energy

- Electricity consumption  
(MWh/metric ton produced)
- Consumption of oil and gas products  
(MWh LHV and MWh LHV per metric ton produced)
- Consumption of renewable energies for heat production  
(MWh and % in energy consumed)

The definition of standards for each of the two technologies used in the Group (dairy cheeses and processed cheeses) enables each site to position its water and energy performance in comparison to other sites with comparable technologies, and to set consistent progress targets.



## 2.3 PERFORMANCE AND RESULTS

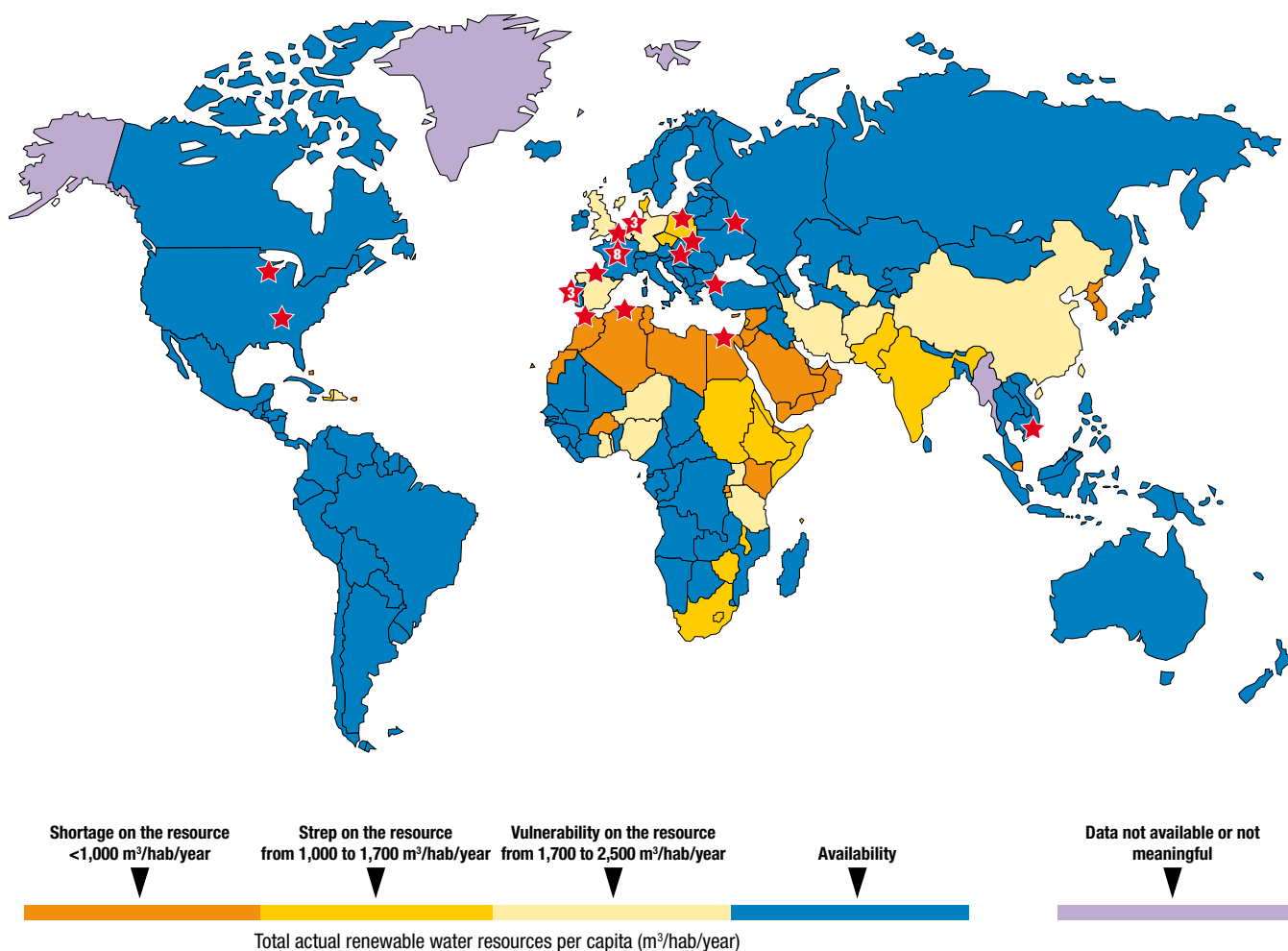
### WATER PERFORMANCE AND RESULTS



Although the majority of the Group's sites are located in regions where water resources are available, 12% of the Group's total water consumption occurs in regions affected by water vulnerability, stress and shortage. The WASABEL action plans are being run at a faster pace in these regions.

FAO (Food and Agriculture Organization) criteria	Level of availability of water in the region	Group water consumption by region (m <sup>3</sup> )			Percentage compared to total Group consumption	Number of industrial sites concerned
Region with:	m <sup>3</sup> /hab/year	2011	2012	Variation		
shortage of the resource	less than 1,000	358,252	323,538	-10%	8%	3
stress on the resource	from 1,000 to 1,700	149,970	137,988	-8%	3%	2
vulnerability of the resource	from 1,700 to 2,500	25,681	21,382	-17%	1%	2
availability of the resource	over 2,500	3,816,027	3,652,762	-4%	88%	20

#### BREAKDOWN OF THE BEL GROUP'S INDUSTRIAL SITES BY WATER AVAILABILITY (2012)



Source: Aquastat database: <http://www.fao.org/nr/water/aquastat/data/query/results.html>





## ENVIRONMENTAL FOOTPRINT

Water and energy: two priorities for the Group

In order to refine and prioritize its actions, the Group used the WWF's Water Risk Filter tool, which makes it possible to measure the pressure on the water supply in the regions where each of its sites is located. This analysis has shown that other sites are particularly vulnerable with regards to water supply.

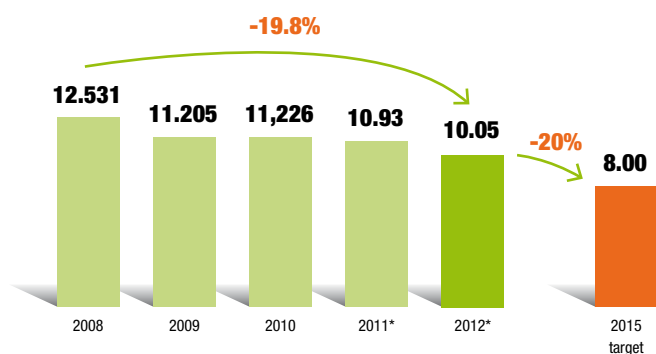
The Group reduced its water consumption ratios by 19.8% between 2008 and 2012.

The action plans established within the scope of the WASABEL program have made it possible to set new targets: reduce the Group's water consumption by 20% between 2012 and 2015 (i.e. a 36% reduction compared to 2008).

Drinking water consumption	2008	2009	2010	2011*	2012*
thousands of m <sup>3</sup>	4,533	4,377	4,409	4,350	4,136

The WASABEL initiative will be intensified on two pilot sites from 2013 as part of the target to reach "zero water consumption".

### DRINKING WATER CONSUMPTION (m<sup>3</sup>/metric ton produced)



## ENERGY PERFORMANCE AND RESULTS

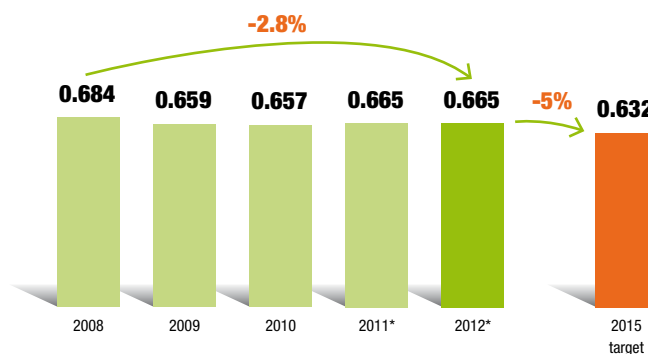


Between 2008 and 2012, the Group reduced its electricity consumption ratios by 2.8% and its oil and gas product consumption ratios by 18.4%.

The action plans established within the scope of the ESABEL program have made it possible to set new targets: reduce electricity consumption by 5% and the consumption of oil and gas products by 20% between 2012 and 2015 (i.e. a 35% reduction compared to 2008).

	2008	2009	2010	2011*	2012*
<b>Electricity consumption</b>					
in MWh	247,340	257,531	258,212	264,725	273,392
<b>Consumption of oil and gas products</b>					
in MWh LHV	543,381	543,080	541,237	521,335	503,969

### ELECTRICITY CONSUMPTION (in MWh/metric ton produced)



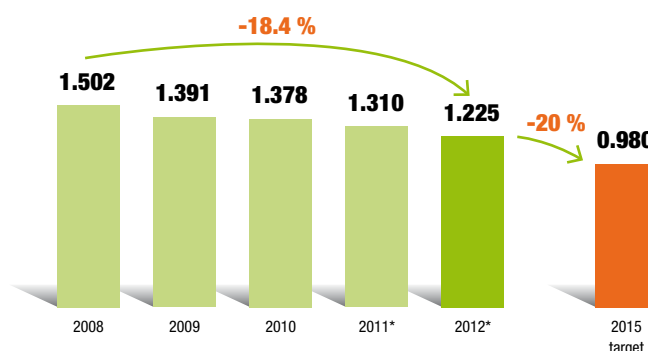
## FOCUS

### DEPLOYMENT OF WASABEL IN EGYPT



The WASABEL methodology has been deployed since 2010 in Bel's factory near Cairo in Egypt. With an annual saving of almost 35,000 m<sup>3</sup> of water, the factory has reduced the water consumed per metric ton produced from 3.34 to 2.24 liters in two years. These advances were achieved through action plans, including installing closed cooling circuits for reusing water.

### CONSUMPTION OF OIL AND GAS PRODUCTS (in MWh LHV/metric ton produced)



\* New scope: includes the Group's refrigerated warehouses, the headquarters, La Maison de La Vache qui rit ("The Laughing Cow House"), farm tanks belonging to Bel and the Fert -Bernard collection center.

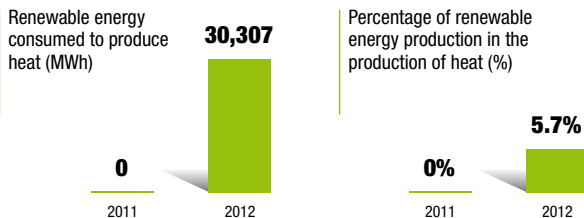


## 2.4 RENEWABLE ENERGIES

The Group decided to give priority to reducing energy consumption at source, and to study the possibility of developing renewable energy solutions based on this reduced consumption.

Each renewable energy (solar heating, photovoltaic, wind turbine, biomass, biogas, geothermal) has been studied in detail to establish whether it is feasible and matches the local challenges of each of the Group's sites. Even though the Group's priority is to reduce energy consumption at source, innovative projects to replace fossil energies with renewable energies were developed in 2012.

### RENEWABLE ENERGIES (in MWh/metric ton produced)



In 2013, two other factories will start examining a project for installing a biomass boiler.

### FOCUS

#### INSTALLATION OF A BIOMASS BOILER AT CLÉRY-LE-PETIT



A biomass boiler was installed on the Cléry-le-Petit industrial site in France in February 2012. The system produces energy from fuel constituted of wood (woodchips from crushing woody plants obtained from pruning or forest maintenance).

Bel asked the IDEX Group, an expert in Energy Efficiency Services, to build and deploy the system on this site which has 330 employees and produces 13,500 metric tons of cheese (Port Salut®, Maredsous®, Bonbel® and Leerdammer® in slices). It also received the support of the French Environment and Energy Management Agency (ADEME).

The 5 MW wood-fired heating system capable of producing 58,000 metric tons of steam per year enables 9,400 metric tons equivalent of CO<sub>2</sub> of greenhouse gases to be avoided each year and covers 70% of the factory's energy requirements.

This initiative has thus enabled Bel's greenhouse gas emissions in France to be reduced by 14% (scopes 1 and 2: direct emissions caused by the combustion of fossil energies and indirect emissions caused by the purchase or production of electricity).

## 3 REDUCING GREENHOUSE GAS EMISSIONS



Rising sea levels, increased number of extreme weather events, deteriorating ecosystems... the risks associated with the rise in greenhouse gas emissions will have major repercussions for humans and their environment in the coming decades.

The Bel Group is particularly concerned by this problem which is found at several stages of the products' life cycle:

- indirect emissions connected with upstream agriculture (see "Partnerships and Society" pillar page 53);
- direct emissions caused by cheese production in factories;
- direct emissions caused by transporting and warehousing products;
- indirect emissions connected with producing packaging materials (see "Reducing the environmental footprint of packaging" on page 49).

### External Reference Guides

- International Energy Agency: emission factors connected with electricity production, some refrigerant gases and fuels
- Decree no. 2011-829 defining the content of Greenhouse Gas (GHG) emission reports which are compulsory under article 75 of the "Grenelle II" law (France scope)

### Key performance indicators

- Greenhouse gas emissions scope 1 and scope 2 (Kg CO<sub>2</sub>-eq./metric ton produced)
- Reduction of GHG emissions by consuming renewable energy (Kg CO<sub>2</sub>-eq./metric ton produced)



## ENVIRONMENTAL FOOTPRINT

Reducing greenhouse gas emissions

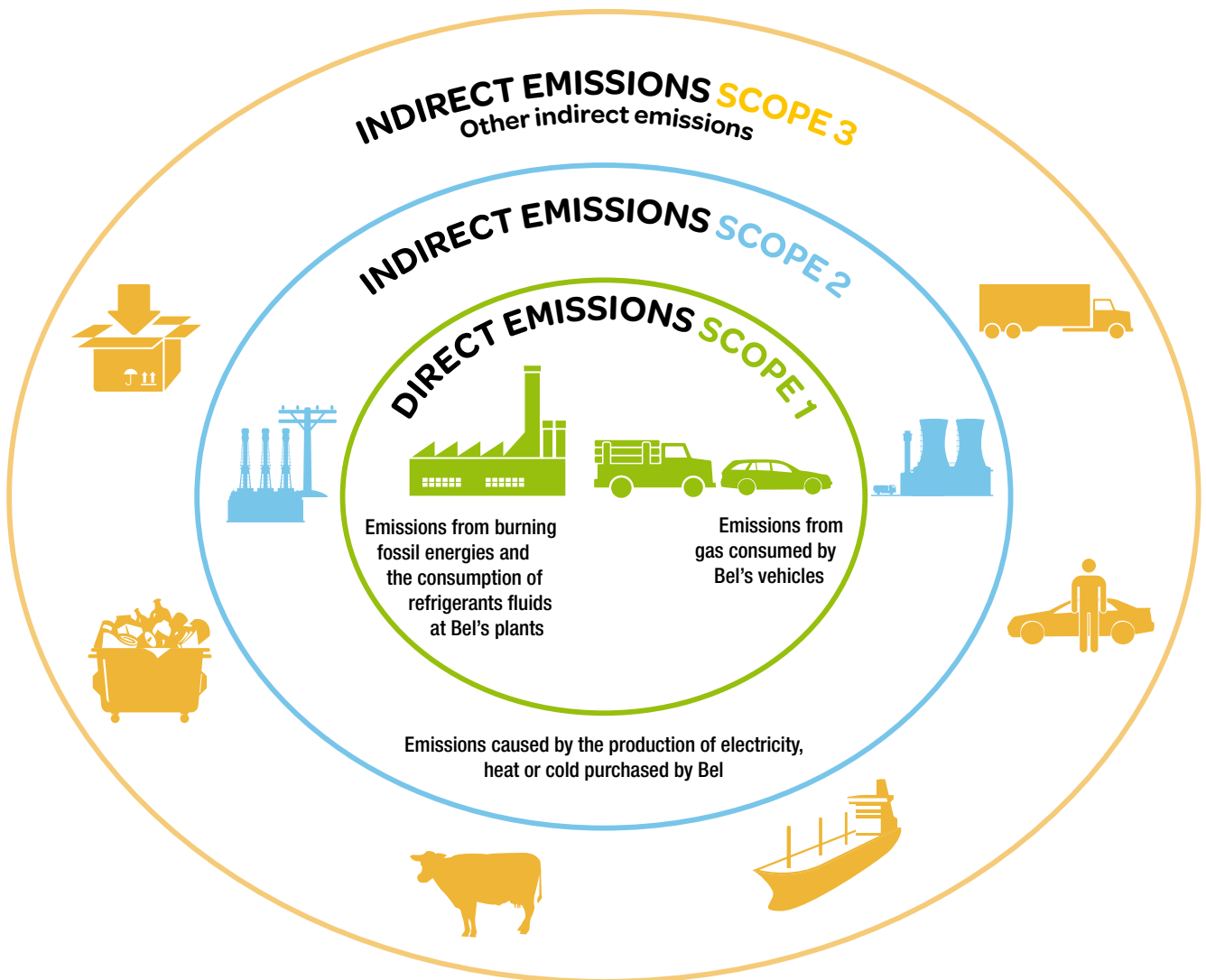
Bel has identified two priority fields of action for reducing its direct emissions of greenhouse gases: manufacturing its products in factories and transporting them.

There are three greenhouse gas emission “scopes”:

- “scope 1”, which corresponds to the direct emissions from burning fossil energies (oil, gas, coal) in plants possessed or controlled by the company (boilers, burners, vehicles) and emissions of refrigerant fluids from its installations;

- “scope 2”, which corresponds to indirect emissions produced by purchased electricity and the heat or cold purchased;

- “scope 3”, which corresponds to broader indirect emissions connected to transport, packaging, raw materials, waste, employee journeys, etc.

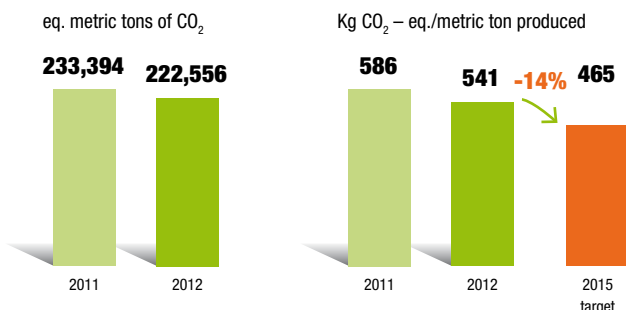


Up until 2010, the Group only monitored the CO<sub>2</sub> emissions connected to the fuel consumption of its boilers and burners (corresponding to 90% of scope 1). The new 2015 corporate plan now takes the whole of scope 1 into account and scope 2, which makes it consistent with compulsory Carbon Accounting reporting in France (see focus page 41).

The Group observes big distortions in scope 2 emissions, depending on the locations of its sites: an electrical mix which is mainly coal in origin (as in Poland) generates more greenhouse gas emissions than an electricity mix of nuclear origin (as in France).



## SCOPES 1 AND 2 GREENHOUSE GAS EMISSIONS



## DISTRIBUTION OF GREENHOUSE GAS EMISSIONS

## SCOPE 1

5%

connected to fuel consumption

3%

connected to refrigerant fluid consumption

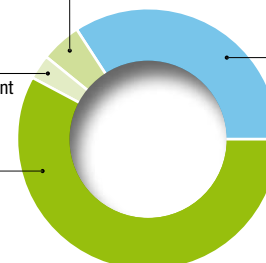
58%

connected to fuel and gas consumption

## SCOPE 2

34%

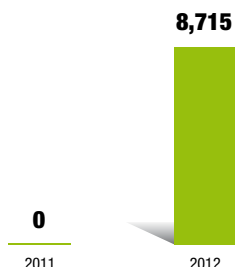
connected to electricity consumption



## 3.1 DIRECT EMISSIONS CONNECTED TO PRODUCING PRODUCTS

All the action plans under the ESABEL program to reduce energy consumption at the source mechanically lead to a reduction in greenhouse gases.

The use of renewable energies enables reductions in greenhouse gases.

GREENHOUSE GAS EMISSIONS AVOIDED BY CONSUMING RENEWABLE ENERGIES (eq. metric tons of CO<sub>2</sub> avoided)

With respect to refrigerant fluids, HCFC R22 refrigerant fluids are gradually being phased out in accordance with European regulations. In addition, any new group installation outside the European reporting scope is equipped with new fluids which emit less greenhouse gases and are less harmful to the ozone layer.

## FOCUS

## PUBLICATION OF CARBON ACCOUNTING IN FRANCE

In accordance with decree No. 2011-829, in 2012 the Bel Group published a greenhouse gas report on scopes 1 and 2 for the France scope for the 2011 fiscal year, together with a three-year progress plan for reducing these emissions. This report is filed with the Prefecture of the Ile-de-France region and can be viewed at [www.groupe-bel.com](http://www.groupe-bel.com).

The actions which will be set up over three years include:

- commissioning a biomass boiler at Cléry-le-Petit (done in 2012);
- reducing fuel, gas and electricity consumption on French sites within the scope of the ESABEL initiative;
- renewing the vehicle fleet (milk collection tankers, commercial fleet, company cars) with cleaner vehicles;
- optimizing the milk collection circuits and training drivers in environmentally friendly driving;
- replacing R22 refrigerant fluid with more environmentally friendly fluids;
- raising awareness among employees at the head office and production sites;

The various action plans, especially those within the scope of the ESABEL program, will make it possible to reduce the level of emissions despite the planned increase in business.



## ENVIRONMENTAL FOOTPRINT

Reducing greenhouse gas emissions

### 3.2 EMISSIONS CONNECTED TO TRANSPORTING AND WAREHOUSING PRODUCTS

Optimizing the stages of transporting and warehousing products up to the point of sale is a major driver for reducing greenhouse gas emissions as well as some nuisances (traffic congestion, noise pollution, etc.). Conversely, the life cycle analyses conducted by the Bel Group show that transport and warehousing of products after purchase, i.e. by consumers, has a marginal impact on greenhouse gas emissions.

The Group has always sought a balance between upstream transport (of fresh milk in particular) and downstream transport (as close to its consumption markets as possible) when locating its factories, in order to reduce the environmental impact of the most significant transport stages.

#### STORAGE ON THE FARM AND MILK COLLECTIONS

The Group's goal is the same whether it possesses its own fleet of milk tankers, as in France, or subcontracts to service providers, as in Holland: to reduce the number of kilometers driven by optimizing milk collection rounds. Therefore, where possible, the Group organizes milk collection exchanges with partner dairies and reorganizes its rounds to optimize the tanker filling rate. This organization reduces fuel consumption and therefore greenhouse gas emissions.

In addition, Bel ensures that the truck fleets used conform to the latest environmental standards. All French milk collection drivers are trained in environmentally friendly driving every year.

#### FOCUS

##### REDUCING THE ENVIRONMENTAL IMPACT OF STORING MILK ON FARMS IN FRANCE

In France, the Cold Department regularly services the tanks belonging to Bel, especially condensers. This maintenance improves the tank's functioning and helps reduce energy consumption during the cooling process. All 750 tanks will comply with the latest environmental standards and regulations by 2014 (change of refrigerant fluids).

Reducing the environmental footprint connected to warehousing the products is not currently considered to be a priority by Bel and therefore is not the subject of a systematic initiative within the Group.

#### TRANSPORT BY LOGISTICS PROVIDERS

Optimizing the transport routes from Bel's factories to reduce fuel consumption and the use of more environmentally friendly transport methods are subjects which the Group has discussed with its logistics service providers within the framework of its sustainable purchasing policy (see "The Bel Group's expectations for its priority purchasing families" on page 61).

#### OTHER TYPES OF TRANSPORT

The Group also possesses a commercial fleet and company cars. In France, average CO<sub>2</sub> emissions for new vehicles ordered for the commercial fleet fell from 131 to 116 grams of CO<sub>2</sub> per kilometer between 2009 and 2012. For executive company cars, the average for the vehicles ordered in 2012 is 120 grams of CO<sub>2</sub> per kilometer.

#### FOCUS

##### BELGIUM: RAISING AWARENESS OF AND TRAINING IN ENVIRONMENTALLY FRIENDLY DRIVING

Bel's Belgian subsidiary, wishing to contribute to the Group's efforts to reduce its environmental footprint, came up with a novel idea for raising awareness about environmental protection amongst the company's car drivers. Fuel consumption has been analyzed since November 2010. Since April 2012, each of the 43 drivers has received a monthly personalized letter informing them of their consumption, the progress made, and their ranking.

Fuel consumption has already been reduced by almost 660 liters in one year, which corresponds to a reduction of almost two metric tons of CO<sub>2</sub>-eq.



## 4 REDUCING WASTE



The issue of waste is a worldwide challenge with regard not only to the environmental impacts but also the risks it can cause. Waste transport, storage and incineration causes risks of air, water and soil pollution, to which are added noise, odor and visual pollution. Optimizing the use of raw materials, whether foodstuffs or packaging, is a key way for the Group to reduce its waste.

Bel's approach is to reduce its raw material consumption at the source. The Group's objective is to deploy a common methodology to reduce non-recyclable waste in factories. This subject will be under review from 2013.

Waste connected to the end-of-life of packaging is analyzed in "Ecodesign packaging policy" on page 50.

### 4.1 REDUCING FOOD WASTE IN FACTORIES

In the life cycle of a cheese, it is the upstream phase, i.e. the production of the dairy raw materials used to make it, which has the worst impact on the environment.

The Group is setting up programs to keep the production of food waste to a minimum during manufacture, thus avoiding wasting all the resources required to produce the dairy raw materials (water, energy, etc.).

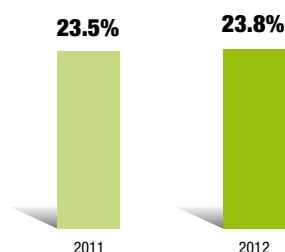
The Group endeavors to recycle by-products to a maximum to avoid all waste: by-products are recycled as raw materials when this is possible locally and the volumes generated are sufficient.

Thus, Bel Industries' main activity is recycling to other agri-food industries the milk proteins derived from the manufacturing process and not used by the Group.

#### Key performance indicators

- Cheese yields (indicators adapted to different technologies)  
These indicators are not presented in this document because of the difficulty in interpreting them, but they are monitored internally every month
- Dairy by-products recovery and reuse (e.g. lactoserum derived from manufacture, cheeses) (%)

#### DAIRY BY-PRODUCTS RECOVERY AND REUSE



#### FOCUS

#### BEL INDUSTRIES, AN INTERNATIONAL ACTOR SERVING LARGE AGRI-FOOD GROUPS

Since it was created in 1955, Bel Industries has developed unique know-how in recycling milk proteins. Its expertise lies in preparing products for each client in the agri-food industry tailored to its technical and economic constraints: heat resistance, water retention, etc.

#### Main product ranges developed by Bel Industries and their application

	% of proteins in the product	Uses of these products
<b>Bianbel®</b>	25% to 60%	Mousses used in certain candies, chocolate bars, canned whipped creams, etc.
<b>Nolibel®</b>	10% to 25%	Ice cream and frozen desserts
<b>Belka®</b>	11% to 3%	Yogurts/fermented milk products Concentrated milk/dulce de leche (caramelized milk) Chocolates/cookies/bakery goods





## ENVIRONMENTAL FOOTPRINT

### Reducing waste

## 4.2 REDUCING OTHER WASTE IN FACTORIES

The Group wished to make the reduction of non-food waste a priority from 2008 and set up detailed and reliable tracking for its industrial sites. An initial analysis highlighted great disparities: some sites (particularly in France) succeeded in recycling all their waste produced between resale and incineration for energy production, whilst for others recycling is difficult as there are no local facilities.

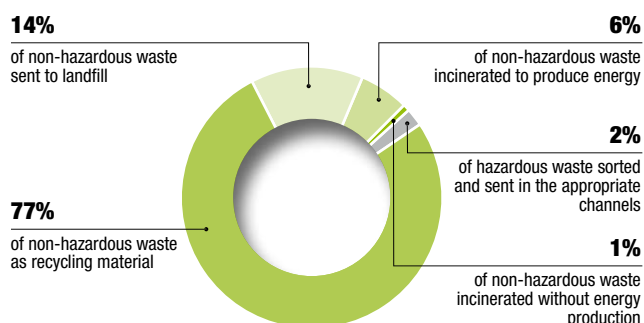
Partnerships with local operators to develop sorting and recycling are set up as soon as possible.

### Key performance indicators

- Total waste production  
(metric tons and kg of waste per metric ton produced)
- Monitoring by waste type

In 2012, total waste production\* was 22,613 metric tons and is broken down as follows:

### WASTE PRODUCTION



\* The reporting scope for the waste production indicators is set out in the table opposite.

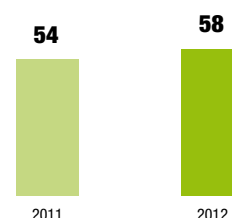
Hazardous waste is eliminated through the correct channels and is closely monitored by the sites (the classification of hazardous and non-hazardous waste differs depending on the country).

Waste production (metric tons)*	2011	2012**
Hazardous waste sorted and sent in the appropriate channels	443	516
Non-hazardous waste sorted and sent for recycling	14,875	17,490
Unsorted waste incinerated for energy production	N/A	1 422
Unsorted waste incinerated without energy recovery	N/A	24
Unsorted waste (ordinary industrial waste) sent to landfill	4,822	3,161
% of waste sent to landfill	22%	14%
Total waste production	21,509	22,613

\*The waste produced by subcontractors operating on the Group's sites is accounted for if it is put in Bel site skips.

\*\*The data for unsorted waste sent to landfill is available for 23 sites whose production accounts for 86% of the total production of the scope of the CSR Report. The other data on waste is available for 26 sites which represent 95% of the total production of the scope of the CSR Report.

### TOTAL WASTE PRODUCTION (kg/metric ton produced)





## 5 PROTECTING BIODIVERSITY

Biodiversity is a complex subject: the lack of tools and consensual indicators on this subject make it difficult to accurately measure the Group's impact and progress. However, Bel approaches the subject through a responsible supply policy and measures to protect the environment at its production sites.

### External Reference Guides

- Forest Stewardship Council (FSC)
- Program for the Endorsement of Forest Certification (PEFC)

### 5.1 PROTECTING BIODIVERSITY IN SUPPLIES

Firstly, Bel is working to set up a sustainable dairy production policy with its milk suppliers which includes biodiversity protection (see "Promoting the development of sustainable dairy production" on page 55)

Secondly, where possible, the Group prefers to use paper and cardboard made from recycled fibers and/or from virgin fibers from sustainably managed forests (FSC or PEFC certification) to protect biodiversity in the supply zones.

Finally, even though consumption of palm oil is marginal at the Group or market level (8.8% of the fat purchased by Bel), R&D projects are being conducted internally and with suppliers so palm oil can be removed from the Group's products by 2014. These efforts have already been rewarded: for example, in 2012 palm oil was replaced by sunflower oil in the breadsticks for Cheez Dippers®, and Kiri® Goûter. In addition, all the sites (apart from Ukraine) obtain supplies of palm oil from sustainably managed plantations.

### 5.2 PROTECTING BIODIVERSITY ON FACTORY SITES

The Group's sites are located in regions with very different ecosystems. When requesting an operating permit, each site's position is analyzed for the presence of protected areas: all the land owned, leased or managed by the Group is located outside protected areas.

Preserving biodiversity on the Group's industrial sites involves the reduction and control of discharges into the natural environment (see below: discharges into water, air and soil). The implementation of the ISO 14001 standard in the Group's factories bears witness to the importance given to environmental challenges which may impact biodiversity.



## ENVIRONMENTAL FOOTPRINT

Managing environmental risks

# 6 MANAGING ENVIRONMENTAL RISKS

Managing and reducing the chronic impacts of its activities and the risk of accidental pollution is a key priority for the Group.

## 6.1 DISCHARGES INTO WATER

### External Reference Guides

- Local legislation on discharges into the air, water and soil
- Operating permits

### Key performance indicators

- Volumes of wastewater by treatment method (thousands of m<sup>3</sup>)
- Quality of purified water (different indicators – see below)

Waterways and runoff points for rivers adjoining the sites are protected by special arrangements to avoid accidental discharges directly into the natural environment. In addition, the Group has set up surveillance and optimization mechanisms for its installations to control and reduce the discharges into water caused by the activities of its industrial sites. 25 production sites process their wastewater in wastewater treatment facilities (which either belong to Bel, local authorities or outside service providers). Only two factories still spread untreated water and have signed dumping agreements with local authorities.

The WASABEL water consumption reduction program contributes to reducing discharges into water. Firstly, the reduction of water consumption automatically leads to a reduction in discharges into water. Secondly, the reduction in the volume of wastewater processed in wastewater treatment facilities provides a better purification yield (a lower concentration of pollutants leaving the plant). The pollutants in the discharge and the temperature of the discharge are analyzed to avoid any impact on the natural environment.

Wastewater volumes	2010	2011	2012*
Treated internally (thousands of m <sup>3</sup> )	2,966	2,863	2,132
Spread untreated (thousands of m <sup>3</sup> )	247	84	59
Treated by a third party with other effluents (thousands of m <sup>3</sup> )	1,260	1,226	1,998
Total volume (thousands of m <sup>3</sup> )	4,472	4,173	4,189
Total volume/tonnage produced (m <sup>3</sup> /metric ton produced)	11.4	10.5	10.2

\*Data available for 23 sites which represent 88% of the total production of the scope of the CSR Report.

The breakdown of the treatment methods has been refined. There has been a gradual reduction in volumes connected to WASABEL actions for reduction at the source.

Quality of purified water	2010	2011	2012*
metric tons	571	550	115
Chemical oxygen demand (COD) kg/metric ton produced	1.5	1.4	0.49
metric tons	106	116	45
Discharged suspended matter kg/metric ton produced	0.27	0.29	0.19
metric tons	22	30	16
Total nitrogen discharged kg/metric ton produced	0.05	0.07	0.7
metric tons	13	25	14
Total phosphorous discharged kg/metric ton produced	0.03	0.06	0.06

\*Data available for 14 sites which represent 57% of the total production of the scope of the CSR Report. For the other sites, the theoretical calculation performed up to 2011 resulted in overvaluation of part of the impact. It was therefore abandoned. The 2012 ratios have been calculated with tonnage produced by the sites which supplied data.

## 6.2 DISCHARGES INTO THE AIR (OTHER THAN GREENHOUSE GAS EMISSIONS)

### Key performance indicators

- Discharges of nitrous oxide (N<sub>2</sub>O + NO<sub>x</sub>) (metric tons and kg/metric ton produced)
- Discharges of sulfur dioxide (SO<sub>2</sub>) (metric tons and kg/metric ton produced)

The ESABEL energy consumption reduction program makes it possible to reduce discharges into the air, as this is proportional to the energy consumed. To go further and reduce discharges into the air from its production (nitrous oxide, sulfur dioxide, carbon dioxide and dust) and drying (dust) activities, natural gas has always been preferred to fuel to produce heat.



In addition, all sites with drying activities to turn lactoserum into powder have air washers to reduce dust discharges (sites in Michalovce, Sablé-sur-Sarthe, Mayenne, and the Azores).

Discharges into the air		2011	2012
Nitrous oxide (N <sub>2</sub> O + NO <sub>x</sub> )	metric tons	177	161
	kg/metric ton produced	0.45	0.39
Sulfur dioxide (SO <sub>2</sub> )	metric tons	139	117
	kg/metric ton produced	0.35	0.28

## 6.3 SOIL POLLUTION

### Key performance indicators

- Dry matter, nitrogen and phosphorus (metric tons)
- Spreading scope (ha)

The majority of the sludge produced by wastewater treatment facilities is recycled appropriately. However, some of the sludge is spread over farmland, mainly in France. This has a real agronomic benefit because the sludge is rich in fertilizing properties.

Finally, to avoid any soil pollution, discharges into the soil connected with this spreading are strictly managed and controlled. They are subject to local authorization specifying the obligations to be respected (spreading plans and areas, agronomic monitoring, etc.).

Sludge spreading from wastewater treatment or untreated water facilities	2011	2012*
Total dry matter (metric tons)	1,216	1,379
Nitrogen (metric tons)	86	119
Phosphorous (metric tons)	70	81
Spreading scope (ha)	1,374	1,069

\*Data available for the eight sites which practice spreading.

## 6.4 NOISE POLLUTION

The Group's production sites may be located close to housing, which means care must be taken not to create noise pollution for local residents. Installations are designed to reduce their sound levels. Measurements are taken every two years internally or by a service provider to ensure that the sound level conforms at the boundary of the property and the emergence level for the most at-risk residents. Measurements are also taken following exceptional events such as the removal or the commissioning of installations likely to change sound levels (e.g. refrigerating units, cooling towers) or work to reduce noise levels.

### External Reference Guides

- Local regulations on noise from industrial installations, measurement standards

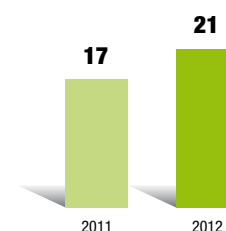
### Key performance indicator

- Number of sites complying with standards

Action to reduce noise levels is taken as soon as the latter exceed local standards or are considered to be an inconvenience by residents: this was the case for 25% of the sites in 2012.

### NOISE POLLUTION

Number of sites complying with noise levels at the boundary of the property and the emergence level for the most at-risk residents\*



\* Scope: 27 sites



## ENVIRONMENTAL FOOTPRINT

Resources devoted to preventing environmental risks and pollution

# 7 RESOURCES DEVOTED TO PREVENTING ENVIRONMENTAL RISKS AND POLLUTION

The Group has invested to reduce its environmental footprint, e.g. to reduce energy consumption and avoid raw material losses.

In addition, environmental and social aspects (equipment ergonomics) are always taken into account when equipment is removed and replaced for servicing (see "Assessment grid of investment projects" on page 14).

### Key performance indicators

- Amount of investment devoted to preventing environmental risks and pollution  
(€ thousands)
- Cost of access to waste treatment facilities, after deduction of waste recycled  
(€ thousands)
- Cost of treating wastewater  
(€ thousands)
- Amount of provisions and guarantees for environmental risks

2012 investments (in € thousands)	Investments to protect the environment	Productive investments with a significant impact on protecting the environment	Maintenance investments with a significant impact on protecting the environment	Total
Reduction in energy consumption and protection of the air and climate	677	252	164	1,093
Wastewater management	1,827	86	0	1,913
Waste management	0	43	125	168
Risk reduction, soil and water protection	914	0	9	923
Preventing noise and vibrations	78	0	0	78

Costs (in € thousands)	2012
Cost of access to waste treatment facilities, after deduction of waste recycled	1,383
Cost of wastewater treatment	3,874

No provisions for warranties or environmental risks were recorded at December 31, 2012. No damages were paid during 2012 under court rulings regarding the environment, and no actions were brought for damage caused to the environment.



## 8 REDUCING THE ENVIRONMENTAL FOOTPRINT OF PACKAGING

### 8.1 THE FUNCTIONS OF PACKAGING

Packaging performs multiple functions before it becomes waste: preserving and protecting products, grouping products for transport and storage, informing consumers, providing advice on use to the consumer, etc. The Group's Development Charter states that all packaging developed to remodel or launch a new product, must satisfy specifications stating its main functions.

The Group's life cycle analyses have highlighted that packaging only accounts for a marginal percentage of the total environmental impact of its products: the production of the raw materials used as the ingredients to make cheese has a far greater impact than packaging materials. Wasting cheese therefore amounts to squandering all the resources which were used to make it, preserve it, and deliver it to the consumer. Packaging which minimizes this risk of wasting cheese therefore plays a vital role in safeguarding resources.

#### THE MAIN LESSONS FROM LIFE CYCLE ANALYSES

The percentage of packaging in the environmental impact of Bel products:

Greenhouse gas emissions	Water consumption
Around 5 to 10%*	Around 10 to 20%*

*\*The percentage varies depending on the product analyzed, its packaging and the format*

*Source: Bel products life cycle analyses*

According to the Food and Agriculture Organization, estimated wastage in the milk and dairy products sector represents, depending on the geographical region, between 10 and 25% of production. Packaging in general, and packaging in individual portions in particular, is one way of reducing food wastage.

In developed countries, where waste mainly occurs at the point of consumption, packaging in individual portions permits:

- unconsumed portions to be kept in perfect condition once the box has been opened, thus avoiding having to throw away left-over cheese even if the box is not consumed within a short space of time;
- portions which have been handled but not consumed to be conserved, especially in the restaurant and catering sector.

Packaging in individual portions is also one way to encourage the consumer to eat a correct quality of the product and adopt more balanced eating habits, which is an important plus for consumers who are overweight or obese.

In developing countries, where wastage mainly occurs during the first stages of the supply chain, packaging in individual portions enables cheese to be stored under optimum conditions until it is eaten, sometimes over long periods and despite frequent breaks in the cold chain.

In some countries, the sale of individual portions makes the Group's cheeses more accessible to certain consumers who do not have the means to buy a whole box.

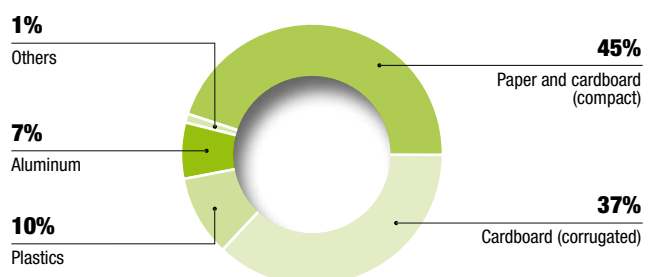
### 8.2 PACKAGING AT BEL

In 2012, the Group used around 66,000 metric tons of packaging material, i.e. 176 kg per metric ton of cheese produced.

Cardboard and paper represent more than four-fifths of the total weight of the packaging materials used by the Group. Bel therefore attaches great importance to this category of materials in its ecodesign policy, because they are used for boxes of cheese portions and the logistic units they are packed in.

Even though the vast majority of the products sold by the Bel Group are presented in individual portions protected by an aluminum film wrapping, the total quantity of aluminum used is relatively small. The nature of this material means that very thin thicknesses can be used (around 10 microns).

#### BREAKDOWN OF PACKAGING MATERIALS USED BY THE GROUP (in weight\*)



\* 2012 estimate





## ENVIRONMENTAL FOOTPRINT

Reducing the environmental footprint of packaging

The red wax envelope around Mini Babybel® cheeses is not considered to be packaging within the meaning of the European directive 94/62 on packaging and packaging waste, and is not counted as packaging in the figures given in this chapter.

However, wax, as a raw material, is also covered by ecodesign measures, especially the minimization of the quantities used within the limits of the expected functionality. In 2012, the Group used almost 7,000 metric tons of wax.

### 8.3 THE ECODESIGN PACKAGING POLICY

The Group has a policy of continually improving its packaging solutions with the aim of reducing the product's environmental impact over the whole of its life cycle. This ecodesign approach to packaging involves numerous players within the Group (Research and Development, Applications Development, buyers, marketing, etc.). A CSR Packaging Committee has met every quarter since 2009 to steer the Group's ecodesign actions.

#### External Reference Guide

- European Directive 94/62 EC

#### Internal Reference Guides

- The Group's Development Charter
- The Group's ecodesign packaging manual
- Position paper on packaging renovation

#### Key performance indicators

##### Reduction at source

- weight of packaging materials used during the year (metric tons and kg/metric ton of cheese produced)

##### Choice of materials

- % of certified-origin cardboard (corrugated cardboard and compact cardboard)
- % of cardboard made from recycled materials (corrugated cardboard and compact cardboard)

Internal databases are progressively completed to provide key performance indicators for each product. At the present time, only the data for products manufactured in Western Europe are able to be completed properly due to the quantity and complexity of the data to be collected. From 2013, the other regions will begin collecting the indicators for their products. All the regional packaging teams must have incremented the database for all the products by the end of 2014 at the latest.

The two pivots for the ecodesign approach to creating new packaging and remodeling existing packaging are reduction at source and the choice of materials.

Ecodesign must also adapt to the changing expectations of the Group's stakeholders:

- consumers want packaging to be ergonomic;
- logistics partners want strong and optimized consolidation units to fill trucks or containers;

- distributors want packaging which makes it easier for their personnel to stock shelves (maximum unit weight, ready-to-sell display stands, etc.). They also tend to favor smaller and smaller consolidation units for more flexibility.

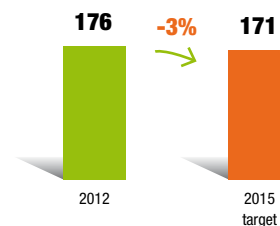
#### REDUCTION AT SOURCE

Many reduction-at-source actions have been carried out on the Group's packaging over the last several years. All packaging is designed and manufactured to keep the quantity of material used to the absolute minimum while still complying with technical and regulatory constraints and performing its basic functions (food hygiene, safety and preservation, protection, space for nutritional information, etc.).

Continuing to reduce the quantity of packaging used is a priority for the Group. This approach uses the available technologies whilst continuing to satisfy the expectations of the different stakeholders.

The Group's target is to reduce its packaging consumption by 3% between 2012 and 2015 (at a constant scope of production) i.e. the equivalent of 2,000 metric tons of packaging saved.

#### CONSUMPTION OF PACKAGING MATERIALS (in kg/metric ton of cheese produced)



#### FOCUS

##### REDUCTION OF PACKAGING IN FRANCE

In 2008, the Group signed an undertaking with the French government within the scope of the Grenelle Environment Round Table to reduce its packaging over five years. The undertaking is for a reduction of 1,500 metric tons in all packaging materials (paper and cardboard, aluminum, plastics, etc.). The undertaking has been kept: the reduction was 1,660 metric tons, corresponding to an 8% reduction in product packaging on the French market.



## CHOICE OF MATERIALS

A packaging's environmental footprint does not come down to the mere fact that it ends its life as waste. Packaging materials have already had impacts on the environment, even before they arrive at the Group's factories: extraction of the raw materials, the energy consumed to make and transport them, etc. These impacts vary greatly from one material to another: high water consumption for cardboard, high energy consumption for aluminum, depletion of fossil resources for plastics, etc.

Choosing more environmental friendly materials is a complex goal because it necessitates a comprehensive overview of the environmental impacts of each quality of the material envisioned. Impact studies of the production of different materials exist, but no one study is considered to be a worldwide reference at the present time. The Group wishes to analyze the environmental impacts (mainly water, energy and greenhouse gases) caused by the various materials it uses as soon as national standards are available. In-house, the Group performs one-off life cycle analyses to enable it to choose its materials in accordance with their environmental impact.

### FOCUS

#### LIFE CYCLE ANALYSIS PERFORMED IN TURKEY

The Group carried out a comparative life cycle analysis to validate the change from a plastic box to a printed cardboard box for cheese spread portions sold in Turkey. The results showed that the printed cardboard box generated far less greenhouse gas emissions.

The Group's policy is to favor the use of papers and cardboard made from recycled fibers. Cardboard made from virgin fibers is preferred for certain uses which require very strong materials (processing by machines, transport, etc.), because using recycled fibers would require significantly more material to achieve the same result. Today, almost two-thirds of the folding cardboard used by the Group is made of recycled materials. In Europe, 85% of the corrugated cardboard the Group uses is made from recycled fibers and it considers that it cannot go beyond this figure in this region. The goal is to achieve comparable levels in all the Group's regions.

The Group's policy is to obtain supplies of paper and cardboard from forests which are responsibly managed in ecological, social and economic terms. Its target is for 50% of corrugated cardboard used to have a certified origin by 2015.

The Group favors recyclable materials in its ecodesign approach to the extent that recycling channels exist in the countries where the products are sold. In addition, the Group has removed any elements of the packaging for products sold in France which could disrupt waste sorting and therefore is charged no penalty by Eco-Emballages.

### FOCUS



#### CERTIFICATION OF LEERDAMMER® BOXES

All the cardboard boxes for Leerdammer® products from the Dutch (Schoonewoerd and Wageningen) and French (Cléry-le-Petit) factories used to transport and display products in stores are FSC (Forest Stewardship Council) certified.



This certification of these boxes, which began with Leerdammer® products in slices, has now been extended to all the brand's products sold in Europe, i.e. more than 2,700 metric tons of cardboard per year.

The printing on the boxes has also been rethought to reduce the quantities of ink consumed, and thus save 5.5 metric tons per year in all.

As a member of Green Dot (a label indicating membership of a waste-recycling contribution system) in countries where Extended Producer Responsibility (EPR) is applied, the Group contributes to companies' joint efforts to develop recycling of packaging and reduce their environmental footprint.

### FOCUS

#### ECO-EMBALLAGES GREEN DOT PACT



Bel is a signatory of the Eco-Emballages Green Dot pact in France and made seven related commitments in 2012 to reduce the environmental footprint of its packaging:

- Create consumer awareness via an "on-pack" operation: by 2014, 60% of self-service packaging will have waste recycling instructions;
- Create consumer awareness via an "off-pack" operation, by sending an email explaining waste sorting to the members of the Bel Tchizbox loyalty program;
- Make Bel's employees aware of the challenges posed by waste sorting during the 2013 Sustainable Development Week;
- Reduce packaging on the French market by 250 metric tons (in addition to the reduction of 1,660 metric tons between 2008 and 2012);
- Set up new actions to reduce packaging, for instance, phasing out the plastic display for Boursin® salad in 2013;
- Continue to systematically include ecodesign criteria when developing new packaging;
- Underline its contribution to reducing the environmental impact of packaging, in particular through the Group's CSR and Business Reports, and on its websites.



## ENVIRONMENTAL FOOTPRINT

Encouraging employees to adopt simple environmentally friendly practices

At the same time, the Group wishes to encourage its consumers to sort their household garbage by putting messages on its packaging, or through communication actions (see “Developing responsible advertising and promotional campaigns” on page 30).

Finally, packaging offcuts during the production process are collected and recycled through existing channels (see “Reducing other waste in factories” on page 44).

### FOCUS

#### LEERDAMMER®'S CLICK-PACK PROJECT

The Group has initiated a project in France in partnership with Eco-Emballages to optimize plastic packaging for Leerdammer® products in slices. As part of extending the scope of sorting instructions for plastic packaging, which has been limited to flasks and bottles until now, Bel is working on the composition of the Leerdammer® container so that it can be recycled in France.



## 9 ENCOURAGING EMPLOYEES TO ADOPT SIMPLE ENVIRONMENTALLY FRIENDLY PRACTICES

The Group is convinced that employees' commitment to meeting the major challenges of its strategy will be reinforced if they are encouraged to adopt a few simple, effective, and above all economical environmentally friendly practices in their everyday work. Bel wants its employees to be able to preserve the environment, both collectively and individually during their work and life inside the company. A practical guide to environmentally friendly practices describes the best practices which are the sources of inspiration for this. It was distributed to employees at the Paris and Vincennes sites during the 2012 Sustainable Development Week in Paris.

### FOCUS

#### LOCAL ACTIONS TO REDUCE EMPLOYEES' ENVIRONMENTAL FOOTPRINT

Several of the Group's sites have developed their own environmental awareness programs for employees:

- United Kingdom: organization of an inter-employee environmentally friendly practices competition, the “Footprint Challenge”;
- Italy: launch of a car-pooling platform;
- Morocco, Tangier factory: awareness sessions, video display, signs;
- France, Paris and Vincennes sites: 15% of the incentive payment in 2012 was connected to paper consumption and recycling.



# PARTNERSHIPS AND SOCIETY

## **1 Promoting the development of sustainable dairy production 55**

- 1.1 Bel's upstream dairy chain 55
- 1.2 Bel's dairy supply regions 55

## **2 The Group's commitments and expectations as regards its suppliers 57**

- 2.1 The Sustainable Purchasing Charter 58
- 2.2 Empowering and training buyers and ordering parties 58
- 2.3 Change in internal purchasing and supply practices 59
- 2.4 Assessment of suppliers' CSR performance 59
- 2.5 The Bel Group's expectations for its priority purchasing families 61

## **3 Involving Bel in actions of good citizenship and solidarity 62**

- 3.1 Bel's corporate foundation 62
- 3.2 Local philanthropic actions 64



### ***Our responsibility: establishing partnerships with our suppliers and civil society to work together in creating sustainable growth.***

The ISO 26000 standard, like the United Nations Global Compact, underlines the extended scope of a corporation's responsibility inside its sphere of influence, a responsibility which goes beyond the impacts of its own activities. In fact, the principle of "extended responsibility" is at the heart of the concept of CSR. The company includes awareness of the indirect impacts it may have on the environment, society and all its stakeholders, in its strategy and operations.

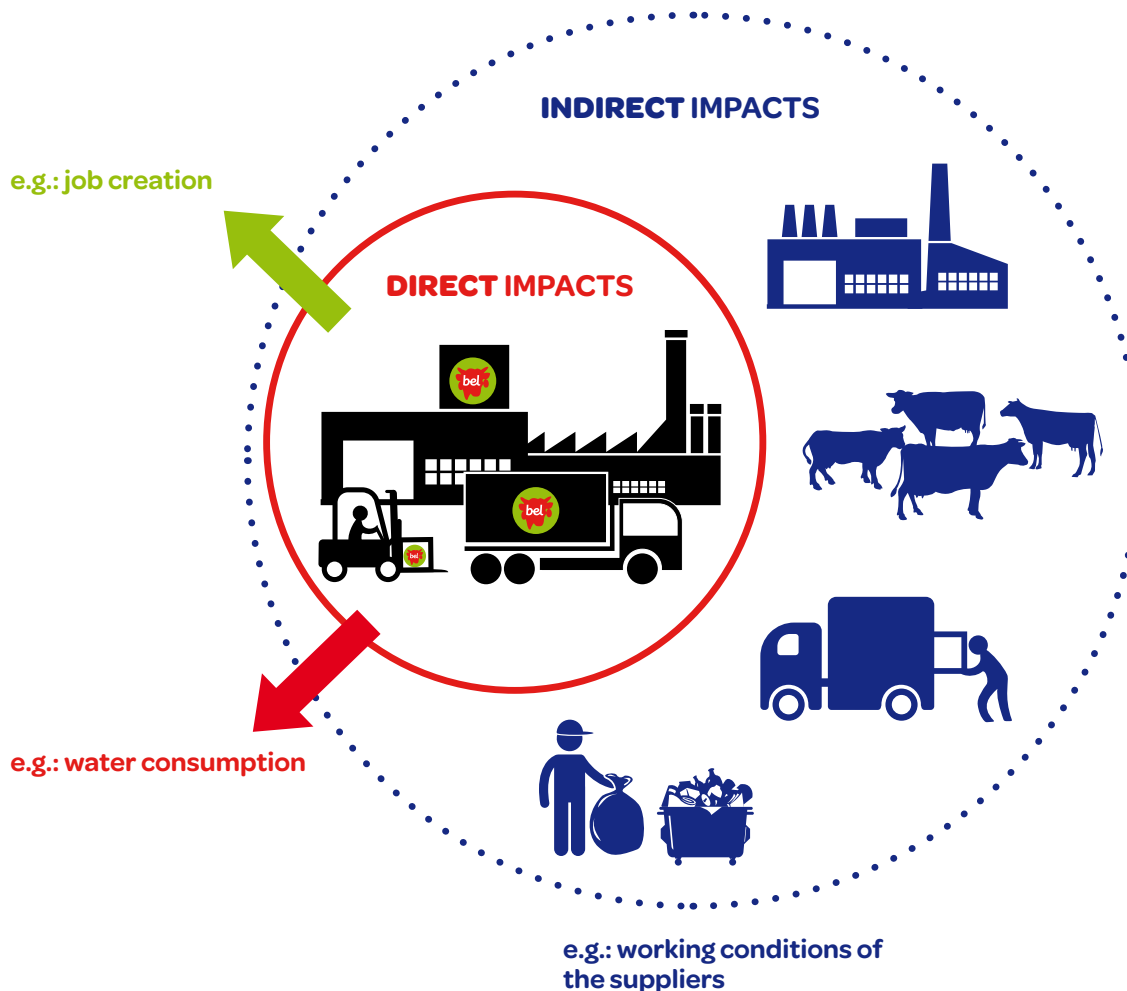
The Bel Group is aware of the role it can and must play in promoting sustainable development, in particular by creating partnerships with some of its suppliers, distributors and civil society. It aims to encourage and assist its stakeholders to improve their environmental,

social and societal performances. The Group's involvement takes different forms depending on the nature of its partners and its relationship with them.

The Bel Group shares its CSR commitments and ambition with its upstream (dairy producers, other suppliers and subcontractors) and downstream (distributors) economic stakeholders with whom it has regular exchanges and in some cases runs joint actions. The Group ensures that its suppliers respect human rights and the right to work.

With regards to civil society, the Group is involved with communities where it is located, through good citizenship and solidarity actions which respond to local challenges. In 2008 the Group created a corporate foundation for children's welfare.

#### THE "EXTENDED RESPONSIBILITY" PRINCIPLE





# 1 PROMOTING THE DEVELOPMENT OF SUSTAINABLE DAIRY PRODUCTION

## 1.1 BEL'S UPSTREAM DAIRY CHAIN

The Bel Group incorporates the whole of its value chain, especially its upstream dairy supply, into its view of its responsibility. In Bel's view, a sustainable dairy production is one which guarantees lasting direct and indirect jobs, respect of the environment and herds, and the economic growth of all parties involved.

The Group's life cycle analyses of its core products have shown the importance upstream dairy supply has on the environmental impact of its products. For instance, this stage accounts for around 80% of the greenhouse gas emissions throughout its products' life-cycle.

The environment is a major and increasing concern for citizens, with a heightened awareness of the availability of natural resources and the risk of pollution.

Dairy farming is criticized for its impact on the local environment (effluent, biodiversity) and its emissions of greenhouse gases and even in certain countries on the longer term effect of deforestation, caused by the introduction of imported soya cake into cattle feed. However, it should also be remembered that dairy production contributes to preserving biodiversity and rural development by maintaining pastures and the rural landscape.

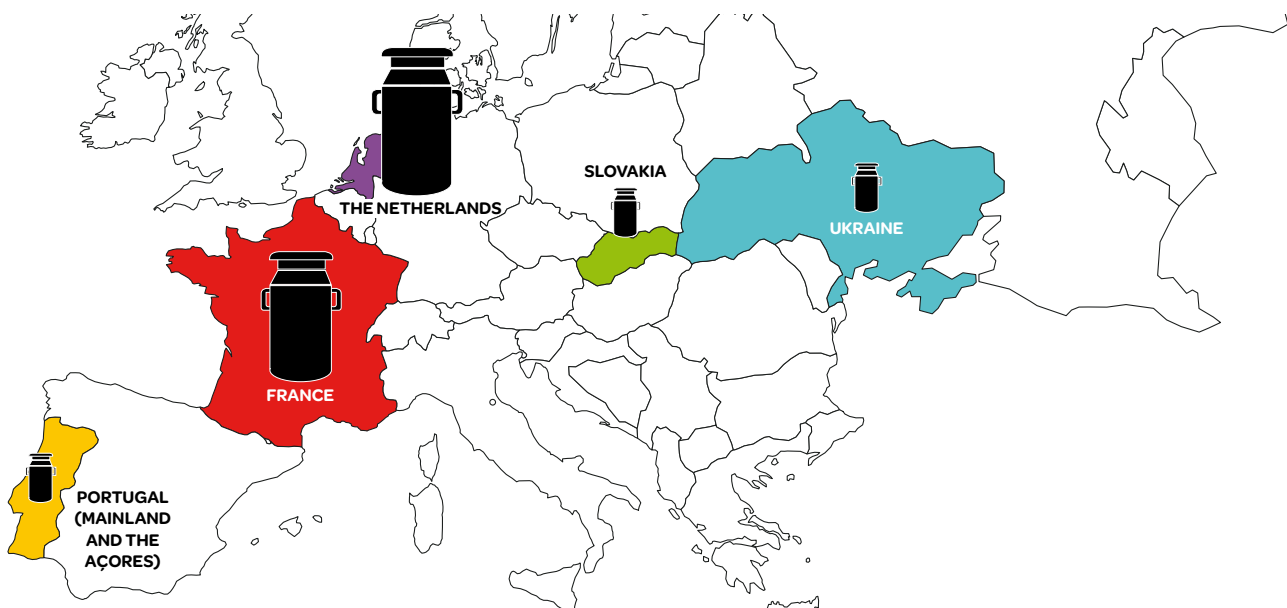
Animal welfare, a concept which initially developed in English-speaking countries, has spread to Latin countries and is becoming a major concern for consumers in more and more countries.

Bel considers that developing sustainable dairy production involves assisting its producers to improve in these different areas by taking the local specificities of dairy production in each of its supply countries into account.

## 1.2 BEL'S DAIRY SUPPLY REGIONS

The Bel Group strives to create and maintain a durable connection with the producers from whom it directly collects almost 1.6 billion liters of milk per year. The Bel Group obtains its supplies of liquid milk from 3,300 independent dairy producers in dairy production regions located near its cheese production sites, mainly in the Netherlands and France but also in Portugal, Ukraine and Slovakia. A large number of very small units in Ukraine must be added to this.

Supplies from co-operatives and processors, as is the case in the United States for instance, are processed as part of the sustainable purchasing program in the same way as the supplies from the Group's other suppliers (see "Suppliers of dairy raw materials" on page 61).







## PARTNERSHIPS AND SOCIETY

Promoting the development of sustainable dairy production

### External Reference Guides

- The Netherlands: Keten Kwaliteit Melk (Quality of Milk Chain)
- France: Best Farming Practices Charter

### Internal Reference Guide

- Portugal: Best Farming Practices Management Tool (Bel)

## THE NETHERLANDS

In the Netherlands, the Group obtains supplies from dairy producers with an average herd of 70 cows. The Dutch dairy sector is characterized by high density farming. Under pressure from society, in the last ten years, the sector has become aware of the risk of a significant deterioration in the image of dairy production especially at the upstream dairy production level (increase in the size of herds, keeping milk cows in buildings, deforestation connected to the introduction of soya in animal feed). A global policy has been drawn up by the whole sector to respond to these concerns. For instance, a commitment has been made to sustainable feed for dairy cows: the soya used in feed for Dutch cattle will be RTRS (Round Table On Responsible Soy) certified by 2015 at the latest. This initiative will promote the production of responsible soya, with an end to the conversion of primary forest into arable land, the promotion of good practices and the guarantee of fair working conditions.

### FOCUS

#### ROLL-OUT OF THE COW COMPASS TOOL TO DAIRY PRODUCERS

Bel's partner dairy farmers in the Netherlands are encouraged to use a continuous dairy herd improvement and management tool called "Cow Compass", developed by Pratico, a group of companies which belong to the Nederlandse Zuivel Organisatie (NZO). This tool permits the farmer to manage and improve his farming practices, especially those connected to the animals' health and welfare. Specially trained veterinary surgeons perform diagnoses of dairy farms as part of this program.

At end-2012, 23% of Bel's producers had deployed this tool, and the target is 35% in 2013.

The progress actions identified by Bel fall into this context, and result from the sector's vision. They are based on four working areas:

- the impact dairy farms have on the climate and energy consumption;
- animal health and welfare;
- landscapes and the environment;
- "pasture grazing" (which, in the Netherlands, involves putting dairy cows out to graze for at least six hours a day, at least 120 days per year).

Bel Leerdammer offers all its producers access to the EnergyScan® online tool to help them measure and control energy consumption on their farm.

## FRANCE

In France, the Group obtains supplies from farms in Western France for its factories at Sablé-sur-Sarthe, Evron and Pacy-sur-Eure and in the east of France for the Cléry-le-Petit site.

Bel's partner farms are family sized farms, with an average herd of 45 cows. All have signed the Best Farming Practices Charter ([www.charte-elevage.fr](http://www.charte-elevage.fr)). This inter-professional French dairy sector initiative enables dairy producers to be monitored and helps to improve their practices relating to the identification and health of herds, feed and the welfare of cattle, milk quality, the environment and personnel safety.

In France, ruminants are mainly reared in mixed farming systems with a portion of grassland. French dairy farms self-produce almost 85% of all fodder and cereals required to feed their herds. These quasi-autonomous systems avoid transporting fodder or cereals and limit the import of raw materials used in animal feed. Over 85% of Bel's farmers regularly graze their herds.

### FOCUS

#### COLLECTING AND RECYCLING EMPTY PACKAGING OF HYGIENE PRODUCTS USED ON DAIRY FARMS

The drums of hygiene and cleaning products used in French farms represent 1,400 metric tons of plastic per year. A collection service was started in 2010 under the aegis of the CNIEL ("Empty Packaging of Hygiene Products used on Dairy Farms" project) of which Bel's producer partners are beneficiaries. During the 2011-2012 campaign, almost 30% of the drums (i.e. over 400 metric tons of plastic) were collected then recycled, for example into hollow plastic tubes used to wind films or paper. The target is 61% in 2015. To achieve this target, those involved in the sector are developing a technical assistance program for dairy farmers and specialized distributors responsible for organizing the collection of drums.

In this context, Bel has identified four priority working areas for which specific action plans are being studied:

- the link between Bel and its producers;
- the environmental impact of dairy farms;
- sustainable feed for dairy cows;
- animal welfare.

Bel initiated the development by France's Institut de l'Elevage (Stockrearing Institute) of a computer tool to help producers perform an environmental diagnostic of their dairy business. This tool will be gradually deployed to producers from 2013.



## PORTUGAL

In Portugal, the Bel Group collects milk in the Azores and on the mainland. In the Azores, some dairy producers have a milk tank at their farm, whilst others deliver their milk to collection centers. The average herd is 30 dairy cows. On the mainland, Bel collects milk from producers with an average herd size of around 55 dairy cows.

Bel's goal is to support all its producers so they improve their farming practices.

### FOCUS

#### BEST FARMING PRACTICES MANAGEMENT TOOL

In 2012, Bel developed a Best Farming Practices Management Tool for its producers in Portugal. Inspired by the French dairy profession's Best Farming Practices Charter, it tackles the following themes: traceability, animal feed, animal identification, milking practices, milk quality, maintenance of installations and milk tanks. This approach, new in this country, is based on a self-assessment by the producer followed by an audit by a Bel Dairy Production Technician. It enables dairy producers to receive advice as part of a continuous improvement initiative. Roll-out of the tool began in 2012 and will be extended from 2013.

## UKRAINE

In Ukraine, Bel is supplied by large farms (over 100 cows) which supply 70% of the milk Bel collects in Ukraine and also by a large number of very small units (one to two cows). The sale of milk to the Group represents a very important source of extra income for these farmers.

The Group has given priority to working with the large farms to improve their technical and economic performance. In 2012 this took the form of providing advice, particularly in relation to feed for dairy cows. In 2013 a partnership with a local university will be set up to work with pilot farms to develop technical advice tools on subjects such as production costs, dairy production, and efficient food rations.

## SLOVAKIA

In Slovakia the Bel Group is supplied by very large sites (150 cows on average). Bel wishes to strengthen its connections with dairy producers through idea-sharing and awareness programs. The first information meeting on the subject of animal feed, to which all producers were invited, was held in 2012.

## 2 THE GROUP'S COMMITMENTS AND EXPECTATIONS AS REGARDS ITS SUPPLIERS

Because of the Bel Group's international expansion policy, Bel's suppliers come from very different cultural and socio-economic contexts. The ambition behind the Bel Group's sustainable purchasing policy is to integrate environmental, social and societal criteria as selection criteria for its suppliers.

This policy has three focuses:

- empower and train buyers and certain ordering parties: application of a Purchasing Ethics Charter by buyers, publication in 2010 of a Sustainable Purchasing Charter, specific training on sustainable purchasing, implementation of a progress plan at a supplier following an assessment (see below);
- change internal purchase and supply practices;
- assessment of suppliers' CSR performance with the implementation, since 2009, of a supplier assessment procedure and management rules for re-assessing suppliers who have obtained insufficient scores (see "Assessment of the CSR performance of suppliers" on page 59).



## PARTNERSHIPS AND SOCIETY

The Group's commitments and expectations as regards its suppliers

### External Reference Guides

- Ecovadis® tool: assessment of suppliers' CSR performance
- Ten principles of the United Nations Global Compact
- Universal Declaration of Human Rights
- International Labor Organization conventions

### Internal Reference Guides

- Purchasing Ethics Charter for buyers
- The Bel Group's Sustainable Purchasing Charter
- Internal rules for managing suppliers according to their Ecovadis® score

### Key performance indicators

Monitoring the performance of the suppliers' portfolio

- Suppliers (excluding producers of liquid milk collected directly by Bel) whose CSR performance was assessed using Ecovadis®  
(number and % in value of the corresponding purchases)
- Average score from Ecovadis® assessments  
(Score out of 10)
- Distribution of the suppliers' portfolio according to their overall Ecovadis® score (%)
- Number of suppliers with a higher score after reassessment
- Number of suppliers involved in a corrective action plan (including high-risk suppliers)

## 2.1 THE SUSTAINABLE PURCHASING CHARTER

Our Sustainable Purchasing Charter clarifies what Group expects from its suppliers and is aimed at encouraging improvement actions by them. It covers several areas such as respect for the environment, working practices and respect for human rights, business ethics and the control of their own supply chain.

This charter illustrates the Group's wish to encourage its suppliers, whatever their purchasing category, to set up improvement initiatives which are consistent with the commitments made by Bel. Compliance with this charter gradually takes concrete form in a contractual clause.



## 2.2 EMPOWERING AND TRAINING BUYERS AND ORDERING PARTIES

The Group makes its buyers and main ordering parties aware of the challenges of sustainable development and driving change in purchasing practices.

The Group's purchasing managers are trained in sustainable purchasing by the associated CSR expert advisor as part of their integration into the position. In addition, the Group's goal is to develop awareness for each purchasing category. For example, in 2012 the Information Systems Department was made aware of sustainable purchasing, the CSR challenges and risks connected to purchasing IT equipment and services, and the tools for implementing the sustainable purchasing program.

During the selection process and when managing suppliers, the Group's buyers verify the suppliers' commitment to comply with the Sustainable Purchasing Charter they are given during consultations, bidding processes and at the start of business relations. Each buyer's role is to analyze the risks associated with his purchasing portfolio, to integrate CSR criteria into his supplier selection process, and to select those suppliers whose CSR performance requires assessment as a priority. The assessment results are analyzed jointly by the buyer and the supplier against Bel's CSR targets and policy. If a supplier fails to obtain a satisfactory score, the buyer asks him to set up an action plan to correct the weaknesses identified and to carry out another assessment. Conversely, the Group may strengthen its cooperation with particularly successful suppliers.



## 2.3 CHANGE IN INTERNAL PURCHASING AND SUPPLY PRACTICES

The Group wishes to promote certain internal purchasing and supply practices and make them systematic throughout the purchasing process:

- the optimization of daily consumption to limit waste and avoid superfluous purchases;
- environmental impact as a factor in purchasing decisions;
- inclusion of "sustainable development" clauses in calls for tender and contracts;
- annual assessment of suppliers (questionnaires, site inspections, audits).

### FOCUS

#### PURCHASE MORE SUSTAINABLE POINT-OF-SALE ADVERTISING

Bel France has developed the "CSR label" concept, which is intended to make marketing and sales teams and distributor partners aware of the environmental impact of point-of-sale advertising. Inspired by the energy-labels which are now widespread for electrical appliances, vehicles and buildings, the Bel point-of-sale advertising label comprises a score from A to D, based on four criteria:

- the number of materials used: point-of-sale advertising made from a single material is preferred, because it is easier to recycle;
- the type of materials: the aim is to favor material which is certified or from a recycled origin, and to avoid coated surfaces or electrical systems, which are more polluting, as far as possible;
- durability of point-of-sale advertising: design durable point-of-sale advertising and personalize it as late as possible to prevent waste and storage of unused point-of-sale advertising;
- the results of EcoVadis®'s CSR assessment of the supplier of the point-of-sale advertising material.

There is now a model brief for suppliers of point-of-sale advertising material.

Since 2009, the performance of point-of-sale advertising has been coordinated in France by a dedicated committee which includes the buyers of point-of-sale advertising material. A scoreboard makes it possible to monitor indicators consistent with the rules for managing point-of-sale advertising material. At the end of November 2012, 58% of the stock of point-of-sale advertising material was class A and 28% class B.

## 2.4 ASSESSMENT OF SUPPLIERS' CSR PERFORMANCE

In accordance with the targets set by the Group in 2009, almost 350 suppliers from purchasing families and/or countries identified as priorities were assessed using the EcoVadis® tool between 2009 and 2012 in order to measure their CSR performance and to request improvement actions, if required. The suppliers assessed accounted for 43% of the purchase total, excluding collected milk, in 2012.

In 2012, the Group focused its assessment campaign mainly on suppliers managed by local buyers. This means that 25% of the portfolio of suppliers are now assessed and managed by local buyers.

The Group will continue to assess and support its suppliers to set up progress plans in 2013.

The Group's goal is for the average score obtained by its suppliers in a significant sample (60% of the purchase total, excluding collected milk) to be at least 5/10.



## PARTNERSHIPS AND SOCIETY

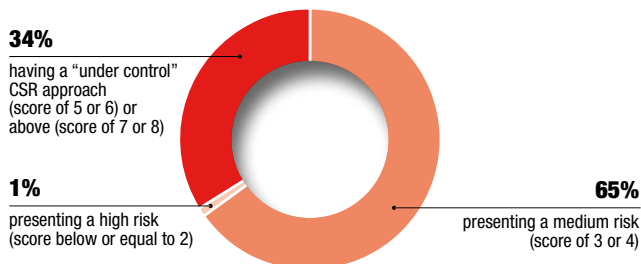
The Group's commitments and expectations as regards its suppliers

### RESULT OF THE ECOVADIS® ASSESSMENTS

The EcoVadis® rating system uses 21 indicators, divided into four sections: Environment, Social, Ethics, and Suppliers (the Group's suppliers are therefore assessed on their own supply policy).

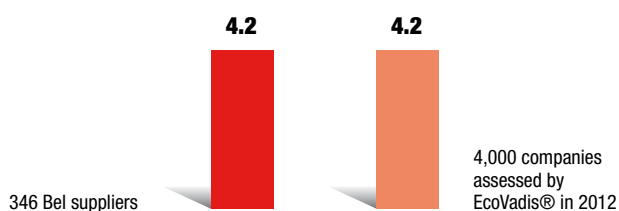
The results below are the totals from the four campaigns to assess supplier CSR performance conducted with EcoVadis® between 2009 and 2012.

#### DISTRIBUTION OF SUPPLIERS ASSESSED ACCORDING TO THEIR ECOVADIS® SCORE



The overall scores obtained by the Group's suppliers assessed are comparable to the scores from the last 4,000 assessments carried out by EcoVadis® in 2012.

#### AVERAGE ECOVADIS® SCORES



### MONITORING PROGRESS BY SUPPLIERS

The Group set up management rules for suppliers according to the scores obtained and uses an EcoVadis® IT module which enables buyers to monitor the progress plans of their own suppliers.

#### SUPPLIERS' SCORE-BASED MANAGEMENT RULES

**Overall score < 4 or overall score ≥ 4 but a score of 0 to 2 on one of the sections**

The supplier is asked to set up a corrective action plan and to be reassessed in 12 to 18 months' time

**Overall score = 4 but no score < 3 on any of the 4 sections**

The supplier is asked to set up a corrective action plan, and left to decide whether or not to do a reassessment

Out of the 346 suppliers assessed, 99 suppliers (29%) require the setting up of joint corrective action plans.

#### FOCUS

##### EXAMPLE OF ACTION PLANS IMPLEMENTED BY A SUPPLIER

A flexible packaging supplier, assessed with an "medium risk" in 2009, set up a progress plan covering the environmental and social aspects of its activities. The buyer was able to monitor the targets and advancement of the action plan put online by the supplier on the EcoVadis® platform. This supplier's assessment score improved from 4/10 in 2009 to 6/10 in 2012.

Out of the 63 suppliers who were reassessed after a first score (i.e. 21% of the 294 suppliers assessed between 2009 and 2011), 23 improved by at least 1 point in EcoVadis®'s scorecard (irrespective of the result of the initial assessment and the company at the origin of the assessment).

Bel could terminate its business relationship with a supplier who failed to meet the Group's requirements regarding the progress plans.

#### FOCUS

##### DIFFERENT APPROACHES FOR TWO SUPPLIERS OF PROMOTIONAL OBJECTS PRESENTING A MEDIUM RISK IN 2009 (OVERALL SCORE OF 3/10)

The first presented a high risk in terms of controlling the CSR risks from its own supply chain (2/10 in the Suppliers section). The Bel Group terminated its dealings with this supplier because of the lack of progress recorded on reassessment, and its lack of will to set up a progress plan.

The second set up corrective actions and its overall score improved by 1 point in 2010 (4/10). Wishing to further improve its results, this supplier began an initiative at the start of 2011 covering social, societal, environmental and ethical requirements. In 2012, these efforts were rewarded with certification from an independent organization and a score of 6/10 in an EcoVadis® reassessment.



## 2.5 THE BEL GROUP'S EXPECTATIONS FOR ITS PRIORITY PURCHASING FAMILIES

Specific levels of requirements for certain purchasing families have been identified from an initial mapping of the Group's purchasing portfolio.

### SUPPLIERS OF DAIRY RAW MATERIALS

The Group has set up actions with the dairy producers from whom it collects milk directly to encourage sustainable dairy production (see "Promoting the development of sustainable dairy production" on page 55). The other suppliers of dairy raw materials, notably ingredients for Bel processed cheeses, face identical challenges. However, the approach is different because the Group is not in direct contact with the producers in this case.

The Group purchases slightly over a quarter of its dairy raw materials from suppliers who obtain their supplies from dairy producers. The Group is working with EcoVadis® to adapt its CSR assessment grid to this sector's challenges.

### SUBCONTRACTORS

Subcontractors enable the Group's brands to grow their presence in new geographical regions. Subcontracting accounts for around 5% of the volume sold by the Group. The major subcontractors (production of over 500 metric tons per year), which account for 85% of the volume subcontracted by the Group, have been assessed by EcoVadis®. The rules for managing subcontractors based on the scores obtained are identical to the rules set up for suppliers. Two subcontractors assessed had a score of 3 (average risk) and were asked to set up progress plans and to be reassessed.

Because of the very strong bond of trust which binds its subcontractors to Bel (the products they supply carry the Group's trademarks) Bel requires them to obtain food safety certifications recognized by the Global Food Safety Initiative by the end of 2014 (see "International Reference Guides" on page 13).

### TRANSPORT AND LOGISTICS SERVICE PROVIDERS

Supplies of raw material and packaging by suppliers are not included in this reporting. The same applies to deliveries to sales outlets by Bel's distributors or importer customers.

Except in Algeria, Morocco and Iran, Bel subcontracts the transport of the finished products it markets when they transit via a distribution center – i.e. via a logistics platform which stocks them pending orders from customers.

Bel's expectations as regards its primary and secondary transport service providers:

- primary transport: shipment of the finished products from Bel's factories to distribution centers for markets where Bel has a commercial subsidiary or to centralizing logistics platforms (e.g.: Rungis);
- secondary transport: shipment of products from the distribution centers (or directly from the factories) to distributor clients or importers.

Road transport represents, in percentage of tonnage delivered, 73% of the flows, maritime transport 25.5%, air only 1.5%, and rail 0.1%.

The Group shares its ambitions to reduce greenhouse gas emissions with its transport service providers and its distributor clients and has identified several areas of progress:

- optimizing truck and container fill rates;
- optimizing transport flows and delivery frequencies (even if customer requirements can have a detrimental effect on the environmental footprint in some cases);
- studying alternatives to road transport that produce fewer greenhouse gas emissions.

In 2012, the Group set up a methodology for calculating CO<sub>2</sub> emissions from the transport of its marketable finished products which it subcontracts to logistics service providers. Emissions for this year totaled 13,336 metric tons CO<sub>2</sub> equivalent, i.e. the equivalent of 30 kg CO<sub>2</sub> equivalent per metric ton of products transported.

### FOCUS

#### BEL IS WORKING WITH ITS PROVIDERS FOR MORE SUSTAINABLE TRANSPORT

##### Multimodal transport actions

The Group has been experimenting since 2011 with alternative transport methods to road transport (rail-road) in the South of France and between Rotterdam and Milan.

##### Bel Leerdammer®: a better-filled truck

Bel Leerdammer® in the Netherlands has developed a double-decker refrigerated truck in partnership with the manufacturer Van Eck and the Bram van Tuyl freight company. The new truck can carry more freight on a single journey: up to 52 pallets whilst a standard truck only transports 33. This reduces CO<sub>2</sub> by 32% emissions for the same quantity transported.

The aim is to optimize the use of this truck to ship Leerdammer® products by road in Germany, the Czech Republic, Switzerland and France.





## PARTNERSHIPS AND SOCIETY

Involving Bel in actions of good citizenship and solidarity

### CARDBOARD SUPPLIERS

The main packaging material used by the Group is cardboard. Specific requirements for compact and corrugated cardboard have been defined (see "Ecodesign packaging policy" on page 50).

### SUPPLIERS OF INDUSTRIAL MACHINES AND EQUIPMENT

Besides their involvement in the Group's environmental projects (e.g. the WASABEL and ESABEL programs), buyers actively monitor all the solutions which could contribute to this policy and ask manufacturers of industrial machines and equipment to implement progress actions in the design of their offers (reduction in energy consumption, noise reduction, increased safety at work stations) and in their own use (pollutants, etc.).

### SUPPLIERS OF PROMOTIONAL OBJECTS

Despite their very low percentage in the Group's purchases (less than 0.2%), promotional objects, which in the main are inserted into consumer sale units, are subjected to enhanced safety and hygiene

controls because they are usually intended for children and are in contact with the products. In addition, their supply chain is complex, with the majority of the manufacturing plants based in China.

The Group has therefore taken a raft of measures to secure their supply. Buyers work closely with the Group's Quality and Regulations Department to continuously improve safety, quality and regulation processes. Therefore, the tests and inspection controls demanded are more detailed than required under local legislation.

Since 2009 EcoVadis® has assessed or reassessed all the Group's major suppliers: all suppliers have a "under control" CSR approach today because progress plans have been set up by those suppliers which required them. A specific CSR clause has been inserted into the framework contract and the Sustainable Purchasing Charter has been signed by suppliers (which is not true for other purchasing categories).

Marketing teams have been asked to formulate their requirements as far upstream as possible in order to reduce social and environmental risks (failure to control working conditions for urgent orders, rushed air transport, etc.).

The production sites for these objects will be audited in 2013. They will examine the environment, working conditions and human rights, best business practices and sustainable purchasing.

## 3 INVOLVING BEL IN ACTIONS OF GOOD CITIZENSHIP AND SOLIDARITY

Consumers, employees and civil society have a growing interest in corporate responses to society's challenges.

As an extension of its role "to share smiles with all families through the pleasure of dairy goodness" the Bel Group is involved in good citizenship and solidarity actions in the regions where it is located. These actions are either performed through its corporate foundation or directly by the Group's entities worldwide.

### 3.1 BEL'S CORPORATE FOUNDATION

Founded in 2008, the aim of Bel's corporate foundation is to support actions on behalf of children and their well-being, basically by promoting a balanced diet. To achieve this, rather than supporting very large ambitious projects, every year it supports a myriad of projects which provide inspiration and hope for the children they help. It also allows the Bel Group's employees to get involved in its corporate foundation through the grants which are awarded once a year.



#### External Reference Guide

■ Corporate Philanthropy Charter (Admical)

#### Key performance indicators

■ Number of association projects supported

■ Number of employee grants awarded

■ Amount of donations by the Foundation (euros)



In July 2011, Bel signed the Corporate Philanthropy Charter established by Admical, an association dedicated to developing philanthropy in France. This charter was designed so that companies and beneficiaries can gauge what ethical philanthropy can do for them.

## PROJECTS SUPPORTED

The Project Selection and Follow-up Committee meets once a month on average and comprises 10 members, the vast majority of whom are Group employees.

The aims of Bel's corporate foundation are focused on four main areas:

- combating malnutrition in children;
- supporting food crops and market gardening programs;
- educational programs for understanding the keys to healthy and balanced diet;
- the creation of infrastructures directly connected to the nutrition of children and teenagers.

Bel's corporate foundation has supported 64 projects by associations since its creation.

### FOCUS

#### ENFANTS ET DÉVELOPPEMENT



Created in 1984, Enfants & Développement is an international NGO which works in developing countries to improve the living conditions, health and education of the poorest children.

In 2012, Bel's corporate foundation financed one of the charity's projects in Burkina Faso which aimed to improve the diet of children in the Ouagadougou slums. These areas have a high population density, mainly caused by the rural exodus, and insecure and insalubrious living conditions with no access to basic services.

The actions set up by this project improved the diet of children aged zero to five years, primarily through basic dietary education, at the family level, by creating a "leader mother" network. In addition, training modules on nutrition were given in several Health and Welfare Centers in the area, in order to improve the identification of and care for undernourished and growth-retarded children. This project's strong roots in the local population and existing structures will enable a long-term improvement in the diets of the children in the area.

## GRANTS TO PROJECTS SUPPORTED BY EMPLOYEES

The Group is very heedful of the commitment by its employees, and wishes to help the associations they support when their actions correspond to the areas covered by its corporate foundation.

The foundation awards grants of €5,000 every year to charitable projects which are supported by teams of employees. Since 2010, 32 teams of employees have received support for their commitments.

### FOCUS

#### COURIR POUR UNE BEL CAUSE

The "1 Maillot Pour la Vie" association works to bring smiles and hope back to sick children in hospital, with the help of many top-class sportsmen and women. It organizes special meetings between children and sportsmen and women both in and out of hospital, and on sports grounds in particular. Several of Bel's employees at the Paris and Vincennes headquarters decided to organize a charity race under the banner of Bel's corporate foundation to raise money for this charity. Dozens of employees gathered in April 2012 to race for a "Bel cause" and share a moment together to help sick children. Thanks to the €5,000 donated by Bel's corporate foundation and additional donations collected by the employees before the race, "1 Maillot Pour la Vie" was able to help finance a trip for nine sick children and their families to the London Olympic Games.



4

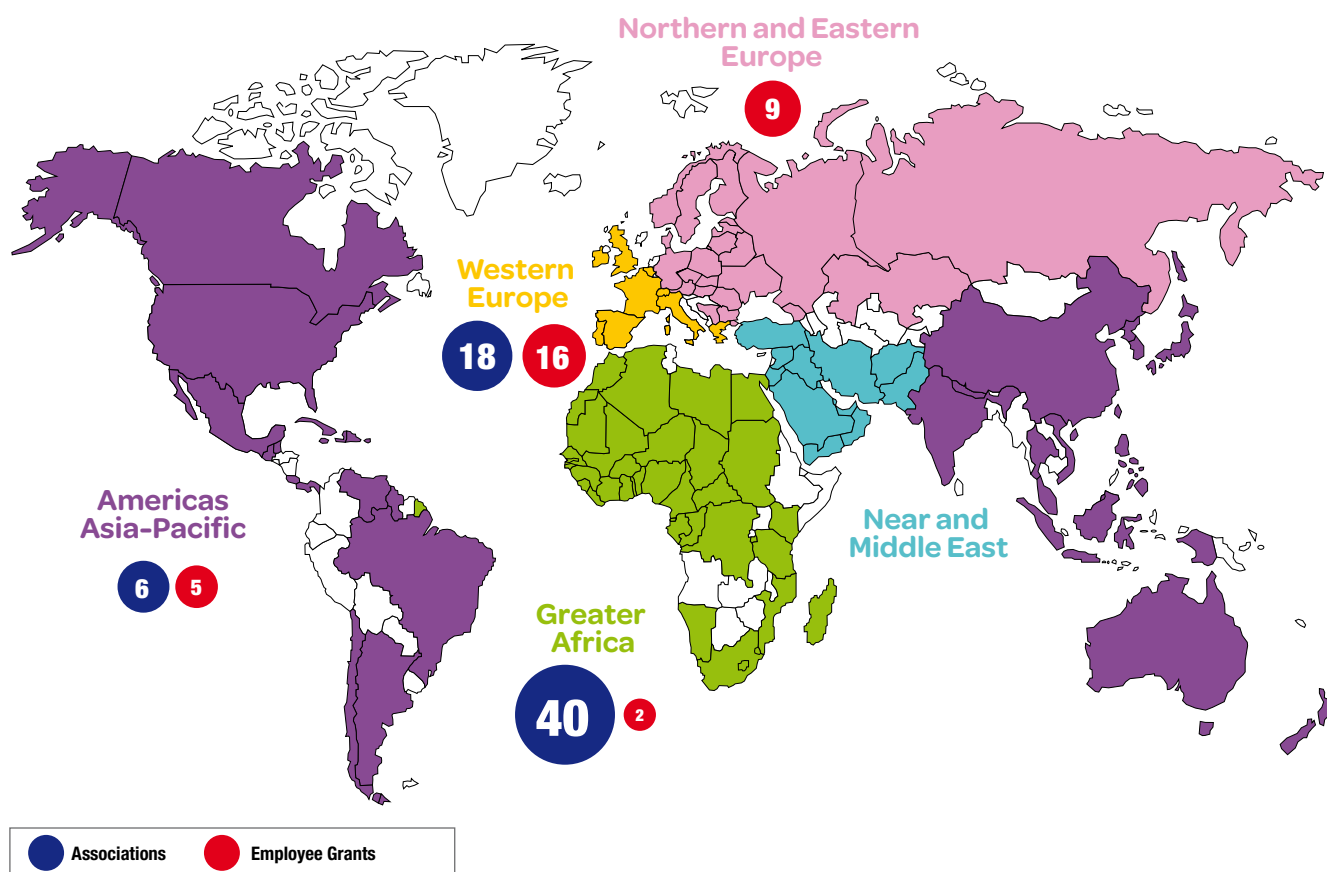
	May 2008 - December 2009	2010	2011	2012	Total to the end of 2012
Number of association projects supported	4	19	20	21	64
Number of employee grants awarded	0	10	11	11	32
Amount of donations by the Foundation (euros)	97,000	252,000	271,000	300,000	920,000



## PARTNERSHIPS AND SOCIETY

Involving Bel in actions of good citizenship and solidarity

### PROJECTS SUPPORTED BY THE BEL FOUNDATION SINCE 2008



In 2013, Bel's corporate foundation renewed its life for a further five years.

Every year, Bel's corporate foundation reports on its activities in its progress report, available at [www.fondation-bel.org](http://www.fondation-bel.org)

## 3.2 LOCAL PHILANTHROPIC ACTIONS

Besides Bel's corporate foundation's actions, the Group's local entities (factory, subsidiary, etc.) initiate and steer local philanthropic actions in Bel's name. These projects show the entities' desire to get involved locally where they are based, and to meet the social, societal and environmental challenges facing them. The projects are usually performed in partnership with local players (associations, public authorities etc.). They may involve children or other beneficiaries and take the form of financial donations, product donations, or voluntary work by employees, depending on the needs identified. All these actions are part of the Group's commitment, enriching its philanthropic work overall.

### FOCUS

#### BEL BRANDS USA SUPPORTS THE "ROOFTOP CROPS" EDUCATION PROGRAM

Bel has been a partner of the "Rooftop Crops" educational program at the "Gary Comer Youth Center" (GCYC) in Chicago since 2011. The partnership combines teaching, with Bel's employees, the Group's partner agencies, and the center's students working in teams, and the gardening projects at the center. The program enables the young people at the center to improve their skills, from planting to harvesting crops of high-quality products. They face the professional challenges of marketing and selling these crops to chefs at Chicago's restaurants and the city's markets.



# COMMITTED EMPLOYER

## 1 Bel's employees: key figures 67

## 2 The People First commitments 68

2.1	Enjoy our workplace	68
2.2	Empower everyone	71
2.3	Grow further	73
2.4	Share success	77



## COMMITTED EMPLOYER

### ***Our responsibility: providing our employees with the conditions for personal and collective growth.***

The Group's values are above all, human: Bel believes that the excellence of its teams and personal fulfillment for each of its employees are two assets for achieving sustainable growth. Its managers' commitment is vital to defining and implementing organization and working methods which enable everyone to find a balance between performance and personal fulfillment.

Because individual and collective development, health, well-being, performance, organization and management are inseparable, the Group has drawn up a "People First" social charter defining the reciprocal commitment between Bel, its managers and its employees.

The People First social charter was presented to all employees in 2011. It is based on four key areas:



#### **ENJOY OUR WORKPLACE:**

Create working conditions which make Bel a safe and pleasant place to work.



#### **GROW FURTHER:**

Develop talents, without discrimination, through experience and training, and encouraging a fulfilling professional career.



#### **EMPOWER EVERYONE:**

Create a suitable working environment which enables every employee to contribute to the Group's success in a committed, responsible and autonomous way.



#### **SHARE SUCCESS:**

Implement a transparent, fair and competitive compensation policy which enables employees to receive a fair return on the value they contribute to creating as the company's principal stakeholders.

It is difficult to conduct an objective assessment without measuring tools: this is why the Group set up a Global Employee Opinion Survey in 2011 which will be repeated every two years. It has enabled short- and medium-term progress plans to be identified to improve employee commitment and satisfaction vis-à-vis the Group.

On the basis of a selection of questions in this survey, the Group has defined four indicators that will allow it to track its employees' perception and ideas on each theme covered by the People First social charter. The goal is for each of them to obtain a score equal to or greater than 50%.

#### **Key performance indicators**

- Employees' perception of the "Enjoy our workplace" area
- Employees' perception of the "Empower everyone" area
- Employees' perception of the "Grow further" area
- Employees' perception of the "Share success" area

In 2012, the social reporting indicators were clarified and harmonized for a reliable consolidation on a global scope (29 countries). Thus, the majority of the indicators in this chapter are available for the first time at the end of 2012.



### **THE RESULTS OF THE FIRST GLOBAL EMPLOYEE OPINION SURVEY**

There was a high response rate to the first Global Employee Opinion Survey (73%), demonstrating employee's interest and confidence in expressing their opinions.

The Group recorded a commitment rate for its employees of 45%.

The overall results and the results per entity were analyzed and shared with the teams.

Three strong points were identified:

- the independence and empowerment which the Group offers its employees;
- the Group's serious approach to and work on employee safety;
- the management's role.

Conversely, two points for consideration emerged:

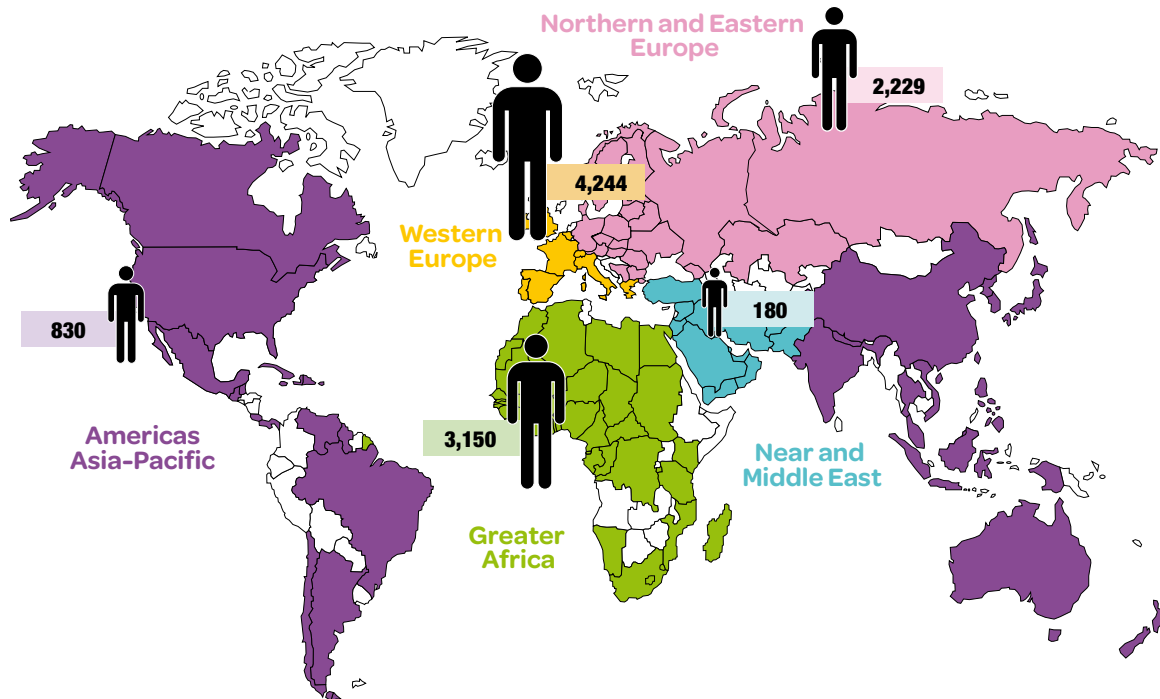
- concerning all employees, a lack of communication on career development;
- concerning workers and technicians, a lack of information on the structure of pay systems.

Both these points were the subject of action plans in the Group's different countries in 2012.



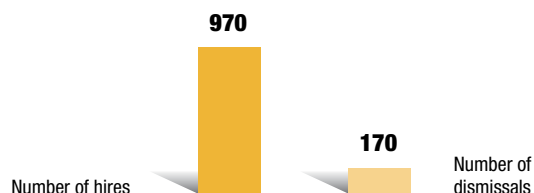
# 1 BEL'S EMPLOYEES: KEY FIGURES

At December 31, 2012, the Bel Group had approximately **11,000 employees** worldwide.



The 2012 workforce reporting includes all the employees in all of the Group Bel's subsidiaries worldwide except for Iran, Syria and the three countries in the Americas. Asia-Pacific region (Mexico, Brazil and Argentina). Within this perimeter, the Bel Group's employees numbered 10,633 across 29 countries worldwide. Managers represented 15% of the Group's workforce.

The Bel Group made 970 hires and 170 dismissals in 2012.



Workforce, by operational region	2011*	2012**
Western Europe	4,858	4,244
Greater Africa	3,079	3,150
Northern and Eastern Europe	1,743	2,229
Americas Asia-Pacific	892	830
Near and Middle East	869	180
<b>TOTAL</b>	<b>11,441</b>	<b>10,633</b>

\* 2011 scope: 33 countries, includes Syria (414 employees), Iran (278 employees) and Mexico and Argentina (4 employees)

\*\* 2012 scope: 29 countries, excludes Syria (45 employees), Iran (252 employees) and Mexico, Brazil and Argentina (4 employees)

In light of recent major geopolitical events, the Group had to suspend its activities in Syria, which explains the sharp fall in the workforce in the Near and Middle East region.

Rate of job insecurity	2012
Managers	3.8 %
Non-managers	18.6 %
<b>Total</b>	<b>16.7 %</b>

\*The rate of job insecurity is the ratio of temporary and fixed-term contracts compared to all contracts, as full-time equivalents.

## FOCUS

### SAFEGUARDING JOBS IN FRANCE

The workforce in France in 2012 was 3,343 employees (3,377 in 2011), which represents 31% of the Group's workforce.

The Group's policy is to safeguard its activity in France by producing the majority of the products for the French market in France (excluding Leerdammer®). This enables it to maintain the level of employment overall whilst taking into account the need for the Group to be competitive and productive.

5





## COMMITTED EMPLOYER

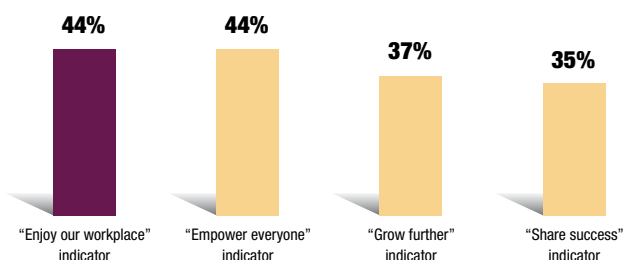
The People First commitments

# 2 THE PEOPLE FIRST COMMITMENTS

## 2.1 ENJOY OUR WORKPLACE

A successful company is above all a company where all of the employees feel good. Besides health and safety conditions, the Human Resources Department is attentive to employees worldwide in order to improve their working conditions and satisfy their expectations.

### GLOBAL EMPLOYEE OPINION SURVEY (2011)



The results of the Global Employee Opinion Survey showed that 72% of employees think that Bel takes safety at work very seriously. This is the highest score recorded for all the themes in the survey. These results reward the Group's efforts in recent years to roll out the Health and Safety policy to all its employees without exception.

#### Internal Reference Guides

- The Group's Health and Safety manual and policy
- The Group's ten Health and Safety Standards
- "18 Health and Safety fundamentals" internal audit grid

#### Key performance indicators

##### Monitoring accidents

- "TF Bel": Frequency rate for accidents requiring medical attention, with or without lost workdays, for any person present on Bel's sites (*per million hours worked*)
- "TF1": Frequency rate for accidents involving Bel employees with lost workdays (*per million hours worked*)
- Severity rate of accidents involving Bel employees (*number of days lost due to incapacity caused by an accident per thousand hours worked*)

##### Private life-working life balance

- % of employees concerned by paid holidays equal to at least three weeks per year
- Illness absenteeism (*hours of absence due to illness/theoretical working hours*)

##### Employees benefits

- % of employees with health coverage
- % of employees with death and disability coverage

## HEALTH AND SAFETY

The Bel Group does everything it can to guarantee the health and safety of its employees and any person working on its sites. To achieve this, the Group has a continuous improvement and risk prevention policy.

The Health and Safety policy is deployed without exception on all industrial sites, in all Bel's tertiary subsidiaries and among the sales teams.

In safety matters, the initiative to prevent workplace accidents is built around the 18 "fundamentals", which are being gradually rolled out on all sites, and which are subject to internal audits.

In health matters, actions are being taken to prevent industrial illnesses, in particular by improving workstation ergonomics. Safety behavior visits, which are gradually being rolled out to the sites, enable the risks inherent at different workstations to be identified and corrected.

Hearing protection is now widely available. French legislation imposes hearing protection from 85 decibels and recommends it from 80 decibels. Protection is compulsory from 80 decibels in all of the Group's factories worldwide.

The Group has monitored the accident rate of Bel employees and any person present on the Group's sites, including visitors and temporary staff, with or without lost workdays (requiring medical attention) since 2012.

	2010	2011	2012	2015 target
TF Bel accident frequency rate*	N/A	N/A	12.4	7.5
TF1 accident frequency rate*	5.7	5.7	5.6	-
Severity rate of accidents**	0.4	0.3	0.2	-

\*Number of accidents per million hours worked

\*\*Number of days not worked expressed per thousand hours worked

Health and safety management is centrally coordinated by the Group Health and Safety Manager and relayed locally by dedicated supervisors at each site.



## FOCUS

## HEALTH AND SAFETY PROGRAMS IN FACTORIES



## Bel Egypt's Health and Safety Program

Bel Egypt's Health and Safety program includes a whole day of training for new hires, and fifteen minutes devoted to safety every two days. A Health and Safety Committee of members of the management meets every three months to review indicators and action plans. A monthly follow-up is also performed by the factory's management. The factory itself is divided into 24 zones, each with a safety manager responsible for ensuring procedures are applied and for reporting any problems to the Health and Safety Committee.

Following a fatal accident involving a subcontractor's employee at Bel Egypt's factory in 2012, it was decided to strengthen the procedures for selecting, welcoming and ensuring the safety of subcontractors. Three priority actions were implemented: reinforcement of supervision on-site, systematic training of subcontractors' employees and integration of selection criteria for subcontractors (e.g. compulsory accident and death insurance for all their employees).

## Roll-out of a behavioral program in Western Europe

The Bel Behavior Based Safety Program to improve health and safety was rolled out in France and initiated in Spain. All managers of the sites in both countries received training on Safety Behavior Visits (SBV). More than 2,000 safety visits to factory employees had already been performed by end-December 2012. The SBV involves managers going to an employee's workstation to observe for about ten minutes and then discussing the at-risk situations or gestures noted. As part of this program, managers undertake to carry out a certain number of SBVs, which constitutes a commitment to progress and contributes to developing the "safety mindset" in all employees. The goal is for the Bel Behavior Based Safety Program to be rolled out to all sites by 2015.

## Gain-sharing in France

In 2012, Bel integrated the "TF Bel" indicator, which is the frequency rate of accidents requiring medical attention, with or without lost workdays, involving Bel's employees or any person on the site, into the "safety" criteria of the gain-sharing agreement in France. The labor-management partners have agreed that this indicator supplements the "TF1", which only counts accidents with lost workdays involving Bel employees.

## Agreement on Preventing Severe Working Conditions

An Agreement on Preventing Severe Working Conditions was signed in the Bel Group in France on December 20, 2012 by three out of four unions. This three-year agreement is part of the Bel Group's continuous improvement initiative to protect the health and safety at work of its employees. Apart from the prevention measures which already exist in the Group's factories, actions will be taken to prevent exposure to noise, manual handling, repetitive movements or uncomfortable postures, as well as ergonomic actions.

## FOCUS

## SAFETY DAYS

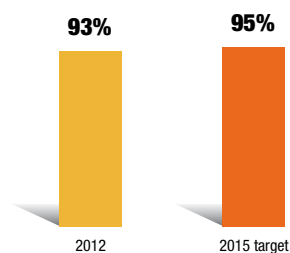
"Safety Days" were held at the sites in Portugal, Spain, the Netherlands, and France during European Safety Week. These events were the chance to present the Group's "zero accident" initiative to employees and to inform them of best practices (evacuation procedures, use of extinguishers, first aid, use of defibrillators etc.) through meetings, games and workshops.

Training will also be gradually rolled out to the Group's industrial sites. Designers (e.g. local engineering) will be trained so all sites take workstation ergonomics into account from the design phase.

## PRIVATE LIFE-WORKING LIFE BALANCE

The Bel Group respects laws on working hours in every country where it has sites. Apart from the statutory obligations, the Group wishes all its employees to have sufficient time outside work to improve the private life-working life balance. The Group therefore encourages its subsidiaries, and especially those in countries without working time legislation, to grant a minimum of three weeks' annual leave to its employees.

## EMPLOYEES CONCERNED BY PAID HOLIDAYS EQUAL TO AT LEAST THREE WEEKS PER YEAR





## COMMITTED EMPLOYER

The People First commitments

### FOCUS

#### BEL BRANDS USA STANDS OUT IN "THE BEST AND BRIGHTEST COMPANIES TO WORK FOR®" RANKINGS



Every year "The Best and Brightest Companies to Work For®" awards in Chicago honors the best companies to work for. For the third year running, Bel's American subsidiary, based in Chicago, has been ranked amongst the city's 101 best companies out of more than 1,000 contenders.

Bel Chicago was assessed on several criteria, including communication, training and diversity, based on a questionnaire completed by its employees. It made progress in all the categories audited by this competition, and stood out in particular for private life-working life balance, pay competitiveness, and recognition and loyalty amongst its workforce.

## WORKING CONDITIONS

In addition, programs and projects tailored to subsidiaries' local conditions have been set up to improve employee's working conditions. Examples include:

- drawing up and circulating rules to be respected in shared areas (open-plan offices at the Paris headquarters);
- the possibility for some managers to work from home in certain circumstances (teleworking), particularly in France and Germany;
- reducing psychosocial risks through group prevention initiatives (organization, working conditions) and, if applicable, providing care for the employees affected.

### FOCUS

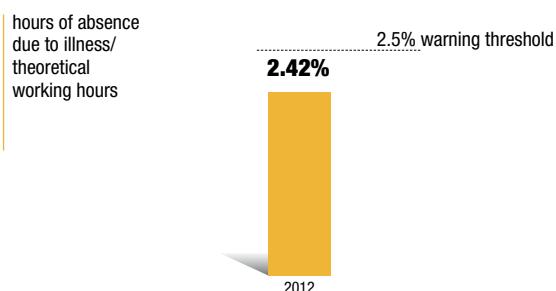
#### PSYCHOSOCIAL RISK PREVENTION INITIATIVE

A brochure was made available to all employees in France. Its purpose is to encourage employees to talk about feelings of anxiety at work and it identifies the people to talk to when confronted with this type of situation. In addition, an initiative to raise awareness of psychosocial risks has been initiated and is gradually being rolled out to managers.

## ABSENTEEISM

Even if they are not necessarily the cause, working conditions can be a factor in the reasons for an employee being absent. The Bel Group pays close attention to the illness absenteeism rate of its employees, and considers a rate of 2.5% to be a warning threshold which is not to be crossed.

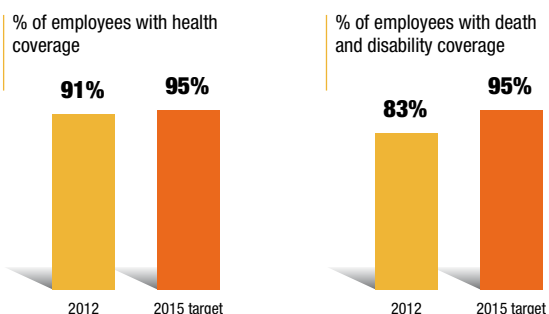
### ILLNESS ABSENTEEISM RATE



## EMPLOYEE BENEFITS

All the employee benefits offered to employees worldwide contribute to their and their family's current and future well-being. The Bel Group is developing a social policy on employee and health benefits in accordance with national laws and regulations. The Group has gone beyond this minimum base to develop the "Bel Care" program which guarantees standard Group employee benefits to all Bel's employees worldwide, regardless of local practices.

### EMPLOYEES BENEFITS

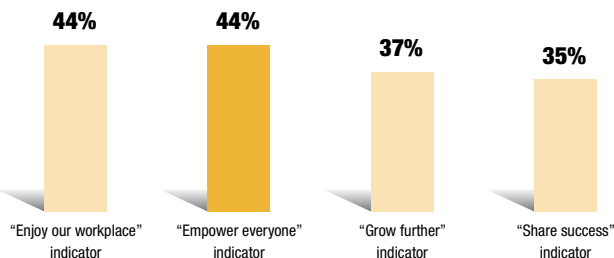




## 2.2 EMPOWER EVERYONE

The Bel Group is convinced that its success is linked to its employees' commitment, and wishes to create an environment where everyone can contribute to this success in a committed, responsible and autonomous way. To achieve this, the Group uses an organizational structure which emphasizes the importance of empowering employees: a suitable number of hierarchical levels, short communication circuits, clear roles and responsibilities, delegation in the decision-making process, etc.

### GLOBAL EMPLOYEE OPINION SURVEY (2011)



The independence and empowerment the Group offers employees came across as strong points in the Global Employee Opinion Survey.

The Group ensures there is regular communication at all levels, through several channels:

- between employees and their managers in individual reviews but also in department meetings and annual conventions;
- between employees and their management through various communication tools (newspapers, newsletters, intranet, etc.);
- between staff representatives and senior management.

#### Key performance indicators

##### Individual performance review

- % of managers who have taken an individual performance review – annual basis
- % of non-managers who have taken an individual performance review – two-year basis

##### Staff representation

- % of employees with access to a staff representation system

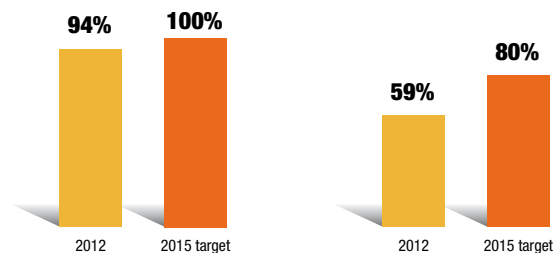
### CLEAR AND CONSTRUCTIVE FEEDBACK ON PERFORMANCE

The Group wants all employees to receive clear and constructive feedback on their performance, areas for improvement and career advancement, in order to help their professional development. Performance reviews are ideal for listening and exchanging ideas between employee and manager, and provide a good opportunity for discussing these topics. The Group ensures that both managers and non-managers are reviewed.

#### PERFORMANCE REVIEWS

Eligible managers\* who have taken an individual performance review (annual basis)

Non-managers who have taken an individual performance review (two-year basis)



\* Eligible managers have indefinite-term contracts and were present in the Group for the complete 2012 year, or joined before 07/01/2011 and left after 07/01/2012.

#### FOCUS

#### "GIVE AND RECEIVE EFFECTIVE FEEDBACK" TRAINING COURSE

The Global Employee Opinion Survey revealed that 53% of employees said they wanted more feedback from their managers. To respond to this need, the Human Resources Department set up a training course called "Give and receive effective feedback" and the first sessions were held in October 2012.

This training course was intended to teach all managers and supervisory staff how to give and receive effective feedback not only regarding their teams but also vis-à-vis other employees, customers and partners. More than 2,000 employees were involved in this training course which was rolled out by local HR teams across all regions. The Group aims to train all managers and supervisory staff by 2014.



## COMMITTED EMPLOYER

The People First commitments

### COMMUNICATION INSIDE THE GROUP

The Group communicates regularly with all its employees across the world. A dedicated department steers the Group's internal communication network in coordination with all entities which set up their own communication tools. Information is circulated at all levels of the company through different communication channels. Examples include:

- a Group intranet;
- a company-wide quarterly newspaper translated into 13 languages for all employees: the 'DailyBel';
- an electronic, bimonthly French- and English-language newsletter sent to all employees with a computer;
- almost 40 thematic and/or local in-house newsletters and journals.

#### FOCUS

##### SHARED MEDIA TO IMPROVE COMMUNICATION WITHIN LOCAL TEAMS

In 2012, the Internal Communications Department supplied an online tool to all the teams (region, country, site, function, and project) so that they could create, coordinate and publish their own internal information media. This package includes a ready-to-use tools library: newsletter templates in Bel's colors, editorial guidelines, video tutorials on how to design and improve communications, etc. This tool creates a clear, shared framework, whilst giving local teams a lot of room to express themselves. The goal is to unify teams and encourage the creation of internal communication media, by capitalizing on the desire which has been seen in the Group for several years to share information and enhance teams.



The Group wishes to go beyond communication media and increase the possibilities for exchanges, in particular in seminars and at the various entities' conventions.

#### FOCUS

##### 2012 CONVENTION FOR THE GREATER AFRICA REGION

In December 2012, almost 80 people from different countries (Algeria, Egypt, Morocco, Sub-Saharan African countries) as well as central teams attended the annual convention for the Greater Africa region. One day was devoted to CSR, when the Group's program and its adaptation to the region were presented, the countries' best practices were shared, and thematic workshops were used to identify new projects.

Lastly, the Group has set up an internet platform dedicated to its top management, in order to unify and enhance this population, and to provide them with increased and exclusive access to strategic information.

#### FOCUS

##### BEL LEADERS NETWORK



The Bel Leaders Network intranet site launched in 2012 is a platform dedicated to the Group's top managers (senior corporate executives, directors of entities, members of regional or functional management committees). It unifies this population and encourages interaction and information-sharing – especially of best practices. It is also ideal for sharing Bel's culture and strategy with the teams beyond their respective scopes, and providing them with a cross-sectoral vision of the Group.

### SOCIAL DIALOGUE

The Bel Group is convinced that a structured social dialogue provides leverage for improving company life by contributing to the development of more favorable conditions for employees and by supporting organizational changes.

The Group recognizes and respects its employees' right to form or join a trade union of their choice and their right to be represented – under the relevant laws and regulations – by their union(s) in collective negotiations on working conditions.

In 2012, 93% of employees had access to a staff representation system, i.e. a staff representative body elected or designated by the employees (e.g. works council, workforce delegates, Committee for Health and Safety at Work, etc.).

In 2012, a trade union was set up in Bel in Egypt. This is a major step forward in this country where staff representation systems are still rare.

#### FOCUS

##### COLLECTIVE BARGAINING AGREEMENTS SIGNED IN FRANCE IN 2012

In 2012, the Group signed seven agreements with the labor-management partners in France:

- an agreement for compulsory annual pay negotiations for non-managers / workers;
- a gain-sharing agreement;
- a profit-sharing agreement;
- a supplementary profit-sharing agreement;
- an agreement on job security for seniors;
- an agreement on equality in the workplace;
- an agreement on the prevention of severe working conditions.

Agreements have also been signed at French industrial sites:

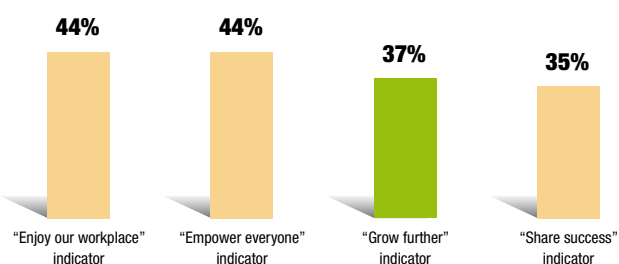
- in Evron, an agreement on the organization of working time;
- in Lons-le-Saunier, an agreement on weekend working;
- in Pacy-sur-Eure (Boursin), three agreements on gain-sharing, compulsory annual pay negotiations, equality in the workplace, and a rider to the Employee Savings Plan.



## 2.3 GROW FURTHER

The Group wants to create the conditions for all its employees to improve their skills and experience, and to advance in their careers, without any discrimination whatsoever. Bel therefore strives to offer fair opportunities to all its employees throughout their career with the company.

### GLOBAL EMPLOYEE OPINION SURVEY (2011)



The results of the Global Employee Opinion Survey show that employees feel there is a lack of communication on career development.

#### Key performance indicators

- Training: % of employees attending at least one training course during the year and the average number of training hours per employee
- Internal mobility (managers from grade one to four): number of job moves/workforce
- Pay parity: average ratio of women's salary to men's salary (at equivalent country and grade)
- Age diversity: % of managers per age bracket
- Male/female diversity: % of managers per gender
- Employment rate for disabled people in France (according to the statutory definition in France)

### DEVELOPING SKILLS

The Group strives to develop everyone's employability, by enabling its employees to advance in four areas: technical, behavioral, management and cross-functional skills. The training courses offered enable new skills to be acquired either to progress in the same position or to change positions. The Group not only trains its employees for the requirements of their current positions, but for their future career development as well. Annual performance reviews enable training requirements to be identified and customized training plans to be drawn up.

Factory employees receive continuous on-the-job training called "workstation training".

Managerial training courses are held at the company's "Campus" University.

In addition, simultaneous recruitment and training (apprenticeship, internship) is favored.

Training	2012	2015 target
% of employees who attended at least one training course during the year	42%	65%
Average number of training hours per employee	9.1	-





## COMMITTED EMPLOYER

The People First commitments

### CAREER OPPORTUNITIES

The Bel Group has always wanted to offer its employees attractive career opportunities, to satisfy their aspirations and the Group's need for skills. The Group, which is present in approximately 30 countries, offers many opportunities for career development and internal mobility. Mobility, especially international mobility is a key lever for career management, with the aim of transferring skills. Thus, the Group ensures that it matches vacancies with each employee's skills and aspirations, and sets up internal communication channels for this.

However, the results of the Global Employee Opinion Survey in 2011 highlight a feeling that career opportunities are not clearly defined. The Group has set up an organization and tools to clarify its career development policy:

- a monthly "Mobility" committee covering all the functions and geographical regions, which coordinates and implements this global action. Its members are the Group and regional Human Resources Directors;
- annual individual reviews and "People Reviews" (annual summaries of individual reviews by the Human Resources Department);
- the sharing of job vacancies on the Group's intranet platform.

#### FOCUS

##### THE CAREER PORTAL: SUPPORTING EMPLOYEES IN THEIR CAREER DEVELOPMENT

Bel France has set up a pilot interactive web tool for the Group to improve transparency concerning skills and careers. It gives marketing and sales professionals more information on possible career paths, the skills needed for each position, and the skills developed inside the position. This pilot was presented to the managers concerned by the Human Resources Department and Bel France's general management. The very positive feedback from employees has encouraged the Group to develop similar tools which will be deployed in the industrial, logistics and finance sectors, as well as in Bel Foodservice in 2013.

The Bel Group focuses particular attention on the internal mobility rate of managers, with the objective of maintaining a rate of over 15% for its grade one to four managers – i.e. a job move every six years on average.

The high mobility rate in 2012 is explained by an internal reorganization which resulted in many job moves within the Group.

### INTERNAL MOBILITY RATE OF MANAGERS (grades 1 to 4)



### EQUAL OPPORTUNITIES

The Group is careful to promote diversity and equal opportunities. The elimination of discrimination in the workplace is one of the ten principles of the United Nations Global Compact. For Bel, the policy of non-discrimination starts at recruitment and continues throughout the employee's career. The Group ensures that any form of discrimination involving recruitment, promotion, job security, training, improvement or compensation is prevented. This commitment appears in the Group's People First social charter.

#### FOCUS

##### BEL BRANDS USA PROMOTES DIVERSITY WITHIN ITS TEAMS

Bel's subsidiary wished to bring an innovative touch to promoting diversity within its teams by setting up a 12-month awareness program: a monthly thematic meeting is held on a special target public (seniors, disabled, etc.). This is a way of bringing down barriers and making employees, some of whom are involved in recruitment, aware of the wealth which lies in diversity.

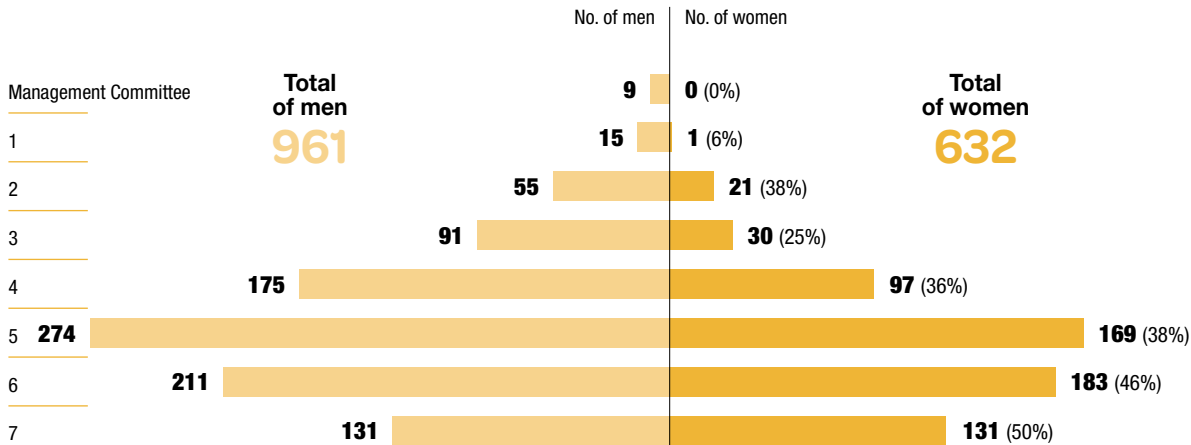




## GENDER EQUALITY

The Group has identified improving women's access to senior positions as a working area for progress plans relating to career development. The % of male managers becomes more predominant the further one goes up the promotion ladder (see table below).

### BREAKDOWN OF MANAGERS BY GRADE (2012)



\*Managerial grades refer to the level of responsibility exercised. There are seven grades within Bel. The members of the Management Committee are not graded.

In 2012, the Group was only able to report on the ratio of men and women among managers. It intends to report on this ratio for all its employees from the 2013 financial year.

## FOCUS

### PROMOTING EQUALITY IN THE WORKPLACE BETWEEN MEN AND WOMEN

#### Agreement on equality in the workplace in France

A collective bargaining agreement on gender equality in the workplace was signed unanimously in France on May 14, 2012. This agreement, concluded for three years, highlights the shared intention to formalize Bel's commitments to gender equality and covers the following areas:

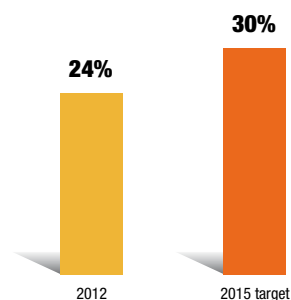
- guarantee equal treatment during recruitment;
- guarantee equal treatment between men and women concerning career development and salaries, such as for instance, the company guaranteeing a 100% salary for paternity leave;
- actions in favor of a better work-life balance;
- improve working conditions for pregnant women.

#### The EVE seminar

In 2012, the Chairman and Chief Executive Officer, the Vice-President of Human Resources, Communication and Sustainable Development, the Vice-President of Western Europe and seven women from Bel Group's top management attended the third management seminar in the EVE Program on the subject of female leadership. This is a starting point for promoting the advancement of women inside the organization.

The Group's target is for 30% of grade 1 and 2 managerial positions to be filled by women by 2015.

### PROPORTION OF WOMEN MANAGERS (GRADES 1 AND 2)



The Bel Group closely monitors pay equality between men and women and ensures that there is not a large gap between the genders. A comparison was performed between the average gross salaries for women and men at an equivalent managerial grade, inside the same country: the gap in 2012 was 2%.

	2012
Average ratio of women's salary to men's salary (at equivalent countries and grade)	0.98

In order to obtain representative data, only the grades with at least eight men and eight women were taken into account for each country.



## COMMITTED EMPLOYER

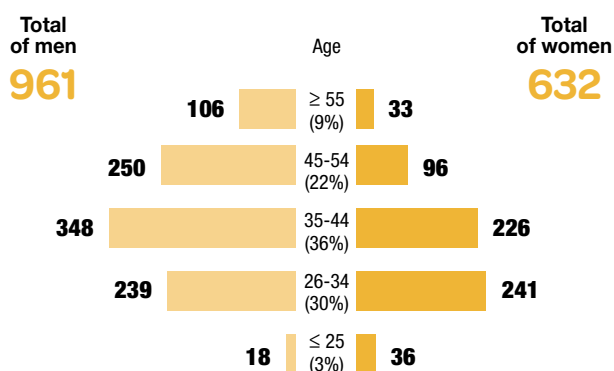
The People First commitments

### AGE

At December 31, 2012, the average age for managers was 40 (38 for women, and 42 for men). The age pyramid below shows the significance of the population of young managers, as almost 70% of them are under 45.

In 2012, the Group was only able to report on the age pyramid for the managers' population. It intends to report on this for all its employees from the 2013 financial year.

#### DISTRIBUTION OF MANAGER BY AGE (2012)



### DISABILITY

The Group has set up measures to promote the employment of disabled people.

The disabled persons' employment rate indicator has been intentionally restricted to France because there is no legal definition of disability in most of the countries where the Group is located (or a legal bar on tracking this data) and the lack of a joint definition which makes a consolidated indicator unreliable. This restricted scope does not prevent the Group's other subsidiaries from employing disabled people, as is the case in Slovakia (see focus).

#### FOCUS

#### EMPLOYMENT AND INTEGRATION OF DISABLED PEOPLE

##### France

The Bel Group signed a two-year partnership agreement with the AGEFIPH\* in November 2011 for its French scope. This agreement, based on five areas (establishing a steering structure, communication and awareness, recruitment, job security and cooperation with the protected sector) is aimed at promoting integration and job security for disabled employees. Through this partnership, the Bel Group agreed to increase the employment rate for disabled people from 4.4% in 2010 to 5.7% at the end of 2013.

##### EMPLOYMENT RATE OF INDIVIDUALS WITH DISABILITIES IN FRANCE

Year	Employment Rate
2010	4.40%
2011	4.98%
2012	5.42%
2015 target	6.00%

\*Association for managing funds for the integration of disabled people in the workplace

##### Slovakia

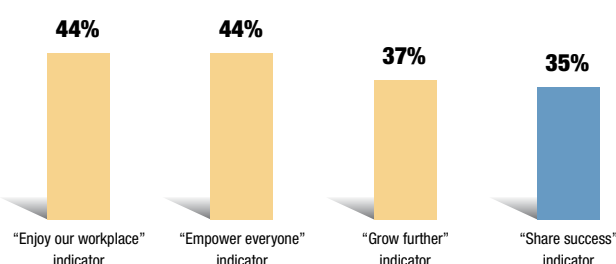
The integration of disabled people is also an integral part of local Human Resources policies in Eastern Europe. In Slovakia, 18 disabled people have worked in the cheese spread workshop in the Michalovce factory since 2008, in partnership with a government-approved subcontractor.



## 2.4 SHARE SUCCESS

The Group wishes to acknowledge and reward its employees for the value they create, firstly by providing them with fair, equitable and transparent compensation, and secondly, by giving them all the employee benefits (paid holidays, social-security cover, etc.) detailed in the “Enjoy our workplace” section on page 68.

### GLOBAL EMPLOYEE OPINION SURVEY (2011)



At the same time, the Global Employee Opinion Survey showed a perceived lack of recognition and information about how the pay systems work.

#### External Reference Guides

- Market surveys conducted by outside firms

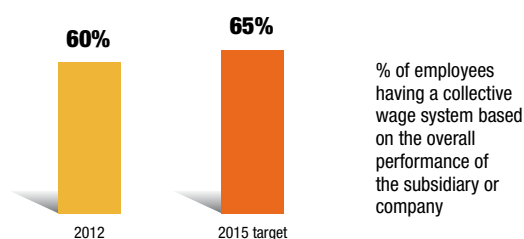
#### Key performance indicators

- % of employees having a collective wage system based on the overall performance of the subsidiary or company
- Number of subsidiaries whose pay scale is supported by market surveys

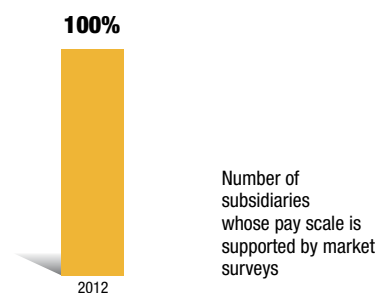
The Company has set up a compensation policy which acknowledges and encourages everyone to contribute to the company’s development. It is based on four principles:

- **competitiveness:** align with market rates by monitoring the competitive positioning of the salaries and benefits offered to employees. The Group asks its subsidiaries with more than 15 managers to carry out a pay survey at least every two years;
- **performance:** recognize the individual and collective performance of each employee. The Group wishes to set up a collective wage system in its subsidiaries based on the overall performance of the subsidiary or company;
- **fairness:** develop shared criteria and tools to ensure consistency throughout the company and to guarantee non-discrimination over pay, especially between men and women (see “Gender equality” on page 75);
- **protection:** set up high-quality employee benefit and retirement mechanisms (see “Employee benefits” on page 70).

### INCLUSION OF PERFORMANCE IN COMPENSATION



### COMPENSATION POLICY SUPPORTED BY SURVEYS



\*Scope: subsidiaries with more than 15 managers

## FOCUS

### EMPLOYEE INFORMATION ON THE COMPENSATION POLICY

Employee information actions were initiated following the results of the Global Employee Opinion Survey. For instance, the “Global Pay Guide” was circulated in France. This guide, which was adapted to different salary grades, was distributed to each employee of Bel France. It explains how the salary is fixed, what it comprises and how it changes. It also describes employee benefits and retirement cover.









<b>Summary</b>	<b>80</b>
Governance principles	80
Nutrition & responsible products	81
Responsible communication & consumption	81
Environmental footprint	82
Partnerships and society	83
Committed employer	84

<b>Cross-Reference Table: “Grenelle II” law/Recommendations of the Global Reporting Initiative (GRI)/CSR Report</b>	<b>85</b>
---	-----------

<b>Note on methodology - The Bel Group’s 2012 CSR Reporting</b>	<b>87</b>
<b>Confirmation of presence and limited assurance report of the Statutory Auditors on the social, environmental and societal information</b>	<b>89</b>

## SUMMARY

## GOVERNANCE PRINCIPLES

**OUR APPROACH:** our Corporate Social Responsibility program takes into account the specificities of the Bel Group's model, its brands and where it does business. Such an approach makes it easier for employees to adopt and incorporate it in developing relationships with our stakeholders based on making continued progress.

## PRINCIPLES

<b>Ethics</b>	Inform all employees of the values and principles to be respected during their work.
<b>Dedicated organization</b>	Take the Bel Group's specificities into consideration in order to build and roll out the program.
<b>Management tools and processes</b>	Ensure that environmental, social and societal challenges are taken into account in managerial decisions by using reference guides and processes.
<b>Mobilizing employees</b>	Make each employee a protagonist of and an ambassador for the Group's progress initiative.
<b>Measure, monitor and report</b>	Monitor internally and report externally on the progress made by the program using non-financial indicators relating to the functions.

Management process: certifications	2012	2015 targets
% of volume sold from sites certified according to GFSI*** standards (including subcontractors**)	78%	100%
Number of Bel* sites certified according to GFSI*** standards	15	100%
Number of Bel* sites and subcontractors certified according to GFSI*** standards	30	100%
Number of ISO 14001-certified Bel* sites	9	100%
Number of OHSAS 18001-certified Bel* sites	5	100%

\*Scope: 28 sites (industrial and R&D) \*\* Scope: 17 subcontractor sites \*\*\* Global Food Safety Initiative



## NUTRITION & RESPONSIBLE PRODUCTS

**OUR RESPONSIBILITY:** developing products that satisfy the expectations of the greatest number of consumers in terms of safety, health, pleasure and accessibility

### AREAS OF PROGRESS

Ensuring product quality and safety	Ensure that processes are strictly controlled to guarantee the quality, traceability and safety of the products sold by the Group, from upstream of production to their consumption.
Improving the nutritional quality of products	Ensure that the ingredients in the products are adapted to the nutritional requirements of the consumers they are intended for, especially children, and in relation primarily to fat, salt, and calcium content.
Strengthening the natural qualities of products	Some formulas are also enhanced with minerals and/or vitamins depending on specific nutritional requirements.
Developing nutritionally beneficial products accessible to the greatest number of people	<p>Improve accessibility to the products by pushing different levers:</p> <ul style="list-style-type: none"> <li>■ the sale of unit portions when this is possible</li> <li>■ factory performance programs to limit sale prices;</li> <li>■ special recipes for local brands;</li> <li>■ for certain countries with populations on very low incomes, develop specific products, with nutritional values tailored to their needs.</li> </ul>

## RESPONSIBLE COMMUNICATION & CONSUMPTION

**OUR RESPONSIBILITY:** giving consumers who put their trust in our brands the keys for more responsible consumption.

### AREAS OF PROGRESS

Making information more accessible for consumers	Provide clear and relevant information on the products using different mediums: packaging, websites, smartphone applications, consumer services, etc.
Developing responsible advertising and promotional campaigns	Ensure that all communications respect the principles laid down in the Group's Responsible Communications Charter.
Safeguarding consumer data and privacy	Respect the rules for collecting, protecting and using the personal data of consumers garnered during marketing actions.
Involving the brands in actions of good citizenship and solidarity	Enter some of the Group's brands into partnerships, always consistent with their mission and positioning, to support charities involved in good citizenship and solidarity actions.

## ENVIRONMENTAL FOOTPRINT

**OUR RESPONSIBILITY:** reducing the environmental footprint of all our activities, whether directly related to the manufacture of our products or not.

### AREAS OF PROGRESS

Reducing the environmental footprint related to the manufacture of our products	As a priority, reduce the four major impacts identified in factories: water consumption, fossil energy consumption, greenhouse gas emissions and waste production.
Reducing the environmental footprint related to the transport and storage of our products	Optimize all the product transport and warehousing stages, either through action plans run directly by the Group, or by working with partners so that they set up action plans.
Reducing the environmental footprint of packaging	Reduce the environmental footprint of packaging, as a priority, by actions to reduce the quantities of materials used at source, and then by selecting more environmentally-friendly materials.
Reducing the environmental footprint of employees	Encourage and assist employees to adopt more environmentally-friendly behavior, which is a first step to involvement in the overall program.

	2012	2015 targets
Water consumption (m <sup>3</sup> /metric ton produced)	10.05	-20%
Fossil energy consumption (MWh PCI/metric ton produced)	1.23	-20%
Electricity consumption (MWh/metric ton produced)	0.67	-5%
Greenhouse gas emissions kg CO <sub>2</sub> -eq./ metric ton produced) scopes 1 and 2*	541	-14%
Consumption of packaging materials (kg/metric ton produced)	176	-3%

\*scope 1: direct emissions produced by the combustion of fossil energies in boilers, burners and Bel vehicles as well as emissions of refrigerants from its plants;  
scope 2: indirect emissions produced by the production of electricity purchased and the heat or cold purchased.

## PARTNERSHIPS AND SOCIETY

**OUR RESPONSIBILITY:** establishing partnerships with our suppliers and civil society to work together in creating sustainable growth.

### AREAS OF PROGRESS

Promoting the development of sustainable dairy production	Support dairy producers to carry out improvement actions in the social, environmental and economic sectors, taking into account the local specificities of dairy production in each dairy production region.
Sharing the Group's CSR commitments with suppliers and clearly stating expectations	<p>Ensure that purchasing practices reflect the Group's progress initiative and in particular:</p> <ul style="list-style-type: none"> <li>■ empower and train buyers and some ordering parties to change internal purchasing and supply practices;</li> <li>■ assess and improve the CSR performances of suppliers;</li> <li>■ include specific criteria for certain purchasing families in calls for tender.</li> </ul>
Involving Bel in actions of good citizenship and solidarity	Involve the Group in actions of good citizenship and solidarity in the territories in which it is located via its corporate foundation, or directly through its different entities around the world.

	2012
Number of suppliers whose CSR performance has been assessed by Ecovadis® (corresponding % of purchases excluding liquid milk collected directly)	346 (43%)
Average score for Bel suppliers assessed by EcoVadis®	4.2/10
Number of association projects supported by the Foundation	21
Number of employee grants awarded by the Foundation	11
Amount of donations awarded by the Foundation (euros)	300,000

## COMMITTED EMPLOYER

**OUR RESPONSIBILITY:** providing our employees with the conditions for personal and collective growth.

### AREAS OF PROGRESS

Enjoy our workplace	Create working conditions which make Bel a safe and pleasant place to work.
Empower everyone	Create a suitable working environment which enables every employee to contribute to the Group's success in a committed, responsible and autonomous way.
Grow further	Develop talents, without discrimination, through experience and training, and encourage a fulfilling professional career.
Share success	Implement a transparent, fair and competitive compensation policy which enables employees to receive a fair return on the value they contribute to creating as the company's principal stakeholders.

	2011
Commitment rate	45%
"Enjoy our workplace" indicator*	44%
"Empower everyone" indicator*	44%
"Grow further" indicator*	37%
"Share success" indicator*	35%

*\*Indicators calculated from a series of questions asked in the Global Employee Opinion Survey*

	2012	2015 target
<b>"TF Bel"</b> Accident frequency rate, with and without lost workdays, for Bel employees and any other persons present on the Group's sites (per million hours worked)	12.4	7.5

## CROSS-REFERENCE TABLE: “GRENELLE II” LAW/RECOMMENDATIONS OF THE GLOBAL REPORTING INITIATIVE (GRI)/CSR REPORT

		GRI indicators (version 3.1)	Pages of the CSR report
<b>Employee-related information</b>			
<b>a) Employment</b>	Total workforce	LA1	p. 67
	Breakdown of employees by gender, age and geographical region	LA1	p. 67 and 75-76
	Recruitment and dismissals	LA2	p. 67
	Compensation and related changes	EC1, EC5	p. 19 and 77
<b>b) Organization of work</b>	Organization of working time	LA	p. 67 and 69-70
	Absenteeism	LA7	p. 70
<b>c) Labor-management relations</b>	The organization of labor-management dialogue: rules and procedures for informing, consulting and negotiating with staff	LA4	p. 72
	Report on collective bargaining agreements	LA5	p. 72
<b>d) Health and safety</b>	Health and safety conditions	LA6, LA 8	p. 68-69
	Report on the agreements signed with trade unions or staff representatives regarding health and safety at work	LA9	p. 69
	The frequency rate and severity rate of work accidents and recognition of industrial illnesses	LA7	p. 68
<b>e) Training</b>	Training policies	LA11	p. 73
	Total number of training hours	LA10	p. 73
<b>f) Equal treatment</b>	Measures favoring gender equality	LA14	p. 75
	Measures favoring the employment and integration of disabled people	LA13	p. 76
	The anti-discrimination policy	LA13	p. 74-76
<b>g) Promotion of and compliance with the ILO fundamental conventions</b>	Respect for the freedom of association and the right to collectively bargain	HR5, LA4, LA5	p. 12-14 and 72
	Elimination of employment discrimination and discrimination at work	HR4, LA13, LA 14	p. 74-76
	Elimination of forced and compulsory labor	HR6, HR7	p. 12-14 and 58
	Effective abolition of child labor	HR6	p. 12-14 and 58
<b>Environmental information</b>			
<b>a) General environmental policy</b>	Organization of the company to deal with environmental issues and environmental assessment or certification measures, if appropriate	Managerial approach	p. 10-11 and 13
	Training and informing employees on environmental protection		p. 15 and 52
	Resources devoted to preventing environmental risks and pollution	EN30	p. 48
	Amount of provisions and guarantees for environmental risks	EN28, EC2	p. 48
<b>b) Pollution and waste management</b>	Measures to prevent, reduce or redress emissions into the air, water and soil with serious environmental impacts	EN22, EN23, EN24	p. 46-47
	Measures to prevent, recycle and eliminate waste	EN22	p. 43-44 and 50-52
	Dealing with noise pollution and any other form of pollution specific to an activity	EN25	p. 47

## CROSS-REFERENCE TABLE

		GRI indicators (version 3.1)	Pages of the CSR report
<b>c) Sustainable use of resources</b>	Water consumption and water supply according to local constraints	EN8, EN9, EN21	p. 37-38
	Raw material consumption and measures to improve their efficiency in use	EN1, EN10	p. 43 and 50-52
	Energy consumption and measures taken to improve energy efficiency and use of renewable energies	EN3, EN4, EN5, EN6, EN7	p. 38-39
	Land use		p. 45 and 47
<b>d) Climate change</b>	Greenhouse gas (GHG) emissions	EN16, EN17, EN19, EN20	p. 39-42 and 61
	Adaption to the effects of climate change	E18, EC2	p. 20
<b>e) Protection of biodiversity</b>	Measures taken to safeguard or develop biodiversity	EN11 à EN15, EN25	p. 45
<b>Information on societal commitments in favor of sustainable development</b>			
<b>a) Territorial, economic and social impact of the company's activity</b>	regarding employment and regional development	EC 8, EC9	p. 19 and 67
	on neighboring or local populations	EC1, EC6	p. 19 and 64
<b>b) Dealings with people or organizations benefiting from the company's activity</b>	The conditions for dialogue with stakeholders	4.14 à 4.17	p. 17-18
	Partnership or philanthropic actions	EC1, 4.1.1 to 4.1.3	p. 32 and 62-64
<b>c) Subcontracting and suppliers</b>	Factoring social and environmental challenges into the purchasing policy	EC6, HR2, HR5, HR6, HR7	p. 55-62
	The significance of subcontracting and social and environmental responsibility in dealings with suppliers and subcontractors	3.6, 4.14	p. 61
<b>d) Fair operating practices</b>	Actions to prevent corruption	SO2, SO3, SO4, SO7, SO8	p. 12-14
	Measures to protect the health and safety of consumers	PR1, PR2	p. 22-24 and 30-31
	Other actions in favor of human rights	HR	p. 23-26



## NOTE ON METHODOLOGY - THE BEL GROUP'S 2012 CSR REPORTING

### CHOICE OF INDICATORS

The Bel Group's CSR key performance indicators were defined by the CSR expert advisors for the Group's activities and the social, societal and environmental challenges arising from this. Firstly, they enable the advancement of each area of progress defined by the Group to be monitored by the local managers and centrally by the Group's Management Committee (in the form of a scorecard).

They also enable the Group's CSR performance to be reported transparently in this report and in other media (Registration Document, Business Report, Group websites, brochures, etc.).

The Bel Group's CSR reporting satisfies the requirements of the decree implementing article 225 of France's "Grenelle II" law of July 10, 2010 (articles L. 225-102, R. 225-105-1 and R. 225-105-2 of the French Commercial Code). It is inspired by the methodological principles of the Global Reporting Initiative (see cross-reference table on pages 83-84) and also draws on the ten principles of the United Nations Global Compact. Finally, the calculation, measurement and analysis methods used all comply with appropriate national or international standards, where these exist.

### CSR REPORTING PROTOCOL

The Bel Group's CSR Reporting Protocol, which is available in French and English, is the reference guide for all Group employees involved in CSR reporting. It sets out all the Group's CSR key performance indicators and describes the procedures to be followed for collecting and reporting them. It is circulated, read and applied at all levels of data compilation and reporting. It is revised and validated every year to take changes in the Group into account. The Reporting Protocol is made available to all employees on the Group's CSR intranet.

The CSR Reporting Protocol is also used as a reference guide to check external data, in accordance with the decree implementing article L. 225-102-1 of the French Commercial Code ("Grenelle II" law). This document is made available to stakeholders who request it, in order to facilitate comprehension and the transparency of the key performance indicators presented.

### ORGANIZATION OF REPORTING

The Group CSR and Finance Departments are responsible for the reporting process and centralization of indicators. They ensure compliance with the reporting schedule and, together with the functional departments, organize external communication of the data, particularly within the framework of the Bel Group's Registration Document. They check the overall consistency of the reporting and are the main contacts for external auditors.

The CSR expert advisors coordinate the collection of CSR indicators in their respective areas of expertise. They rely on their network of local experts to contribute data.

### CONSOLIDATION AND INTERNAL CONTROL

The CRS expert advisors perform internal controls on the data they are responsible for by validating consistency and plausibility. This involves running consistency tests on the indicators for which this is suitable (highlighting and justifying year-on-year variations, calculating ratios to compare the performance of different entities, etc.). Any significant variations identified are examined in detail with the data contributor and may be corrected.

The CSR expert advisors also consolidate the data collected in order to generate, and communicate to the CSR Department, the Group indicators present in the CSR Report.

### REPORTING TOOLS

In 2012, the data was reported and consolidated using several collection systems under the responsibility of the CSR expert advisors who coordinate them. The environmental indicators from the industrial sites and the HR indicators, which constitute the majority of indicators, are reported using an Excel tool during annual reporting campaigns (monthly or biannually for certain indicators). Some data comes from the information systems deployed in the Group (e.g. SAP, Magdalena) or dedicated software (e.g. EcoVadis®, Acciline®, MySponsorTool®).

### REPORTING PERIOD

The data collected covers the period from January 1 to December 31, 2012.

Depending on the indicators, this involves:

- annual consolidation of data from 01/01/2012 to 12/31/2012;
- data measured at 12/31/2012.

If the history is available, the data is given for the last three financial years.

### SCOPE OF REPORTING

The CSR reporting scope encompasses all Bel Group subsidiaries and entities over which it had operational control during 2012, more specifically, the Group's entities consolidated in the annual financial report.

#### Specific features of the scope for the 2012 reporting:

Environmental reporting covers all of the Bel Group's 27 industrial sites (except the sites in Iran and Syria), its collection centers, warehouses, and the Group's headquarters. The water and energy consumption and the waste production of the exclusively tertiary sites of subsidiaries are not taken into account; this data is considered to have a negligible impact on the Group's total consumption and emissions.

The impacts of the on-site activities of subcontractors and suppliers are counted by the sites.

The impacts of the off-site activities of subcontractors and suppliers are not counted by the sites.

Subcontracted production activities are not counted.

Some sites have been excluded from the scope of the CSR Report for certain indicators because the data is unavailable. The Group's target is to improve its scope of reporting for future financial years.

- non-sorted waste, taken to a landfill: available for 23 sites whose production represents 86% of the total production for the scope of the CSR Report;
- other waste data: available for 26 sites which represent 95% of the total production of the scope of the CSR Report;
- wastewater volumes: available for 23 sites which represent 88% of the total production of the scope of the CSR Report;
- quality of purified water: data available for 14 sites which represent 57% of the total production of the scope of the CSR Report. For the other sites, the theoretical calculation performed up to 2011 resulted in overvaluation of part of the impact. It was therefore abandoned. The 2012 ratios have been calculated with the tonnage produced by the sites which supplied data;
- sludge spreading from wastewater treatment or untreated water plants: data available for the eight sites performing sludge spreading.

The emission factors connected to the consumption of electricity, fuel oil, gas, chlorofluorocarbons, petrol and diesel are those of the ADEME (French Environment and Energy Management Agency). The emission factors connected to the production of electricity are updated annually by the CSR expert advisor based on the data published by the International Energy Agency for the international scope and by the ADEME for the France scope.

For the greenhouse gas emissions from the Group's own fleet of vehicles, the fleet includes vehicles on long-term leases.

The reporting on the quantities of packaging material used is an estimate on the Group scope of the tonnages delivered in 2012, obtained from Bel's Information Systems (SAP and Magdalena) and/or suppliers' data and/or, in certain cases, estimates of unit weights. The indicator covers the packaging used between 01/01/2012 and 12/31/2012. All the packaging materials consumed by the Group are included in the indicator except the packaging for factories in Syria, Iran, Turkey, Portugal and Ukraine. The packaging consumed by subcontractor manufacturers is not included in the indicator.

The reporting on CO<sub>2</sub> emissions from transportation does not take into account entities which are not in the "PACE" system (Portugal, Ukraine, Turkey, Syria and Iran), excluding the export by the PACE divisions to these markets. The volumes in Algeria and Morocco transported with the Group's own fleet are not included in the calculation of CO<sub>2</sub> emissions. The calculations were performed by taking the gross transported volume into account.

Reporting on work accidents covers all the Group's industrial and tertiary sites apart from the Kiev office (around 20 employees).

- "TF Bel": this indicator, which is evidence of Bel's commitment to take all its impacts into account, is difficult to compile in an exhaustive manner. The data concerning temporary employment agencies and subcontractors can be difficult to access.

- frequency rate: the data published incorporates the accidents reported monthly by contributors. This data is not updated at the end of the year so all work accidents can be included, even those which have been rejected.

The employee-related reporting concerns all employees of all subsidiaries in the Bel Group worldwide, apart from:

- Iran;
- Syria (in July 2012, the difficult situation in Syria led to the interruption of production at the Damascus production site to protect the safety of the subsidiary's employees). This explains the significant drop in the workforce in the "Near and Middle East" region;
- Mexico, Brazil, and Argentina (four employees).

The data showed that the definition of "manager" status based on grades 1 to 7 is not systematically used by the different sites throughout the world to define a manager. Work will be performed in 2013 to harmonize the definition of "manager" within the Group.

## METHODOLOGICAL LIMITS

There may be limits to the methodologies used to report certain CSR indicators owing to:

- the distinctive features of the social or environmental laws in the various countries where the Group is located;
- the differing levels of understanding of the definitions in the Group's various countries: work on raising awareness among contributors is ongoing to reduce this error factor;
- the weakness of certain reporting tools, which increases the risk of error: the development of more effective tools is being studied;
- the difficulty in collecting certain information from the Group's stakeholders (e.g. service providers, suppliers, dairy producers);
- the unavailability of information on certain scopes;
- the use of estimates in the absence of measuring tools;
- the practical methods of collecting and entering data.

## EXTERNAL AUDIT

In order to anticipate the decree implementing article 225 of France's "Grenelle II" law of July 10, 2010, the Bel Group had all the non-financial information published in this report checked by an independent third party. The Group chose to entrust this audit for the 2012 reporting to its team of statutory auditors (Deloitte and Grant Thornton). Their opinion of moderate assurance on the Bel Group's CSR reporting in this report describes the nature of the work performed and makes comments and conclusions.

# CONFIRMATION OF PRESENCE AND LIMITED ASSURANCE REPORT OF THE STATUTORY AUDITORS ON THE SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

This is a free translation into English of one of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers.

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

## Fiscal year ended December 31, 2012

For the attention of the General Management

Following the request made to us in our capacity as Statutory Auditors for Fromageries Bel, we are presenting you with our report on the consolidated environmental, social and societal information presented in the Management Report for the fiscal year ended December 31, 2012 pursuant to article L.225-102-1 of the French Commercial Code.

## The Company's responsibility

The Company's Board of Directors must prepare a Management Report including the consolidated social, environmental, and societal information stipulated in article R. 225-105-1 of the French Commercial Code (hereafter the "Information"), prepared in accordance with the reference guide used (the "Reference Guide") by the company and available from the CSR Department at the Company's head office.

## Independence and quality control

Our independence is defined by regulatory texts, the Code of Ethics for the profession and by the provisions of article L.822-11 of the French Commercial Code. In addition, we have set up a system of quality control which includes documented policies and procedures aimed at ensuring compliance with ethical rules, professional practice standards and the applicable legislation and regulations.

## Statutory Auditors' responsibility

Based on our work, it is our responsibility to:

- attest that the required Information presented in the Management Report or, if omitted, is explained pursuant to the third paragraph of article R.225-105 of the French Commercial Code and decree no. 2012-557 of April 24, 2012 (confirmation of presence);
- express a limited assurance on the fact that the Information is presented fairly, in all its significant aspects, in accordance with the Reference Guide (limited assurance report).

Our experts in corporate social responsibility assisted us in conducting our work.

## 1. CONFIRMATION OF PRESENCE

We conducted the following work in accordance with professional practice standards applicable in France:

- We compared the Information presented in the Management Report with the list in article R.225-105-1 of the French Commercial Code.
- We checked that the Information covered the consolidated scope, i.e. the company and its subsidiaries within the meaning of article L.233-1 and the companies which it controls within the meaning of L.233-3 of the French Commercial Code, with the limits presented in the Note on Methodology.
- In the event that some consolidated information was omitted, we checked that explanations were given, in accordance with the provisions of decree no. 2012-557 of April 24, 2012.

We certify, based on this work, that the required Information is present in the Management Report.

## 2. MODERATE ASSURANCE REPORT

### Nature and scope of procedure

We performed our procedure in accordance with the ISAE 3000 standard (International Standard on Assurance Engagements) and the professional standards applicable in France. We conducted the following work to obtain moderate assurance that the presented Information does not contain any significant anomalies likely to cast doubt on its fairness, in all significant aspects, in accordance with the Reference Guide. A higher level of assurance would have required more extensive audit work.

We performed the following procedure:

- We assessed the appropriateness of the Reference Guide with respect to its relevance, exhaustiveness, neutrality, clarity, and reliability, taking into account, if necessary, best practices in the sector;
- We verified that the Bel Group has set up a procedure to gather, compile, process and control, with the aim of ensuring the exhaustiveness and consistency of the Information. We examined the internal control and risk management procedures relating to the preparation of the Information. We interviewed the people responsible for the environmental, social and societal information reporting;

■ We selected the consolidated information to be tested<sup>1</sup> and determined the nature and the extent of the tests by considering the significance of that information in relation to the social and environmental consequences connected to the business activity and the Group's characteristics as well as its other sustainable development commitments.

■ With regards to what we considered to be the most important consolidated quantitative information:

- at the level of the consolidating entity and the controlled entities, we conducted analytical procedures and took samples to check the calculations and the consolidation of this information;
- at the level of the sites that we selected<sup>2</sup> in accordance with their activity, their contribution to the consolidated indicators, their location and a risk analysis:
  - we conducted interviews to check that procedures were being applied properly and to obtain information to enable us to carry out our checks;
  - we carried out detailed tests based on samples, consisting of checking the calculations made and reconciling data with supporting documents.

The sample selected represented an average of 43% of the workforce and between 25% and 88% of the quantitative environmental information tested.

■ We conducted interviews and reviewed the related source documents for the consolidated qualitative information which we considered to be the most important in order to corroborate the information and assess its fairness;

■ For the other consolidated information published, we assessed its fairness and consistency from our knowledge of the Group and, where appropriate, by conducting interviews or consulting documentary sources;

■ Finally, we assessed the relevance of the explanations given in the absence of certain information.

## Conclusion

During our works, significant and recurring differences concerning the nature, and the length of the training courses accounted were found in our audit sample. Given the recurring nature of these differences, we consider that the quantitative information regarding training (“% of employees who attended at least one training course during the year” and “Average number of training hours per employee”) contains errors connected with an incorrect interpretation of the definition, which we were unable to assess.

Based on our work described in this report and except for the above, nothing has come to our attention that causes us to believe that the Information, presented in all material aspects, is not fairly stated in accordance with the Reference Guide.

## Comments on the Information

Without questioning the above conclusion of our report, we draw your attention to the fact that the definition of the grades given in the Reference Guide and in the Note on Methodology to compute the number of managers do not systematically correspond to the local reality in certain subsidiaries.

Neuilly-sur-Seine & Paris, April 4, 2013

The Statutory Auditors

Deloitte & Associés  
Gérard Badin      Eric Dugelay

Grant Thornton  
Vincent Frambourt      Alban Audrain

<sup>1</sup> Water consumption, Electricity consumption (all sources), Total energy consumption to produce heat, Scope 1 and 2 GHG emissions, Discharges in water in COD, phosphorus, suspended solids, nitrogen per metric ton produced, Total waste production, Percentage of waste taken to a landfill, Total workforce and per geographical region, Number of managers per grade, gender, average age, age pyramid, Number of hires and number of dismissals, Illness absenteeism rate, Average number of hours of training per employee, Accident frequency rate, Accident severity rate.

<sup>2</sup> Evron (France), Sablé sur Sarthe (France), Dole (France), Vendôme (France), Farm Tanks (France), Shostka (Ukraine), Tangier (Morocco), Koléa (Algeria), Ultzama (Spain), Wageningen (Holland).

#### **FOR FURTHER INFORMATION**

[www.groupe-bel.com](http://www.groupe-bel.com)

#### **GROUP BEL CONTACTS**

##### **CSR Department**

Email: [rse@groupe-bel.com](mailto:rse@groupe-bel.com)

##### **Fromageries Bel**

Head office: 16, boulevard Malesherbes – 75008 Paris – France – Tel: + 33 (0)1 40 07 72 50

A French limited company (société anonyme) with capital of €10,308,502.50 – SIREN no. 542 088 067 – Paris Trade and Companies Register







This document is printed in compliance with ISO 14 001. 2004 for an environment management system.

Designed and produced by:  **Labrador** +33 (0)1 53 06 30 80



Sharing smiles