

CORPORATE SOCIAL RESPONSIBILITY REPORT 2013



Partnerships
and society



Environmental
footprint



Nutrition
and responsible
products



Responsible
communication
and consumption



Committed
employer

Smiles for
the
FUTURE





A message from the Chairman and CEO

The growth of the Bel Group has always been founded on the belief that the benefits of milk should be shared with as many people as possible. Our core corporate mission is to share smiles with all families through the pleasure of dairy goodness.

In many ways, our The Laughing Cow® cheese portion symbolizes this mission. For decades, it has accompanied the dietary education of generations of children, inspiring fun and putting smiles on their faces. Its format also allows it to supply healthy, tasty nutrients to a variety of locations and its composition has been modified to suit the tastes and nutritional needs of the people who eat it.

The individual cheese portion is one of the strengths of our business model. It is my firm belief that, aside from its fun and practical aspects, this format allows us to meet the societal and environmental challenges of today's world. Its packaging helps guarantee the safety of our products right up to the moment they are consumed. It adapts to changes in lifestyles and consumer habits and allows the amount consumed to be easily quantified. Consumers say that it also helps reduce food waste. Lastly, in some cases, it permits selling by the portion, which helps us make our products more accessible.

Of course, we must also confront the negative impacts of our model, such as the environmental impact of our packaging and of dairy production itself, and the need to modify the composition of some of our products in order to enhance their "natural" content. It is our intention to further our essential role in supporting and setting an example for our various stakeholders, employees and suppliers in their corporate social responsibility initiatives. We are aware of all of these challenges. Our "Smiles for the future" corporate social responsibility program aims to implement ongoing improvement policies designed to address those challenges. I have faith in our ability to improve; our culture of innovation is key to achieve that improvement.

Ten years ago, in 2003, we formalized our responsible commitment by signing the United Nations Global Compact. Today, our approach is sturdy and strong. It acts as a firm link between the DNA of our family company and the direct and indirect impact of our activities worldwide. I sincerely believe that, over the years, our employees have taken on board both our overall corporate social responsibility and the individual challenges each of them must meet in their respective roles. I am delighted to note the improvements we have made and I want to thank them for their commitment. Our commitment and our progress have been hailed by external organizations, who have given a positive assessment of our CSR performance. In addition, the internal opinion survey we carried out in 2013 also emphasized the interest and commitment shown by our employees all over the world: 64% of them say they are proud to belong to the Bel Group and 63% believe that the company is doing its best to be a responsible business.

I invite you to read about the progress made in 2013 and our goals for the coming years.

Happy reading,

Antoine Fiévet
Chairman and CEO
of Fromageries Bel



“
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about the progress made
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for the coming years.
”

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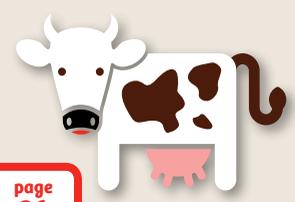
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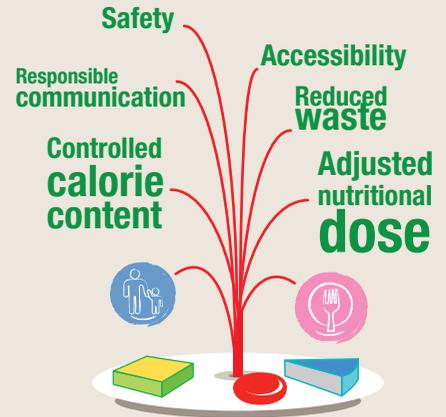
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Our “Smiles for the future”
CSR program forms part of
the Group’s value creation system.

Five pillars

that reflect our business model and ensure its sustainability:



Partnerships
and society



Environmental
footprint



Nutrition &
responsible
products



Responsible
communication &
consumption



Committed
employer

2,720
SALES
million
euros
+2.7%
vs 2012

5 activity ZONES



27 production
sites

Products sold in

120
COUNTRIES



5 CORE BRANDS
representing
70% of sales



Approximately
10,800
employees

1

The Bel group's CSR program

We have significant potential for long-term growth, which nonetheless depends on the highly changeable socio-economic context and the environmental challenges facing the planet being properly taken into account. The commitments we undertake in our “Smiles for the future” Corporate Social Responsibility (CSR) program and the principles of responsibility we set for ourselves go hand-in-hand with our economic performance. The principle of transparency on our Group-wide commitments and improvements is new for us. We are therefore proud of the welcome given by our stakeholders to the first CSR report, which we published last year.

1.1 Trends and challenges facing Bel

There are a number of “macro-trends” interacting and significantly affecting the global socio-economic context in which we operate. However, we have identified four that have the most direct impact on our growth strategy.

Adapting to worldwide demographic growth and new wealth distribution

In 2050, the world's population will be around nine billion, which is two billion more than in 2009.

According to the OECD (Organization for Economic Co-operation and Development), this population growth is a result of an overall increase in wealth and will be accompanied by an explosion in the middle classes, which are predicted to grow by 172% between 2010 and 2030. The OECD defines “middle class” as the population with a buying power of between US\$10 and US\$100 a day⁽¹⁾.

Increases in consumer buying power are always accompanied by changes in eating habits. According to the Food and Agriculture Organization of the United

Nations (FAO), these changes will lead to a significant rise in the amount of cheese consumed per person.

These demographic changes represent a real growth opportunity – especially in Africa – for our brands, whose taste qualities are already popular all over the world.

Ensuring healthy balanced diets across the world

Feeding nine billion people – i.e. eliminating hunger all over the world – is one of the United Nations' Millennium Development Goals and reducing waste is one of the key challenges for achieving this goal, especially as, according to the FAO, one third of the world's food produced for human consumption turns into uneaten waste⁽²⁾. It is also crucial to improve access to food for those who need it.

Ensuring the safety, healthiness and quality of food all over the world is the second challenge.

Lastly, the third lies with offering a balanced diet that is good for health and well-being and helps combat excessive weight gain and obesity, which are major



⁽¹⁾ Working Paper No. 285 - The Emerging Middle Class in Developing Countries © - OECD Development Centre (2010)

⁽²⁾ Global food losses and food waste – FAO (2011)



The dairy industry is affected by climate change throughout its value chain. ▲

public health issues in both developing and emerging countries. According to the United Nations' 2013 report, around one in six children aged under five are underweight and one in four children are stunted. At the same time, it is estimated that 7% of children aged under five are now overweight, one quarter of whom live in Sub-Saharan Africa.

Our business model makes the benefits of dairy products accessible in the form of individual portions bearing brands that are recognized by and popular among families. It is our main asset to contribute - within our means - to meeting these challenges.

Adapting to climate change and its impact on the environment

The agrifood industries are heavily exposed to the consequences of climate change, the growing scarcity of fresh water and natural resources, declining biodiversity and pollutant emissions in the air, soil and water.

The dairy industry is thus affected throughout its value chain, from cow milk yields - which depend on weather conditions - through to consumers, who are increasingly concerned with how their diet impacts the environment.

The livestock farming sector is of great social and economic importance in many countries. It boosts local areas by maintaining employment. Managing and preserving natural resources is a major challenge for livestock farming: although some practices can harm biodiversity, livestock farming is often a key activity in rural areas for producing food, as well as for managing natural resources, preserving biodiversity and enhancing certain regions. Within the various dairy-production regions where we directly collect some 1.5 billion liters of milk, we are an attentive partner to more than 3,300 producers, helping them reduce their environmental footprint and anticipate the consequences of climate change on the farming and feeding conditions of their herds.

As a dairy processor, we strive to grow our business while reducing our direct impact on the environment and anticipating the consequences of climate change on our operations, wherever we produce and from wherever we are supplied. We pay particular attention to problems arising from the growing scarcity of water.

Consumers: demanding more and more from companies and products

Social and environmental concerns are increasingly taken into account by consumers when they buy products. At the same time, the ubiquitous, high-speed connection afforded by smartphones and social networks means that consumers are constantly interacting. Whenever they like, they can look for information or post and share opinions. These conversations can have a significant impact on the reputation of our business and our brands, and on their decision to buy our products.

These changes offer excellent communication opportunities for brands, but they also represent a threat to those that are unable to confront this major change in the world in which they and their consumers act.

We view this change as a great opportunity to give our consumers clear, relevant information that informs their choices and to communicate our CSR commitments and the progress we make.



We provide our different stakeholders with information about our CSR program. ▲



1.2 Bel: a unique model

Our Group, which is run by the fifth generation of family managers, has unique characteristics that make its business model so strong: our original signature – “Sharing smiles” – reflects not only the enthusiasm and optimism rooted in the company’s genes, but also the commitment of our 10,830 employees. For us, sharing created value is not just about sharing the financial rewards of our business performance. We also place great importance on non-financial benefits – those that are social and societal in nature – which our employees and other stakeholders can enjoy. Our CSR program is a major driver in continuing our success story: that of a

high-performing company in which each employee feels at ease.



The 5 pillars of our CSR program

Our CSR program is specific to us: firstly, because it addresses the issues that directly affect our growth strategy and, secondly, because it draws on our very nature as a global operator in the agrifood industry...

- ▶ that makes total purchases of around €2 billion every year from a range of suppliers and that is present in communities across 33 countries...
- ▶ that makes innovative, attractive products on 27 production sites...
- ▶ whose products are consumed by some 400 million consumers in more than 120 countries and...
- ▶ whose products are sold under well-known brand names. Finally, we are...
- ▶ an international employer with more than 10,800 employees.

We have therefore structured our “Smiles for the future” Corporate Social Responsibility program around 5 pillars:



Committed employer: ensuring individual development and collective performance through a mutual commitment with our managers and all of our employees.

Responsible communication and consumption: creating engaged brands that act as ambassadors for our program.



Partnerships and society: building long-term partnerships with our suppliers and civil society to lay together the foundations for sustainable growth.

Environmental footprint: reducing the environmental footprint of our entire value chain, while ensuring the continued growth of our brands.

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

A program integrated into our strategy

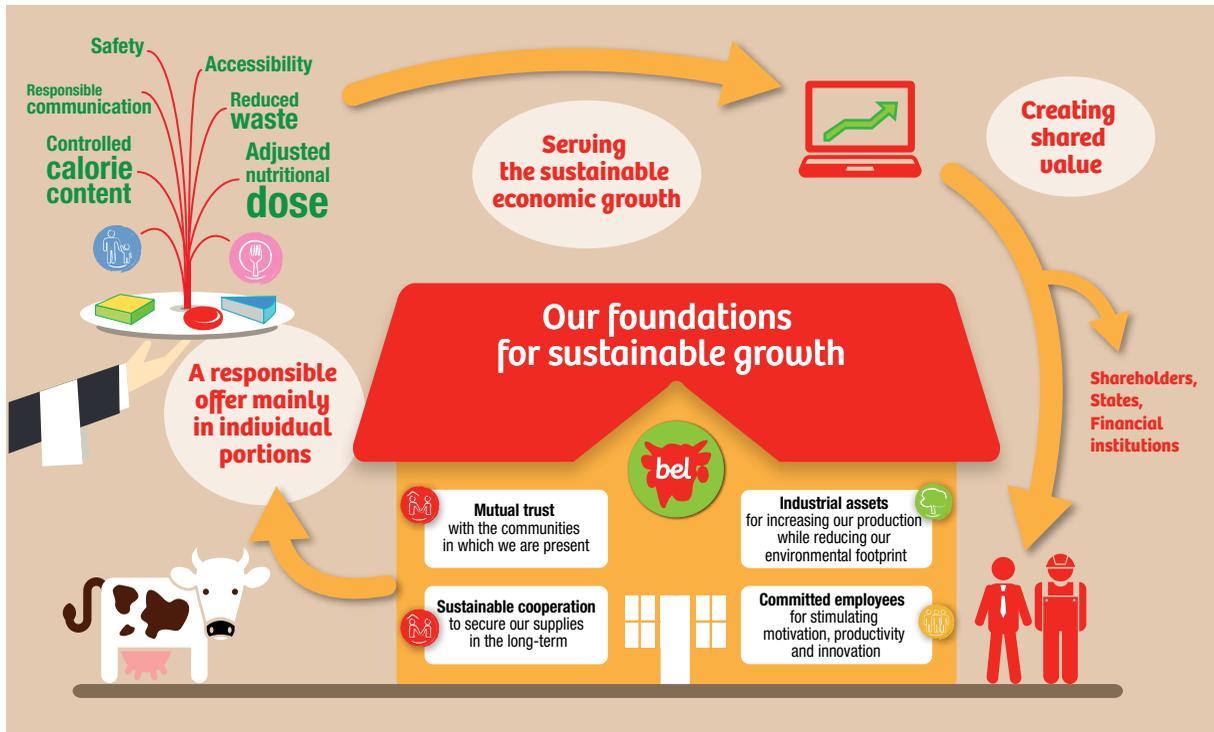
We decided to name our CSR program "Smiles for the future". This adaptation

of our "Sharing smiles" corporate signature puts our program at the heart of our Group's growth strategy.

We want our CSR program to be pragmatic, as well as fully integrated into the

daily activities of our teams and our value creation system. We are the leader in single-serving cheese portions; this business model is a major asset for achieving our stated CSR goals.

Individual portions serving our sustainable growth model



Sharing the value created by our business model

The strategic choices we make with respect to sharing the value created by our business model are designed to serve our goals and lay the foundations for the future of our Group.

 We employ 10,830 employees worldwide who enjoy fair, transparent compensation (see "Share success"), a fair return on the value they help to create and a range of employee benefits (see "Enjoy our workplace"). We place particular importance on developing their skills (see "Grow further together") through training programs tailored to their needs and expectations which allows us to promote

internal mobility and thus offer our employees new opportunities by enabling them to deploy our growth strategy.

We invest considerable resources, both financial and human, in offering our consumers across all of our markets the safety, wholesomeness and nutritional quality they expect of our cheeses.

 We collect milk directly from 3,300 milk producers in France, the Netherlands, Portugal, Ukraine and Slovakia. We also have a large number of very small producers in Ukraine. Aside from the economic ties that bind us, we provide them with our expertise to help them develop more sustainable practices, (see "Promoting more sustainable dairy production") that will have a positive impact on the environmental footprint of our value chain.

We have decided to deploy a similar approach with some of our distributors, mainly in sub-Saharan Africa, whom we support in their desire to implement more sustainable practices (see Focus "Committing our distributor partners to a CSR program").

 Our portfolio comprises some 200 suppliers of raw materials (excluding milk) and 7,000 other suppliers of goods and services, all over the world. We seek to forge solid, lasting commercial relationships with them, in order to minimize any supply-related risks. Wherever possible, local procurement is favored in order to help develop the local areas in which we operate (see "Our Sustainable Purchasing policy").

With the same local involvement in mind, some of our entities are developing



distribution models that use street vendors: the "Sharing Cities" program combines economic growth with a social impact (see Focus next page).

 In 2013, the Group paid €72 million in taxes to Governments and local authorities, thus contributing to the public projects in which these sums are invested. The Group's average tax rate is 40.2%. This rate, which is close to the official rate of its parent company in France, demonstrates a similar level of contribution for the rest of the world.

 The Group has little debt contracted with financial institutions (net debt of €54 million at the end of 2013, for equity of €1,212 million, of which 99% is held by the majority shareholders and

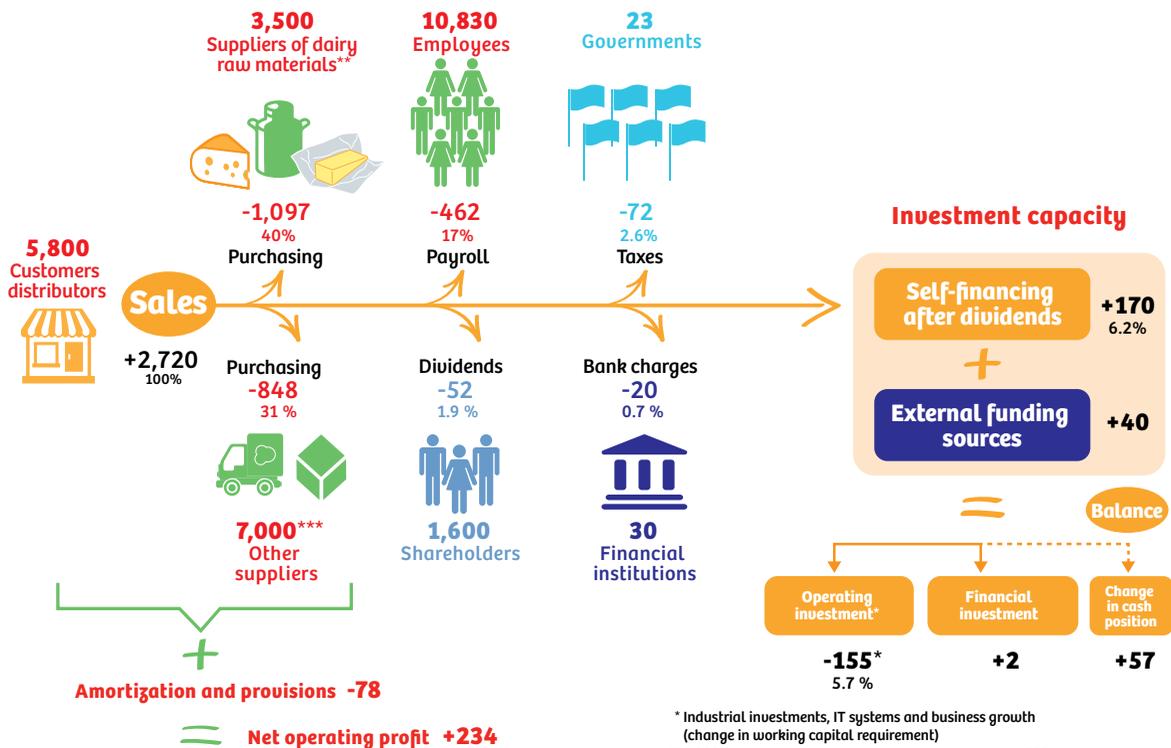
1% by the minority shareholders) and its level of debt has decreased steadily since the acquisition of Boursin in 2008, as a result of targeted investment and disciplined, prudent financial management. We award grants through our corporate foundation to charitable organizations and projects supported by our employees in various countries across the world. This amount came to €230,325 in 2013. Moreover, the amount of financial dotations granted by our different entities came to €776,599 (see "Supporting the communities in which we are present").

 The amount not invested back by the Group's shareholders came to €52 million in 2013 (paid in the form of dividends), i.e. 1.9% of Group sales.

40.2%
Bel group's average tax rate

€ 230,325
Grants awarded to local projects by the Bel Foundation

Sharing the value created by our business model (2013 Values, in € millions)



* Industrial investments, IT systems and business growth (change in working capital requirement)
 ** 3,300 dairy producers (except Ukrainian farmers) and 200 other suppliers of dairy raw materials
 *** With annual sales above 10KE

FOCUS

Sharing Cities: an example of sharing created value

The main hindrance to the accessibility of food products in developing countries often lies in the last mile to be traveled to reach the consumer, owing to infrastructures that are often insufficient, the distance between consumers and even the absence of sales networks.

At the same time, in these very same countries, there is an informal sector that accounts for the majority of jobs and economic activity and thus constitutes an essential source of income for many households. The informal sector is mainly made up of street vendors, who mainly sell food products to low-income consumers.

This sector – which is threatened by the rapid modernization of developing countries' economies – is characterized by low job security, lower incomes, a lack of access to many basic social services and a very slim possibility of participating in formal education and training programs.

The Sharing Cities platform developed by Bel Access (see *"Innovating to make our products more accessible"*) is an innovative approach to meeting the challenge of the "last mile" and helping to improve the social conditions of street vendors – most of whom are women – in urban and suburban areas.

The goal is to enable the Group's

entities to implement distribution models that help women (street vendors, female micro-entrepreneurs, etc.) become more independent, grow their income by selling Bel products and enhance their quality of life through access to social services.

This platform details the various steps to be followed and provides – for a given town – the elements needed to understand how the informal sector is organized, carry out a market study, set up and deploy a pilot project, identify key partners in civil society, and implement a tailored social support program and measure its actual impact

The two models implemented

Two projects are currently ongoing – one in Ho Chi Minh City, Vietnam, and the other in Kinshasa, Democratic Republic of the Congo – and are already benefiting some 2,100 street vendors.

In Ho Chi Minh City, Vietnam, we employ fruit and vegetable street vendors, with around 300 people currently taking part in the project. They have access to professional training, micro health insurance and, beginning in 2014, micro-credit services. To offer these services, we work with national and international partners such as the European Institute for Cooperation and Development (for street vendor training) and Groupama Vietnam (for micro health insurance).



As part of the **"Maman Mapas" project, launched in the Democratic Republic of the Congo in 2010**, around 1,800 women sell sandwiches containing Bel cheeses in the streets of Kinshasa.

Our goal is to extend this program to 5,000 street vendors in five towns by 2050. These projects, which are structured in partnership with local stakeholders, have both social and economic benefits for street vendors:

- additional income generated by selling Bel cheeses
- improved professional skills, thanks to the training programs given (managing a micro-business)
- improved social conditions, thanks to the social services offered (micro health insurance)
- access to financial services (banking, micro-credit) to help them develop their business

And for the local economy:

- modernization, structuring and improved efficiency of informal distribution networks
- formalization of the informal sector through the assistance provided to help informal workers into the formal sector (acquisition of licenses, payment of taxes, etc.).



1.3 Our Corporate Social Responsibility principles

Our international expansion leads our employees to conduct their activities all over the world. Wherever they work, we expect them to show exemplary behavior at all times. With this in mind, our Code of Best Business Practices sets out the principles that must be implemented in all of our activities, both within our teams and with our external stakeholders (subcontractors, suppliers, etc.).

This Code explicitly refers to the principles laid down by the Universal Declaration of Human Rights, the fundamental conventions of the International Labor Organization (ILO) and our membership of the United Nations Global Compact.

Respect for human rights and the rights of children are two key commitments.

We have been a signatory to the United Nations Global Compact since 2003.



We undertake to adopt, uphold and apply each of the ten fundamental principles of the Global Compact in support of human rights, labor laws, the environment and anti-corruption, not just in all of the activities that ensure our economic growth, but also in the relationships we forge with our partners (suppliers, subcontractors, customers, distributors, civil society, etc.).

These principles are incorporated into the culture and activities of our Group. Every year, we report on the progress we make on each of these 10 principles in a Corporate Social Responsibility Report, which is copied from a dedicated chapter within our Registration Document.

In 2013, we renewed our commitment to follow and promote the principles of the Global Compact. We submitted our Communication on Progress at "Advanced" level.

Antoine FIÉVET

Chairman and Chief Executive Officer of Fromageries Bel. December 18, 2013

Ethical compliance

In 2012, we drew up a Code of Best Business Practices, which formalized the principles we had been following for many years.

Code of Best Business Practices

In accordance with the laws and regulations applicable to the Group, this Code aims to establish a minimum set of common rules in order to ensure the compliance of our operations, guarantee the basic rights of our 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 we intend to apply in our business practices and specifies the rules that should govern the behavior of our employees in their professional practices.

It has already been translated into nine languages and will be translated into 17 languages in 2014. It is available in French and English on the Group's website.

A guide has been drawn up to help understand and implement the Code. It lists

example questions employees may have to assess the level of compliance with the principles set out in the Code. The guide is available in French and English and can be accessed on the Group's website.

The Code and the guide were presented to all managers who took the special CSR training course (see "Mobilizing all of our employees"). At the end of 2013, 169 managers had taken the training.

In 2014, a procedure to present the principles of the Code of Best Business Practices to all Group employees will be deployed.

Ethics Committee and Ethics expert advisors

In 2013, we created an Ethics Committee, which ensures that the principles and behavioral standards set out in the Code of Best Business Practices are known and followed by all of our employees. The Committee verifies that reports of behavior contravening the code are acknowledged and dealt with and can examine the most sensitive cases as it sees fit.

The Committee meets three or four times a year. It is assisted by Ethics expert

advisors, one of whom is appointed for each of our five operating regions.

A practical guide for the members of the Ethics Committee and the Ethics advisors summarizes the concrete actions to be undertaken when they receive a report via the procedure laid down by the Code of Best Business Practices.

Fighting corruption

We generate 30% of our sales in countries where the risk of corruption is high or very high (with a score above 40 in Transparency International's 2012 Corruption Perceptions Index).

We have developed guidelines to be followed in order to avoid any attempted bribery and shared them with the teams operating in these countries as a priority. These guidelines, together with our policy on gifts, invitations and travel, are communicated to employees on the Group intranet. In 2014, we shall examine the possible deployment of a "hotline" that will provide an effective means for employees to report to us on such matters.

Respect for human rights

As a signatory to the United Nations Global Compact, we are committed to promoting and complying with its human rights principles both within our teams and in our sphere of influence, and to ensuring that the Group is not an accessory to or in any way complicit in violating such principles.

Employees

Around 40% of our employees work in countries where the risk of human rights abuses is deemed high or extreme according to the Human Rights Risk Index 2013 (Maplecroft).

Protecting the basic rights of our employees is one of the seven principles of our

Code of Best Business Practices. These basic rights are inspired by those set forth in the Universal Declaration of Human Rights and the conventions of the International Labor Organization: the abolition of child labor and forced labor; hygiene, health and safety; non-discrimination; equal opportunities based on merit and skill; zero tolerance of sexual and moral harassment; freedom of association and the right to collective bargaining, and freedom of political affiliation.

In our plants, especially in high-risk countries, we take special care to ensure that these principles are applied and do not accept any violations.

Suppliers and subcontractors

We make sure our subcontractors and suppliers respect the basic rights of their own employees.

Firstly, our Sustainable Purchasing Charter underlines the ten principles of the United Nations Global Compact and sets forth the fundamental principles that our 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 our suppliers using the EcoVadis tool, which places particular emphasis on respect for human rights and business ethics (See "Our Sustainable Purchasing policy").

In 2013, we enhanced the monitoring of our suppliers of promotional items whose plants are mainly located in China. CSR-based audits focusing on working conditions and respect for human rights were carried out.

We generally prefer to encourage our suppliers to improve, rather than suddenly terminating our business relationship with them, which can present a real and significant risk in terms of their respect for human rights.



◀ 40% of our employees work in countries where the risk of human rights abuses is deemed high or extreme. Protecting their basic rights is one of the seven principles of our Code of Best Business Practices.

Respect for children's rights

Given the firm link between some of our brands and children, we are particularly attentive to the multiple direct and indirect effects that we have on this vulnerable group of people.

Abolition of child labor

According to the ILO, 215 million children have to work in order to survive and five million children are the victims of forced labor. The abolition of child labor is clearly set out in our Code of Best Business Practices. "The Bel Group does not accept the use of child labor under any circumstances,

either within the company or by its subcontractors or suppliers. It is therefore of fundamental importance to respect the minimum legal age applicable in every country in which the Bel Group operates. In all cases, this minimum age must not be lower than 15 years, or 18 years for hazardous or especially difficult work, as stipulated by International Labor Organization Conventions 138 and 182".

We are committed to ensuring that our suppliers do not use child labor: our Sustainable Purchasing Charter, which we share with them, also emphasizes this ban.



Promoting healthy eating among children



Our Sustainable Purchasing Charter emphasizes that our advertising must not encourage children to eat too much or to eat throughout the day. In addition to this basic requirement, we believe it is important to promote eating habits that are beneficial to the health of children and teenagers. In many countries, therefore, our brands seek to encourage young people to adopt good eating habits that will have an influence on the rest of their life. We also offer our catering customers a tool to develop balanced menus that can be served in school canteens (see "Developing responsible advertising and promotional campaigns").

Finally, the promotional campaigns we hold in schools, in accordance with local legislation, are systematically accompanied by messages promoting good eating habits.

Communication

We apply specific principles of responsibility when addressing consumers aged under 12.

Principles of advertising aimed at children

In our Sustainable Purchasing Charter, we set out the principles to be followed when addressing our consumers aged under 12. Our advertising:

- must not encourage them to copy aggressive or violent behavior;
- must not give them the impression that dangerous or reckless behavior is acceptable, including when at play;
- must not devalue the authority, responsibility or judgment of parents and educators;
- must allow children to identify the advertising and promotional nature of the messages aimed at them quickly and easily;
- must not induce a feeling of urgency to buy a product, for example through terms such as "straight away", "now", etc.

Cheeses designed especially for children

France's National Health and Nutrition Program recommends three dairy products a day, and four for children. Some of our recipes are designed taking the daily needs of this target into account (see "Improving the nutritional quality of our products"). For example, in 2012, we reduced the fat and salt content of the Kiri® recipe sold in Western Europe.



Protecting children's privacy

We believe that parents should be informed of the relationship our company and our brands establish with their young children. We therefore request the address of the parents or guardians of internet users aged under 12 in order to send them a copy of the registration e-mail addressed to their children. At any time, parents or guardians can request access to the personal data recorded about their child and, should they so desire, ask for it to be removed from our database (see also "Safeguarding consumer data and privacy").

The Bel Foundation

Bel's Corporate Foundation places children at the heart of its activity. For example, some of the projects it supports aim to combat malnutrition in children and create infrastructures related to the nutrition of children and teenagers (see "Supporting the communities in which we are present").



The Bel Foundation supports projects ▲ in favor of childhood, including the one of the charity "L'île aux enfants".

Responsible lobbying

When we undertake lobbying actions, we do so responsibly and in accordance with our Code of Best Business Practices, primarily in order to make sure that legal and regulatory decisions are applied in a manner that is technically and economically realistic.

Our lobbying practices mainly consist of joining professional bodies that defend the interests of our industry, and sharing the lessons learned from our expertise and our market knowledge within their working groups on topics liable to have a direct impact on our company (e.g. the product environmental performance labeling project).

We are in the process of identifying our representatives on these bodies, who will inform their teams of the progress of the projects affecting them.

FOCUS



Bel joins the European "Supply Chain Initiative"

The European institutions want to promote more balanced relationships throughout the food supply chain. The "Supply Chain Initiative" is a voluntary program launched by seven EU-level professional associations (including the European Brands Association (AIM), which we joined in 2013).

A large number of businesses in the food and retail industries have expressed an intention to sign up to the initiative, which was officially launched in Brussels on September 16, 2013 at an event attended by representatives from the European Commission.

A set of Principles of Best Practices shared by the various operators involved in the food supply chain – agricultural players, the food and drink industry and the retail sector – was formalized. This is a voluntary framework of self-regulation that defines ten shared principles for conducting trading relations.

Most of these principles are identical to commitments undertaken in our Code of Best Business Practices. In mid-2013, we signed a letter of intent that requires us to promote and follow these ten principles. All of our European subsidiaries are currently carrying out a self-assessment of their trading practices, using a tool provided by the Supply Chain Initiative to ensure their compliance with the rules. An internal process for resolving trade disputes is one of the measures to be implemented. An e-learning course offered by the Supply Chain Initiative platform will be gradually rolled out to help our European subsidiaries understand and implement the principles of good business practice.

1.4 Our desire to demonstrate accountability

This year, for the second time, we have presented our CSR goals and achievements in a single document - the Bel Group CSR Report.

This report, compiled by the Group's CSR Department, sets out the progress we have made, our best practices and our improvement targets for the coming years.

Managing our non-financial performance

We consider the reporting requirements pursuant to France's "Grenelle II" law of July 10, 2010 as an opportunity to improve how we manage our non-financial performance.

Our environmental, social and societal indicators, which are selected by the group's CSR Leaders (see "CSR relays in the organization"), allow us to measure our progress and ascertain the efforts required to achieve the goals we set for ourselves. The

performance we have achieved reflects the local and cross-sector initiatives that we want to share and highlight, with the goal of inspiring new projects and further developing the sense of pride in belonging to the Bel Group.

This report contains information derived from the GRI's Sustainability Reporting Guidelines (see "Cross-reference tables").

Reporting scope

The published data covers all Bel Group subsidiaries and entities over which it had operational control during 2013 and, more specifically, the Group's entities consolidated in the annual financial report.

The data collected covers the period from January 1 to December 31, 2013. Where the history is available, the data is given for the last three financial years. Where employee-related reporting is concerned, only 2013 is presented, as the precision

of the definitions used and the greater reliability of the data in 2013 do not allow a comparison with the previous year to be made.

Specific features of the 2013 reporting scope

Environmental reporting covers all of the Group's industrial and research sites with the exception of Iran (i.e. 27 industrial sites), its collection centers, warehouses, and the Group's headquarters.

Social reporting covers all of the Bel Group's subsidiaries with the exception of Vietnam and Syria (i.e. 31 subsidiaries) and one person present in Argentina until 12/31/2013.

When an indicator is calculated on a scope that differs from those mentioned above, the coverage rate is always stated (see "Note on methodology").



Auditing of our CSR reporting

In accordance with Article L. 225-102-1 of the French Commercial Code (the "Grenelle II" law), we appointed our Statutory Auditors as the independent third party organization responsible for auditing Chapter 2 of the 2013 Registration Document, on a global basis, according to the provisions of the order of May 13, 2013 (published on June 14, 2013 and enshrined in articles A. 225-1 et seq of the French Commercial Code). The report issued by the independent third party organization and information on the reporting methods are included in our Registration Document. This report attests to the presence and sincerity of the environmental, social and societal information, both qualitative and quantitative, included in Chapter 2 and contained in this CSR Report.

Where to find information

All of the social, environmental and societal information we are required to provide pursuant to Article L. 225-102-1 of the French Commercial Code is included in our Registration Document, containing the annual



financial report and filed with the French Financial Markets Authority (AMF) on April 3, 2014, and available on the website www.bel-group.com.

Given the importance we place on these issues, we have opted to publish the same information in this document, illustrating concrete achievements which the reader will find mainly under the sections entitled "Focus".

We have also presented this information in summarized form in the Group's Business Report and the "Sustainability" section of our website.

In 2014, we will transform our CSR-dedicated website, smilesfortheplanet.com into an internal platform, and transfer its public contents to our Group website. A series of fun short films will explain the five pillars of our program.

In order to make our CSR report more accessible to our stakeholders, it can be obtained from various sources: unglobalcompact.org (as part of our commitment to the United Nations Global Compact), the Global Reporting Initiative's Sustainability Disclosure Database, CorporateRegister.com and Ethicalperformance.com.

1.5 External recognition

Gaïa Index: Bel makes the top 5 of 109 companies in the Industry Sector

In 2013, we were ranked fifth in the Industry Sector on the Gaïa Index, an extra-financial index dedicated to medium-size companies. It represents a climb of five places since 2012. The assessment emphasized our environmental performance in particular, with a score of 100% based mainly on our process for identifying

priority issues in the industry, our life cycle analyses and our results obtained in terms of energy consumption and greenhouse gas emissions. We also achieved a score of 100% in the "external stakeholders" category, which was mainly the result of our program launched in 2009 to assess the CSR performance of our suppliers.



Gaïa Index
Bel moved up
+5 spots
in the ranking
between 2012 and 2013

"Gold" status awarded by EcoVadis

As well as employing the EcoVadis tool to assess the CSR performance of our suppliers all over the world, we also use it on a voluntary basis to assess

our own performance. With a score of 65/100 in 2013, we ranked in the 9% of top-scoring companies evaluated by EcoVadis, obtaining "Gold" status.



EcoVadis Scoring
+10 points
between 2011 and 2013

Our 2012 CSR Report is one of the «CR Reporting Awards 2014» finalists

Finally, our 2012 CSR Report is one of the ten finalists for the "2014 CR Reporting Awards", in the "Openness and Honesty"

category. The winner will be voted on by web users in early 2014.



Ever attentive to our stakeholders,
we want our “Smiles for the future”
CSR program to be pragmatic,
motivating and engaging.

- ▶ **A CSR structure** that is channeled through every level of the group, every activity and every entity.
- ▶ Internationally-renowned **external reference guides**.
- ▶ **“Bel” reference guides** shared internally and externally.
- ▶ Partners and employees who are **motivated and committed**.

A network of **15** **CSR LEADERS**

in charge of deploying the CSR program
by drawing on their local networks



A Code of Best Business Practices

gradually translated into

17 LANGUAGES

10
YEARS **MEMBERSHIP**
of the United Nations
Global Compact





2

CSR at the heart of our activities

Our financial performance depends on sustainable governance and a determination to uphold ethical principles in all of our activities.

In 2013, we reached a stage in the deployment of our program that justified modifying our CSR organization, with a view to enhancing the mobilization of all of our teams around our “Smiles for the future” plan.

2.1 Our governance

Management teams

Governance

Fromageries Bel is a French corporation (société anonyme) listed on NYSE Euronext Paris.

At December 31, 2013, 71% of its share capital was owned by Unibel and the members of the Fiévet-Bel family group.

At the same date, Unibel, the lead holding company of the Bel Group, was 80% owned by the members of the Fiévet-Bel family group. It defines the long-term vision and the strategy aimed at guiding the Group’s growth and ensuring its profitability and independence.

The company’s management system

Fromageries Bel is managed by a Board of Directors whose Chairman is also the company’s Chief Executive Officer. The Board of Directors deemed that combining these two roles would suit the way in which the company is organized and run, while fostering decision-making and accountability and making both more efficient.

In his role as Chairman of the Board of Directors, Antoine Fiévet organizes and supervises its work, on which he reports to the Annual General Meeting. He oversees the proper operation of the company’s

various bodies and ensures in particular that the directors are able to fulfill their roles.

In his role as Chief Executive Officer, Antoine Fiévet has the broadest powers to act in all circumstances on behalf of the Company, subject to the restrictions on his powers stipulated by the Board of Directors’ internal regulations. He exercises his powers within the limits of the Company’s corporate purpose and subject to the powers expressly vested by law in Shareholders’ Meetings and the Board of Directors.

He is assisted in the performance of his duties by two Deputy Chief Executive Officers: Bruno Schoch, who is in charge of the Group’s financial and legal affairs and information systems, and Francis Le Cam, who is in charge of operations.

The members of the Group’s Senior Management – the Chief Executive Officer and the two Deputy Chief Executive Officers – generally meet on a weekly basis to confirm and ratify decisions, drawing primarily on the recommendations made by the Group Management Committee, and to oversee the economic, social, environmental and societal performance and risk exposure of the Group.

The Board of Directors

The Board of Directors rules on all decisions relating to the Company’s major strategic, economic, social, financial, industrial and environmental directions and oversees their implementation by Senior Management. The Board is kept informed on a regular basis, either directly or through its committees, of any significant event affecting the conduct of the Company’s business.

The Board of Directors is assisted in the performance of its duties by two specialist committees, both of which meet around four times a year and may themselves be assisted by experts of their own choice.

The Board of Directors 2013

7 members

1 female • 2 Non-French directors • 3 directors representing the family shareholders • 4 independent members*

5 meetings

97.2% Attendance rate of directors

*within the meaning of the MiddleNext corporate governance code, to which Bel refers with respect to its governance.

The Audit Committee

The primary role of the Audit Committee is to monitor the financial reporting process, with respect to the efficiency of internal control and risk management systems, the legal auditing of annual and consolidated financial statements by the Statutory Auditors, and the independence of the Statutory Auditors.

The Appointments and Compensation Committee

The primary role of the Appointments and Compensation Committee is to submit any and all proposals and recommendations to the Board of Directors relating to the selection and appointment of managers and corporate officers.

It makes recommendations to the Board of Directors concerning the determination of directors' fees, the award of bonus shares and/or stock options and, in a general sense, the compensation paid to corporate officers. It advises Senior Management on the consistency of the compensation policy for senior executives and members of the Management Committee. Moreover, it is kept informed of the compensation policy for all Group staff. This Committee is currently assisted by an external expert.

The Group Management Committee

The Group Management Committee is co-chaired by the two Deputy Chief Executive Officers. On a monthly basis, it brings together the eight Vice-Presidents,

each of who is responsible for one activity (Human Resources, communication and sustainable development, Industrial Operations, Marketing) or one of the Group's five geographical regions (Western Europe, Northern and Eastern Europe, Americas – Asia-Pacific, Near and Middle East and Greater Africa).

It coordinates the Group's operations and is responsible for the proper execution of its strategy, CSR program and business line policies, and for achieving the Group's annual and multi-year targets. It makes recommendations to Senior Management on the optimization of operating performance and on business line policies.

The Group's governance is detailed in its Registration Document.



General management and Management committee. ▲

CSR organization

The CSR Department

The CSR Department reports directly to the Vice-President of Human Resources, Communication and Sustainable Development, who in turn reports to the Group's Chairman and Chief Executive Officer. The CSR Department has overseen the CSR program since 2010. The "Smiles for the future" operational commitment plan and its specific targets are validated by Senior Management and monitored by the Group Management Committee, under the supervision of the Board of Directors.

The mission of the CSR Department is to:

- ensure that environmental, social, and societal issues are taken into consideration in our growth strategy;
- work with the various corporate divisions to ascertain the level of ambition we wish to achieve with respect to each pillar of our program;
- ensure that the initiatives implemented are consistent with these ambitions;
- train employees and develop their awareness so that they can play an active role in our improvement process and act as its ambassadors;
- ensure that the measuring tools needed to coordinate improvement more effectively are in place;

- share our CSR policy and the progress we make with our internal and external stakeholders (drafting this report, updating information available on the web, responding to queries from stakeholders, etc.).



CSR Department. ▲

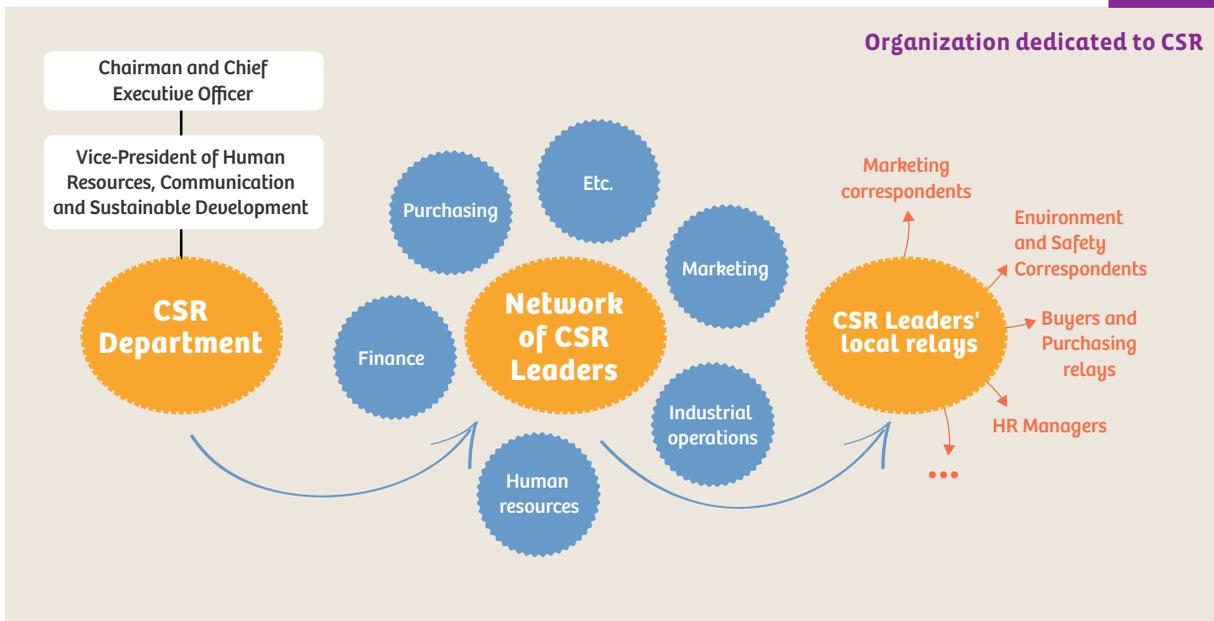


CSR relays in the organization

The momentum created by the CSR Department is channeled throughout the Group.

Fifteen experts – the “CSR Leaders” – within the various corporate divisions (marketing, industrial operations, human resources, purchasing, finance, etc.) are responsible for the areas of progress identified for each pillar.

In 2013, their role was enhanced, as they are now in charge of relaying the action plans aimed at achieving the goals connected with their areas of progress, drawing on their own networks within the various entities (subsidiaries and/or plants).



FOCUS

Testimony of a CSR Leader



Vincent Delaunay,
Group's milk expert and CSR Leader in charge of the "Promoting more sustainable dairy production" area of progress.

"My mission is to propose clear, coherent objectives, taking into account the Group's ambitions in terms of its contribution to sustainable dairy production and the constraints encountered in the various dairy-

production regions where we collect milk. To accomplish this task, I work closely with the six Milk Purchasing Department managers in the countries in question, who help our producers develop more sustainable dairy production that meets our supply needs.

I work with each of them to determine the priority issues in each region. I make sure the actions and processes implemented match our ambitions and help achieve the goals set at central level.

My cross-sectoral viewpoint allows me to act as a link between the Group's CSR Department and the national Milk Purchasing Department managers, and to share with them best practices that are likely to be copied. For example,

in 2014, we will take inspiration from a tool deployed in Portugal in 2013 and based on best livestock farming practices to implement improvement actions in Slovakia.

Finally, my role is to analyze and anticipate key trends and the expectations of our stakeholders in relation to livestock farming practices. Through awareness-raising and training sessions, I also regularly refresh the knowledge of my local relays on emerging issues. For example, animal welfare, on which our stakeholders are placing a growing emphasis, was the main topic at the milk Purchasing Managers' seminar held in 2013".

2.2 Our reference guides

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

National and international frameworks

We have developed our program in response to the major issues associated with our activities, drawing on three international frameworks: the United Nations Global Compact, the ISO 26000 standard and the Global Reporting Initiative.

Furthermore, our progress reporting satisfies the requirements of the decree implementing Article 225 of France's "Grenelle II" law (see "Cross-reference tables"). Finally, the implementation of the CSR program within our Group is based on a set of standards and reference guides (international, national, sector-based, etc.) specified in this document.

In order to gradually integrate environmental, social, and societal issues into all of our decision-making and implementation processes, we use the following international reference guides:

- ISO 14001 for environmental management (see "Our environmental policy");
- the international reference guides recognized by the Global Food Safety Initiative

Correspondence between the 7 core issues of ISO 26000 and our CSR program

CORE ISSUES OF ISO 26000	THE BEL GROUP'S CSR PROGRAM
Organizational governance Human rights Fair operating practices	Incorporation of CSR into the Group's strategy
Community involvement and development	Partnerships and society
The environment	Environmental footprint
Consumer issues	Nutrition & responsible products Responsible communication & consumption
Labor practices	Committed employer

for food safety management (see "Ensuring the quality, safety and traceability of our products");

- OHSAS 18001 for occupational health and safety management (see "Ensuring the health and safety of everyone");
- ISO 9001 for quality management.

The application of these standards by our sites is subject to certification.

Internal reference guides

In order to align our teams with one another, we use internal reference guides issued by the corporate divisions and shared with the relevant entities.

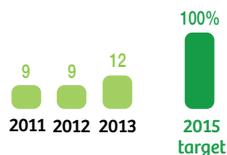
These may consist of:

- internal Group rules that apply to all of our employees;
- reciprocal commitments we undertake with some of our stakeholders;
- positions we take on specific topics, which are then circulated to our stakeholders;
- descriptions of implementation processes (Group, business line or local procedures).

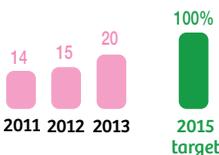
The various reference guides are referred to in this document. Some of them can be accessed at www.bel-group.com.

Number of certified sites

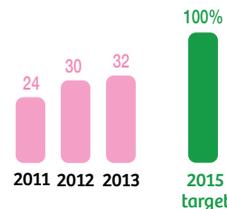
ISO 14 001 (Bel sites⁽¹⁾)



According to GFSI standards (Bel sites⁽²⁾)



According to GFSI standards (Bel sites⁽²⁾ and subcontractors⁽³⁾)



OHSAS 18 001 (Bel sites⁽¹⁾)



(1) scope: 27 Bel sites (production and R&D)

(2) scope: 28 Bel sites (27 production and R&D sites, and Bar-le-Duc production unit)

(3) scope: 20 subcontractor sites



2.3 Mobilizing all of our employees

To ensure that our commitments and principles remain at the heart of our growth strategy, all of our employees must be mobilized. Our employees are also citizens; raising their awareness of sustainable development in relation to their professional activity forges a closer relationship between their personal beliefs and commitments and their life at Bel. As well as raising awareness, our ambition is to bring about a real transformation in managerial practices and within certain business lines. The global employee opinion survey we carry out with our employees every two years (see "Social Charter and global employee opinion survey") highlights an improvement in our teams' knowledge of our social, societal and environmental commitments.

Drawing on key operators

The success of our program depends on our managers' ability to mobilize their teams and secure their commitment. As part of our "Campus" training program (see "Grow further together"), the CSR Department deploys a one and a

half day CSR-focused training course for managers, mainly the 215 managers on grades 1 to 3 (top management). This course aims to give them a holistic overview of the Group's ambitions and progress, and to help them understand their role in actively relaying our commitments to their teams while keeping their business priorities in mind.

Moreover, our commitments can only be effective if they are firmly rooted in our professional practices at both business line and national levels. With this in mind, since 2013 the CSR has offered workshops devised with the relevant CSR Leader or with a local relay. These workshops allow all of the relevant people, regardless of the department they work in, to exchange views, knowledge and shared benchmarks. They are also a source of value in terms of the creative ideas they can generate.

Finally, training courses on specific topics (Nutrition, Health & Safety, etc.) are also offered as part of this project.



Global employee opinion survey

"I am sure that Bel does its best to be a responsible company (acting in the interests of society, limiting its impact on the environment, etc.)"

% of "Agree" and "Strongly Agree" answers to the question



Managers' training

% of grade 1 to 3 managers who have taken the CSR training course



FOCUS

Business line and country workshops for exchanging views, knowledge and shared benchmarks in relation to CSR



Bel Canada team during a dedicated CSR training. ▲

In October 2013, the entire Bel Canada team took a tailored CSR training course related to their entity's local context. A workshop identified areas for improvement and action on issues of relevance to the entity, in line with the Group's objectives.

In October 2013, a special session was held in Paris to train the community of packaging-related operators in CSR. Some 50 employees from various sites and business lines attended the one-day training session, gaining a better understanding of Bel's CSR program and learning how they can contribute to it. The participants enjoyed the presentations and practical exercises, as well as the chance to interact and share their ideas and best practices for optimizing and reducing packaging.

FOCUS

Open Day at the Tangier plant for World Environment Day



Tangier plant team, June 5, 2013. ▲

An Open Day was held at the Tangier plant in Morocco on June 5, 2013, as part of World Environment Day. Employee-run stands allowed visitors to find out more about the plant's environmental program. Ecoval, the partner company of Bel Morocco that collects and sorts the plant's waste, was also represented. The event included discussions around themed stands, a plant visit to understand how the program is implemented in practical terms, a bush planting operation by employees and the distribution of educational documents.

Including the achievement of non-financial targets in variable pay components

Since 2012, the Group has included a CSR target in the variable component of compensation paid to its managers. This target is mandatory and represents a minimum of 10% of the variable component. The CSR target is calculated based on an indicator chosen by the entities – preferably from the Group's CSR reporting protocol – and corresponding to their priorities.

In France, since 2009, the paper recycling rate has been integrated into the head office's gain-sharing agreement, and water consumption is included when calculating the gain-sharing of the industrial sites.

Sharing best practices

In order to progress, we believe that example achievements, both internal and external, are the best sources of inspiration and motivation.

Wherever possible, we highlight local initiatives in our internal communication material, primarily those we believe can be replicated.

In 2013, at the annual managers' convention, a CSR trophy was given to the Lebanese team to reward the "Happiness Heroes" initiative, led by the Picon® brand (see "Involving our brands in actions of good citizenship and solidarity"). This reward system will be continued in 2014.

Finally, for each area of progress, an internal press review – "the Planeto' scope" – published monthly in French and English, compiles news events and best practices that have been observed outside the Group.

Encouraging employees to adopt simple environmentally-friendly practices



Mobilizing our teams means encouraging them to incorporate into their daily activity environmentally-friendly practices that are simple, effective and economical. We ask our employees to protect the environment, both collectively and individually, during their work and their life inside the company. As these issues are closely linked to the specific context of each site, the employee awareness-raising programs are developed locally.



The Lebanese team received an internal CSR trophy ▲ to reward the "Happiness Heroes" initiative led by the Picon® brand.

2.4 Relationships with our stakeholders

Our stakeholders are the individuals and groups affected by our activities or who may be affected by them in the future, as well as those who affect or may affect our activities. We are fully aware that transparency, information and dialogue are drivers of performance and innovation.

FOCUS

Committing our distributor partners to a CSR program



Gaëlle Launay,
Director of Bel Afrik'OM (the region covering Sub-Saharan Africa and France's overseas departments and territories)

Why launch a CSR program in Sub-Saharan Africa?

Given that our model is entirely based on a network of distributors in Sub-Saharan Africa, we wanted to place sustainable development at the heart of our relationships with our distributor partners. This is why the Afrik'OM Sustainable and Responsible Partnership Charter was created, followed by a project that solidifies this commitment.

What does the project consist of?

It is aimed at improving together on our share issues, focusing on three key areas:

- **Health, safety and security:** enhancing the health and safety of our respective employees, improving the safety of Bel's traveling employees and guaranteeing impeccable food safety.
- **Transparency and Responsibility:** enhancing the transparency in our business relationships that acts as a measure of ethics and trust, and setting up regular communication between Bel and distributors on the progress of the CSR program.
- **Training and Communication:** educating and training employees in CSR, highlighting and sharing best practices, and encouraging initiative by rewarding the most innovative and inspirational projects. We have also sent out the first Afrik'OM CSR newsletter to our distributors.

What are the expected benefits of the project?

CSR represents a shared opportunity for Bel and its distributors to meet the expectations of our respective stakeholders (customers, consumers, employees, authorities, local communities) and to strengthen our relationships beyond their commercial aspects.

The project was launched in Abidjan and Johannesburg, in the presence of ten of our distributors' general managers. How was it received?

Very well! According to the satisfaction questionnaire filled out by the participating distributors, all of them want get involved in the project and help implement the proposed actions in practical terms. The launch events allowed us to share our vision of CSR, enhance distributors' awareness of the importance of choosing their priorities properly, present the project and, above all, share best practices.

Prosuma

Karim Fakhry,
CEO of the
Prosuma Group*

What do you think of this project?

The Afrik'OM CSR program is an ambitious project. CSR addresses the expectations of distributors and a number of African companies, from both a personal and professional viewpoint. The Prosuma Group considers itself a socially-responsible business, both in social and cultural terms and with respect to social business. The Bel Group's initiative therefore constitutes an opportunity for its partners, as it helps them to structure initiatives that, as in our case, may have already been initiated. For example, alongside the launch of the Afrik'OM CSR program, we defined our group's organizational charter.

Have you implemented initiatives since the launch of the Afrik'OM CSR program?

The launch of the Afrik'OM CSR program last October was followed by a management meeting which created a CSR Commission within the group. The goal set for this commission for the coming year is to review the initiatives already undertaken and those yet to be launched. The management team is fully involved in this process, and monthly meetings have already been organized for 2014. In addition, with a view to sharing experiences and communicating on CSR best practices, we take part in CSR meetings with the General Confederation of Businesses in Ivory Coast, as well as at sub-regional level – for example, we took part in the International Forum of CSR pioneers in Africa, held in Ghana in November 2013.

What will this program do for your business, in your view?

This program will afford greater efficiency and synergy between the actions we undertake within the group. It will also allow us to benefit from tools for implementing CSR best practices.

* Distributor of Bel products in Ivory Coast.

Methods of disclosing information and communicating with our stakeholders

Given the diversity of our stakeholders, we adapt our approaches and commitments taken with each of them. To this end, our teams consult and meet with their stakeholders on a regular basis. This consultation and interaction process is at the heart of our CSR program.

We have identified four main categories of stakeholders.

	STAKEHOLDERS	MAIN EXPECTATIONS	SPECIFIC METHODS OF DISCLOSING INFORMATION AND COMMUNICATING	DETAILS OF ACTIONS UNDERTAKEN
 Financial SPHERE	Shareholders Financial institutions and investors	<ul style="list-style-type: none"> • The company's growth, profitability and long-term sustainability • Stable, effective governance • Good risk management • Visibility on the company's strategy and the means implemented to achieve it 	<ul style="list-style-type: none"> • Annual general meeting of shareholders • Boards of directors • Reports and letters to shareholders • Registration Document 	<ul style="list-style-type: none"> • Sustainable growth strategy • Principles of ethics and responsibility • CSR program
 Public and societal SPHERE	Professional bodies	<ul style="list-style-type: none"> • Shared progress actions 	<ul style="list-style-type: none"> • Membership • Participation in inter-trade working groups 	<ul style="list-style-type: none"> • Employee involvement in work/projects/trials run by the inter-trade working group • Responsible lobbying
	Public bodies	<ul style="list-style-type: none"> • Maintain/create jobs • Invigorate the local economic fabric • Respond to public consultations • Take part in trial projects • Voluntary involvement in public programs 	<ul style="list-style-type: none"> • Meetings • Responses to requests (questionnaires) • Participation in working groups 	
	Civil society NGOs	<ul style="list-style-type: none"> • Transparent communication and improvement on issues that affect them directly (differ according to the NGO) 	<ul style="list-style-type: none"> • Meetings, discussions 	<ul style="list-style-type: none"> • Consultation/co-construction • Partnerships on specific issues • Support given to NGOs by our brands
	Local communities	<ul style="list-style-type: none"> • Support for addressing social, societal and environmental issues 		<ul style="list-style-type: none"> • Consultation/co-construction • Direct support by our entities and plants • Contribution by the Bel Foundation
	Academic world	<ul style="list-style-type: none"> • Share and make available the company's expertise • Financial support for research work • Employment opportunities for students 		<ul style="list-style-type: none"> • Meetings • Participation in forums (schools, universities, etc.)



	STAKEHOLDERS	MAIN EXPECTATIONS	SPECIFIC METHODS OF DISCLOSING INFORMATION AND COMMUNICATING	DETAILS OF ACTIONS UNDERTAKEN
 Social SPHERE	Employees <ul style="list-style-type: none"> • Fair and equitable pay • Safety and well-being at work • Empowerment • Employability and career opportunities • Share success 	<ul style="list-style-type: none"> • Global employee opinion survey • Internal communication actions • Individual appraisals • Department meetings and conventions • Dialogue via staff representatives 	<ul style="list-style-type: none"> • See “Committed employer” 	
	Labor-management partners <ul style="list-style-type: none"> • Social justice and equity • Working conditions • Information on HR policies and the company’s overall organization 	<ul style="list-style-type: none"> • Staff representative bodies (unions, works councils, workforce delegates, Committee for Health and Safety at Work, etc.): social agenda, dialogue sessions 		
	Future employees <ul style="list-style-type: none"> • Recruitment and career opportunities 	<ul style="list-style-type: none"> • Participation in forums • “Careers” section on the Group’s website 		

 Business SPHERE	Customers/distributors <ul style="list-style-type: none"> • Provide a “responsible” offering for their own customers 	<ul style="list-style-type: none"> • Business review • Response to their questionnaires 	<ul style="list-style-type: none"> • See “Nutrition and responsible products” and “Responsible communication and consumption” • See “Promoting more sustainable dairy production” • See “Our Sustainable Purchasing policy”
	Consumers <ul style="list-style-type: none"> • Food safety and quality • Organoleptic qualities • Nutritional benefits • Accessibility • Natural qualities • Clear and honest product information • Brands’ commitment 	<ul style="list-style-type: none"> • Information on packaging • Media communication (TV, press, radio, etc.) • Websites of the Group’s brands • In-store advertising • Quantitative and qualitative marketing studies • Social networks • Consumer services 	
	Dairy producers <ul style="list-style-type: none"> • Long-term nature of the relationship with Bel • Help with improving their practices 	<ul style="list-style-type: none"> • Visits from dairy production technicians (educated and trained in CSR) • Annual meetings 	
	Suppliers and subcontractors <ul style="list-style-type: none"> • Fair compensation • Compliance with payment deadlines • Long-term nature of the business relationship • Development prospects 	<ul style="list-style-type: none"> • Interaction with buyers • EcoVadis platform: suppliers’ CSR performance assessment results 	



As a customer, supplier, neighbor and employer, among other things, our responsibility is truly multifaceted.

Building lasting relationships with our dairy producers and suppliers is what allows us to achieve performance and ensure lasting success.

Getting involved in initiatives that benefit the communities where we are present is also a way of forging solid links for building sustainable growth.

We are committed to promoting **sustainable dairy production.**

Our Sustainable Purchasing policy

allows us to share our commitments with our suppliers.

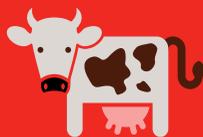
We support projects

in the areas where we do business, in line with our corporate mission.



1.5 billion LITERS OF MILK collected every year

from **3,300 PRODUCERS**



48%

OF OUR PURCHASES *

comes from suppliers who take part in our CSR program by monitoring their own CSR performance



* excluding milk

AN ECONOMIC PRESENCE, creating direct jobs in **33 COUNTRIES**



More than **100 projects**



to help children supported by the Bel Foundation since its creation in 2008



3 Partnerships and society

Building long-term partnerships with our suppliers and civil society to lay together the foundations for sustainable growth.

3.1 Promoting more sustainable dairy production

The principles of sustainable development apply to all of our activities and begin right at the heart of the farms that produce the milk used in all of our cheeses.

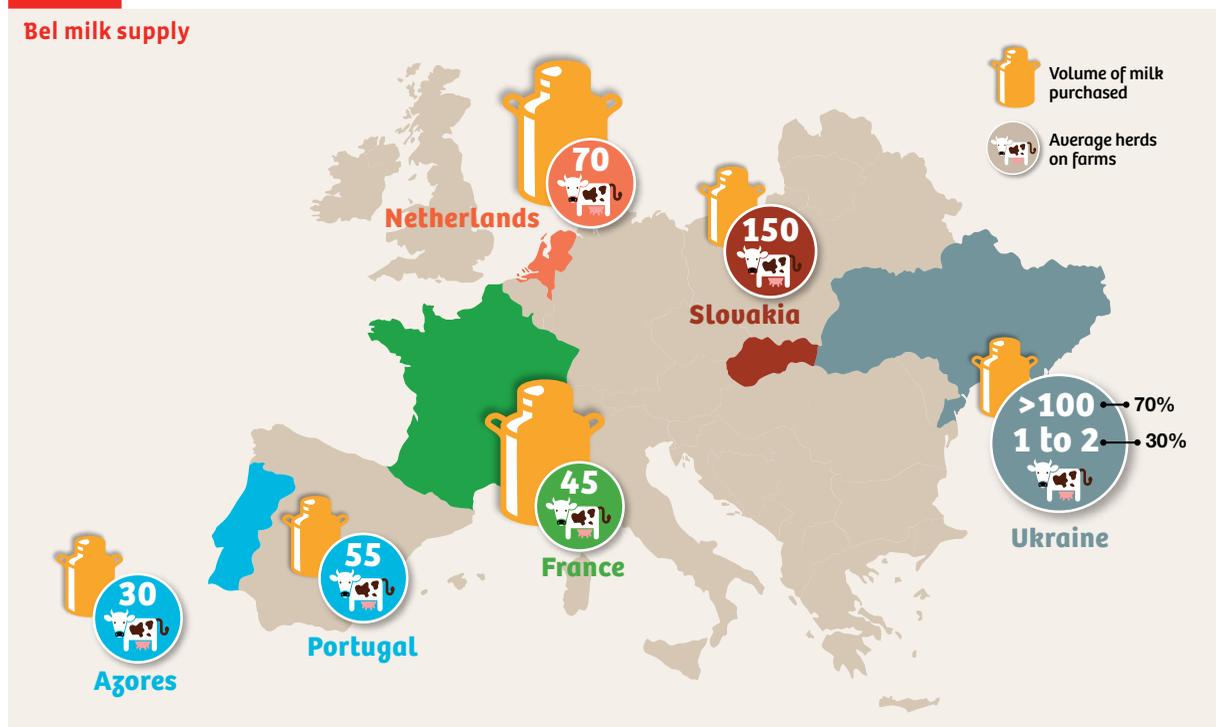
Every year, we collect around 1.5 billion liters of milk from 3,300 producers located close to our plants, mainly in the Netherlands and France, but also in Portugal, Ukraine and Slovakia. There are also around 9,000 very small units in Ukraine. Generally, the farms we source our milk from directly are medium-sized.

In Poland and the United States, we only buy milk from cooperatives or private companies. We can also use this mode of supply in other countries to adjust our purchases to suit our needs. In total, these purchases represent around 200 million liters of milk a year.

We also pay attention to the livestock farming practices of suppliers of the processed dairy raw materials (cream, cheeses, butter, milk powder, etc.) used in our cheeses.



Bel milk supply





Our reference guides and performance indicators

External reference guides / tools

Netherlands

- Keten Kwaliteit Melk (Milk Quality Chain)
- Cow Compass: livestock farming practices management tool (health)
- EnergyScan: tool for assessing energy use in farming
- Annual Nutrients Cycle Assessment: fertilization management tool

France

- Best Livestock Farming Practices Charter
- CAP'2ER tool for assessing environmental impacts in livestock farming

Internal reference guides

Portugal

- Best farming practices management tool
- Bel Milk reference guide

Slovakia

- Producers' commitment to following good farming practices

Performance indicators

Owing to the specific nature of the actions implemented, the performance indicators vary between each dairy production region.

Our vision of sustainable dairy production

As a major player in the dairy industry, we are aware that it is our responsibility to play an active role in promoting the development of more sustainable dairy production. Sustainable dairy production begins on the farm, whether or not said farm has a direct relationship with us. It requires:

- feeding of dairy herds that guarantees high quality milk and optimizes the farm's income;
- a controlled, reduced environmental footprint;
- good working conditions for the people working on the farm;
- animal health and welfare.

Our partners have very different business models – dairy farms of varying sizes, some that are entirely dedicated to livestock farming and some that are not, cooperatives, dairy processing companies – and operate in diverse geographical and economic contexts. In addition, the level of maturity of the various dairy industry operators is a very important factor that varies greatly from country to country.

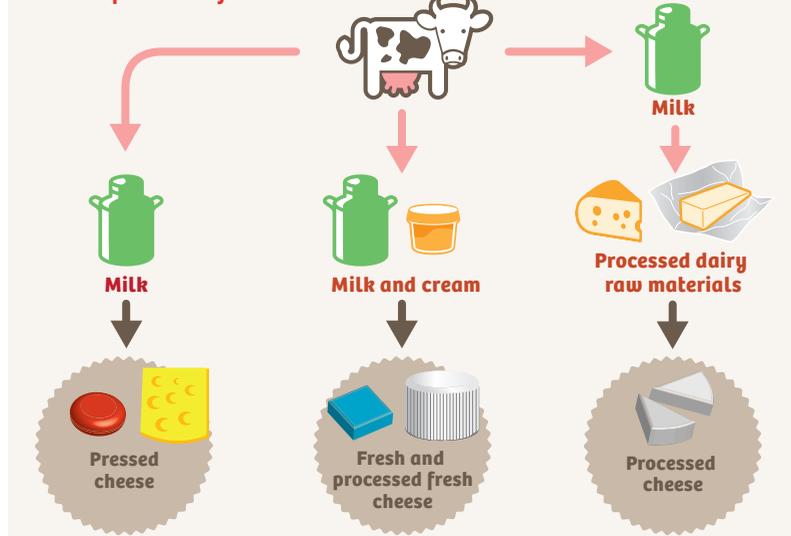
Helping our partners to achieve these ambitious goals is a complex challenge for all of our teams, who listen to them to help them put together appropriate action plans.

A differentiated approach according to our supplier types

- milk producers: our milk purchasing teams are in regular contact with the producers from whom we directly procure milk, in order to help them improve and anticipate the issues and developments in the dairy industry.

- other liquid milk suppliers: they are monitored by purchasing teams using the EcoVadis tool, following the same the principle as suppliers in other purchasing families (see "our Sustainable Purchasing policy").
- dairy processing companies: buyers in charge of purchasing processed dairy raw materials monitor their CSR performance

The composition of our cheeses

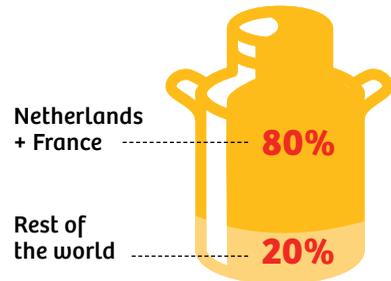


Partnership agreement with WWF France



We signed a three-year partnership agreement with WWF France in November 2012, to help us implement an improvement program to reduce the environmental impact of dairy production. During the first stage of this partnership, in 2013, a review was carried out of the main risks associated with animal feed for French and Dutch dairy cows (greenhouse gas emissions, water consumption, deforestation risk related to soy meal imports, etc.). In 2014, priorities and corresponding progress plans will be produced from this review.

Milk collection



using the EcoVadis tool. Moreover, meetings with these suppliers include discussions on the best practices they implement with their own dairy producers. Finally, we are committed members of national dairy organizations in our two most important dairy-production regions – the Netherlands and France – which together account for more than 80% of our worldwide liquid milk collection.

In the light of this context, the following paragraphs focus on our initiatives implemented with the dairy producers from whom we collect milk directly. The initiatives implemented in the Netherlands and France are also described in more detail.

Dairy herd feeding

In a context of structural rises and increased volatility in the price of raw materials used in dairy cow feed, together with the societal and environmental impacts of the production of these raw materials, managing the feed used for their herds is becoming a critical issue for dairy livestock farmers. This feed is comprised of:

- fodder: this accounts for the majority of animal feed. Securing the fodder supply is crucial for livestock farmers, especially since its management has a direct impact on the income generated by farms.
- supplementary feeding, concentrates rich in proteins and energy: fodder alone cannot fully meet the cow's specific food needs for it to produce high-quality milk in sufficient quantities. The farmer can therefore use

supplementary feeding (wheat, barley, soy or rape meal, beet pulp, etc.).

Benefiting from a high level of crop production on its territory, the French dairy industry places improving the feed self-sufficiency of dairy farms – i.e. a producer's ability to produce the largest possible proportion of the food intended for his animals – at the heart of the debate surrounding sustainable dairy production. In order to become more self-sufficient, livestock farmers seek to maximize the production of fodder on their farms (in France, 97% of fodder is produced on the farm⁽¹⁾) as well as the production of concentrates intended for animal feed.



For a cow to produce high-quality milk in sufficient quantities, the farmer must provide it ▲ with feeding rich in proteins and energy, in addition to fodder.

(1) CNIEL data taken from REL 2008 restated by the IDELE for the Observatoire de l'alimentation des vaches laitières (dairy cow feed body).



Dairy industry targets

France: reducing greenhouse gas emissions by 20% over 10 years.

The Netherlands: reducing greenhouse gas emissions by 30% by 2020 from 1990 levels and achieving energy self-sufficiency.

Environmental footprint

The negative environmental effects of farming are frequently highlighted, but the services it provides are often little-known or underestimated. The services⁽¹⁾ provided by the livestock farming industry are divided into four main groups: food production, local vitality, cultural identity (farm tourism, gastronomy, etc.) and contributions to the environment. On the latter point, livestock farming can play an important role in the diverse use of land and in maintaining permanent pastures, which are vast reservoirs of biodiversity and carbon sinks.

One of the main reasons why these services are undervalued has to do with the absence of indicators recognized by the scientific community to measure them and uncertainty about the right scale for calculating them (farm, territory, region, country, etc.).

However, **at an international level**, dairy producers and processors are working on

a common framework, known as the “Dairy Sustainability Framework”, in order to highlight and bring to the attention of interested stakeholders the practices undertaken and progress made towards ensuring the responsible use of the planet’s resources and reducing pollution such as greenhouse gas emissions. Based on the consultation and contribution of a wide range of stakeholders, this framework, which was officially unveiled at the International Dairy Federation’s World Dairy Summit in Japan in October 2013, will involve a number of operators in overseeing its implementation and developing action plans.

In the Netherlands and France, dairy industry operators have signed up to collective initiatives.

In the Netherlands, producers and processors (The Dutch Dairy Association (NZO)) and the farmers’ federation (Dutch Federation of Agriculture and Horticulture (LTO Nederland)) have a shared vision of a sustainable dairy industry by 2020. Among



Training and discussion workshops with our dairy producers in the Netherlands. ▲

(1) Source: «Services rendus par l'élevage dans les territoires» (services provided locally by livestock farming), Groupement d'Intérêt Scientifique Elevages demain (Scientific Interest Group on the future of livestock farming).

FOCUS **LIFE Carbon Dairy – the French dairy industry's carbon plan**

In France, the aim of the LIFE Carbon Dairy project is to promote a milk production approach that is capable of reducing greenhouse gas emissions by 20% over 10 years. This initiative is supported by a number of partners, including the French Livestock Institute (Institut de l'Élevage), the CNIEL (French national dairy council) and regional chambers of agriculture. We are an associate of the initiative.

To meet these goals, LIFE Carbon Dairy provides livestock farmers with tools to raise their awareness and assess the carbon impact of their farms (CAP'2ER). We directly contributed to the development of this tool by carrying out an environmental diagnosis of the dairy operations of 20 partner farms. In 2013, we helped improve this tool by testing it on a further 20 farms. The finalized tool will be integrated into the LIFE Carbon Dairy initiative and gradually rolled out to 3,900 demonstration farms in France, some of which deliver to our own plants.

their goals: cut their greenhouse gas emissions by 30% by 2020 from 1990 levels and achieve energy self-sufficiency. In France, a few years ago, farmers took part in an active debate that led to the creation of the Best Livestock Farming Practices Charter, which includes an Environment component. More recently, the French dairy production carbon plan LIFE Carbon Dairy was launched in July 2013, with the support of the European Union. The objective is to reduce greenhouse gas emissions by 20% over 10 years. The life cycle analyses we have carried out on our core products have shown the importance the upstream dairy chain has for our environmental impact. This stage accounts for 80% of the total greenhouse gas emissions of some of our products. We also strongly encourage the producers we work with to sign up to these improvement initiatives. For example, in France, all of our producers have signed the Best Livestock Farming Practices Charter.

In Portugal and Slovakia, where there are no collective initiatives, we are developing a tool inspired by the Best Livestock Farming Practices Charter. This formative program, which touches on a range of key issues – animal feed, milking practices, milk quality, maintenance of facilities and milk tanks, etc. – will help strengthen the link between the producers and Bel's dairy production technicians, who can then help them work toward more sustainable dairy production.

Animal health and welfare

Animal health and welfare are major concerns for consumers in a growing number of countries.

In the Netherlands, dairy production is characterized by a high concentration of livestock farms. Under pressure from civil society, the operators involved in this production have become more aware over the last decade or so of a significant risk to their image, particularly owing to farming conditions (larger herd sizes, dairy cows being kept indoors). Pratico, a group of companies belonging to the Nederlandse Zuivel Organisatie (NZO), has developed the "Cow Compass" tool to help farmers manage and improve their farming practices, especially as regards animal health and welfare, which contribute to herd performance. As part of this program, specially-trained veterinary surgeons perform diagnoses of dairy farms. We ask our livestock farmers to sign up to the Cow Compass.

Furthermore, the Dutch dairy industry has defined "pasture grazing" in the Netherlands as dairy cows being put out to pasture for at least six hours a day and at least 120 days a year. We have opted to support the promotion of this practice, and we allocate part of the milk purchase price to encourage producers who graze their herds.

In France, the latest version of the Best Livestock Farming Practices Charter, which is currently being deployed, increases the extent to which animal welfare is taken into account by producers in their practices. In addition, on our medium-sized family farms (45 dairy cows), grazing is practiced as a matter of course.

**Cow Compass**

**In the Netherlands,
we ask our partner farmers
to sign up to
the Cow Compass.**

**Best practices**

**In France, 100% of our producers
have signed the Best
Livestock Farming
Practices Charter.**



2013 progress and outlook

We helped our producers in the Netherlands and France promote good practices. This initiative will be continued in the coming years.



25%
of our producers
have already taken part
in the training
and discussion workshops
we have put in place
in the Netherlands.

In the Netherlands

We continued our training and discussion workshops with dairy producers in order to promote good practices, particularly in terms of the energy consumption of dairy farms. Each workshop is held on the farm of one of our producers and an expert is invited to talk about a specific topic. The emphasis is placed on sharing good practices between producers. Since these workshops were launched, around 25% of our producers have taken part. One workshop focused on the EnergyScan online tool, which we make available to all producers to help them assess and manage their farm's energy consumption.

We helped develop the "Annual Nutrients Cycle Assessment" tool in the Netherlands, which will allow producers to obtain an individual picture of the mineral cycle (carbon, nitrogen and phosphorous) on their

farm, in order to assess the efficiency of their manure and fertilization management process and implement improvements. The goal is to enable them to optimize the management of these minerals and thereby manage their impact on water, given that phosphorous and nitrogen are water pollutants. The "Annual Nutrients Cycle Assessment" tool has been presented to our producers and the goal for 2014 is to help finalize it and roll it out to the producers from whom we collect milk.

In France

We continued the development of and tested the CAP'2ER tool, which helps producers carry out an environmental diagnosis of their dairy operations and which will be incorporated into the LIFE Carbon Dairy initiative (see Focus page 31).

In 2013, we paid special attention to animal welfare.



100%
of our dairy production
technicians in France
have been trained in
and educated
about animal welfare.

Animal welfare was the main topic at the seminar held by our milk purchasing managers in 2013. In 2014, these managers will examine the expectations of local stakeholders with respect to animal welfare in their respective dairy-production regions.

In the Netherlands

At end-2013, 24% of Bel's producers had deployed the Cow Compass tool, and the target is 35% in 2015.

In 2013, 72% of our farmers graze their herds outdoors for at least six hours a day and 120 days a year. Our goal is to maintain this level, in a context in which this practice is declining owing to its impact on farming income and the working conditions of milk producers.

In France

In 2013, we carried out a study on the approach to animal welfare taken by farmers in our various collection regions. In addition, our dairy production technicians were trained in and educated about animal welfare over the course of two days.

Furthermore, with a view to keeping up with industry developments, we are taking part in France's examination of animal welfare through projects led by the World Organisation for Animal Health (OIE), which aims to define global guidelines for the welfare of dairy cows, as well as the ISO (International Organization for Standardisation) and the European Commission. The actions we implement will derive from these guidelines.



Outside our two main dairy-production regions, we implemented improvement initiatives with our producers in Portugal, Ukraine and Slovakia.

In Portugal

In Portugal, which has no collective initiative, we developed a best practice management tool in 2012 that is inspired by the French Best Livestock Farming Practices Charter. In 2013, 90% of our producers in continental Portugal and 35% in the Azores had signed up to the tool.

Going even further in terms of food safety, hygiene, milk quality, animal health and welfare and respect for the environment, we developed a new reference guide known as "Bel Milk". We set up a financial incentive to encourage producers to use it and the goal is to deploy it to between 25 and 50 farms by the end of 2014.

Moreover, we signed an agreement with a local company to collect recyclable waste from our livestock farmers (plastic, medicine packaging, etc.). We also launched a program to reduce the water and energy consumption of our collection centers (installing rain collectors and meters to monitor equipment operating times) and acquired a more environmentally-friendly collection truck (whose larger capacity and cleaner technology reduces the fuel consumption per liter of milk collected).

Finally, since 2013, we have invited all of our milk producers in Portugal to visit our plants. As well as strengthening our relationship with them, the goal is to show them the level of care and hygiene taken in our plants to ensure optimum food safety.

In Ukraine

We mainly source from large farms (with more than 100 cows), which supply 70% of the milk we collect in Ukraine. We work with them as a priority to help them improve their technical and economic performance. However, we pay close attention to the very small units (with one or two cows) that deliver the remaining 30% and for which selling milk to the Group represents a key source of extra income.

In 2013, a partnership with Sumy National Agrarian University (SNAU) was set up to



Livestock

In Portugal and Slovakia, which have no collective initiative, we developed best livestock practices management tools.

work with 7 pilot farms to develop technical advice tools on a range of issues such as production costs, dairy production, and efficient food rations. A review of all of the tools developed is being carried out and will be made available to other dairy farms.

In Slovakia

In 2013, our CSR program and best farming practices were presented to all of our

Slovakian dairy producers. With the help of a committee of producers, we defined best farming practices tailored to the local situation, following the model of the French Best Livestock Farming Practices Charter, as was done in Portugal.

In 2014, a tool for auditing these practices will be deployed to all producers for the first time.



We help dairy producers that supply us to anticipate the challenges ▲ and evolutions of the dairy industry.



3.2 Our Sustainable Purchasing policy

The group's international expansion means that our buyers and suppliers operate in a wide variety of cultural and socio-economic contexts. We work with some 2,500 strategic suppliers of raw materials, packaging, industrial equipment,

transport and logistics, and non-production goods and services worldwide and we are committed to promoting the application of Corporate Social Responsibility principles throughout our supply chain. It is important to ensure that, regardless

of the local context, our buyers share the Group's commitments with our suppliers and that our suppliers help us achieve our CSR goals.

Our reference guides and performance indicators

International reference guides

- Universal Declaration of Human Rights
- International Labor Organization conventions
- The ten principles of the United Nations Global Compact

External reference guides

- EcoVadis tool: assessment of suppliers' CSR performance

Internal reference guides

- Code of Best Business Practices
- Sustainable Purchasing Charter
- Purchasing Ethics Charter for buyers
- Internal rules for managing suppliers according to their EcoVadis score

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 100)
- Breakdown of suppliers' portfolio according to their overall Ecovadis score (%)
- Number of suppliers with a higher score after reassessment

Our vision of sustainable purchasing

Our Sustainable Purchasing policy is a long-term plan aimed at systematically integrating ethical, social and environmental factors into the process for selecting our suppliers and monitoring their performance. It is based on:

- Our purchasing practices, implemented by our buyers;
- Assessing our suppliers' CSR performance and helping them implement improvement actions consistent with our commitments.

Our Sustainable Purchasing policy is coordinated and managed at Group level by the Sustainable Purchasing CSR Leader and is relayed by the Group's 85 central and local buyers.

Our sustainable purchasing policy





Our purchasing practices, implemented by our buyers

The Group's population of 85 buyers comprises central buyers based at the company's headquarters in France and buyers working in various subsidiaries, together with purchasing relays working in the 33 countries in which the Group does business. It is therefore important to share with all of them a common set of principles and rules to be followed.

Bel's Code of Best Business Practices sets out the seven principles to be applied when conducting all of our business activities. It applies to all employees worldwide, for all of our activities, whether they are conducted internally or with our external stakeholders (such as subcontractors and suppliers).

The Purchasing Ethics Charter, established in 2005, specifies the behavior expected of all of the Group's buyers.

The central and local buyers are educated about our vision of sustainable purchasing and the related tools as part of the orientation program they take when joining the Group, with specific approaches for each purchasing category. They play a key role in the process by assessing the risks associated with purchasing portfolios, monitoring the suppliers assessed using EcoVadis, incorporating CSR criteria into the supplier selection and management process, etc.

The Sustainable Purchasing Charter

The Sustainable Purchasing Charter is the key reference guide for our purchasing policy. It sets out our commitments and defines our expectations of all of our suppliers, regardless of their purchasing category. It aims to encourage them to develop improvement initiatives consistent with our commitments. It covers

several areas such as working practices and respect for human rights, business ethics, respect for the environment and the monitoring of their own supply chain with respect to these issues. The Sustainable Purchasing Charter applies to all of our current and future suppliers.

We ask our buyers to:

- give the chart to suppliers during consultations, calls for tender and at the start of business relationships, with the aim of securing their commitment to it;
- obtain a concrete commitment to the Charter in the form of a contractual clause.

Specific expectations for each purchasing category

Moreover, specific CSR requirements can be incorporated into the specifications of our calls for tender and our contracts, according to the main issues or risks identified.

A sustainable purchasing charter aimed at all of our suppliers

RESPECT FOR THE ENVIRONMENT	RESPECT FOR HUMAN RIGHTS AND LABOR LAWS	BUSINESS ETHICS	CONTROL OF SUPPLY CHAIN
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Specific expectations for our priority purchasing categories:

 Dairy raw materials	 Cardboard packaging	 Production consumables	 Transport and logistics	 Marketing services	 Promotional items
Traceability, quality, food safety <i>See dedicated chapter + subcontractors (below)</i>	Reduced consumption of natural resources, certification of materials <i>See "Developing more responsible packaging"</i>	Recovery of waste and equipment at end-of-life by service providers for processing in approved and specific channels	Issuing of a carbon footprint review or, failing this, information allowing one to be drawn up, and implementation of an action plan aimed at improving the company's carbon footprint. <i>See "Environmental footprint"</i>	Compliance with the Bel group's Responsible communications charter <i>See "Responsible communication and consumption"</i>	Safety, control of their own supply chains (social conditions) <i>See "2013 Progress and outlook"</i>

Subcontractors

Subcontractors enable our brands to grow their presence in new geographical regions. Subcontracting accounts for around 7% of the total volume we sell. Our eight largest subcontractors (producing over 500 metric tons per year), which account for around 90% of subcontracted volume, have been assessed by EcoVadis. The rules for managing subcontractors based on the scores obtained are identical

to the rules set up for suppliers (see below). In 2013, the average score obtained by our subcontractors was 43/100, which exceeded the average of all companies assessed by EcoVadis (41/100), and no subcontractors were deemed high-risk (with a score below 25/100). Social, societal and environmental criteria are incorporated into our prerequisites and our specifications when approving new subcontractors. We address these issues

with each of our subcontractors as part of our annual reviews, in order to make them aware of the importance we place on them. A CSR criterion is included in the annual supplier rating, which also covers our subcontractors (see Focus below). Our goal is to strengthen our support for our subcontractors and the development of their skills in these areas. Finally, because of the very strong bond of trust which binds us to our subcontractors



FOCUS

Including a CSR criterion in the annual supplier rating system

In 2013, the inclusion of CSR as a criterion in the annual supplier rating system was applied throughout the Group. It represents 10%, regardless of the purchasing category.

We carry out an annual rating of suppliers of goods and services that present a risk relating to food safety, quality, the environment and human health and safety. This rating is used to draw up the annual plan for the quality auditing of our suppliers. It also enables

buyers to devise action plans to be implemented, which are then checked during the following year's rating.

The CSR criterion uses the EcoVadis score and the existence and monitoring of an improvement plan. The rating system incorporating CSR was applied in 2012, mainly for suppliers of raw materials and packaging, before being extended to all other sensitive purchasing categories for the 2013 rating.

Assessing our Sustainable Purchasing policy

As well as using EcoVadis to assess our suppliers' CSR performance, we have decided to assess our own CSR performance every two years, using the same tool. The improvement of our score for the "Suppliers" category reflects the progress made by our Sustainable Purchasing policy and the initiatives implemented.

EcoVadis score obtained by Bel for the «Suppliers» category



(the products they supply carry our trade-marks), we require them to obtain food safety certifications recognized by the Global Food Safety Initiative (see "Ensuring the quality, safety and traceability of our products").

Application of a CSR weighting when selecting our suppliers

In line with the prevailing view that applies to our Sustainable Purchasing policy, we regularly educate our buyers and provide them with tools allowing them to gradually apply a CSR weighting when selecting our suppliers. Where the competition is even, this decision favors the supplier that is closest to our sustainability commitments. The EcoVadis assessment results are gradually being used in our supplier selection and performance monitoring tools.

Assessing and supporting our suppliers

Assessing our suppliers' CSR performance

The risk analysis of our supplier portfolio allowed us to identify the purchasing categories and supplier types whose CSR performance should be analyzed.

We therefore request a recent CSR assessment from all suppliers and sub-contractors identified as priority partners: strategic suppliers and those chosen with respect to the volume of business generated with us, the potential risk associated with the products/services supplied or their geographical location.

Since 2009, we have used the EcoVadis tool to assess our suppliers' CSR performance. The EcoVadis scoring system

uses 21 indicators, divided into four subject areas: Environment, Social, Ethics, and Suppliers (our suppliers are thus assessed on their own supply policy). Suppliers are awarded a score for each topic and an overall score out of 100.

Thanks to the EcoVadis platform, suppliers also have online services they can use to find out the main CSR issues and regulations in their business sector, compare their position against industry practices, manage their corrective action plans and communicate effectively to highlight their best practices.



4 themes
Environment
Social
Ethics
Suppliers

21 indicators



This assessment program incorporates CSR into our dialogue with our suppliers and allows us to exchange views on best practices.

Since 2009, we have assessed more than 400 suppliers identified as priority partners using the EcoVadis tool.

An ongoing improvement and monitoring program

We have implemented supplier management rules based on the EcoVadis scores obtained (see “2013 Progress and outlook”) and we use the platform that allows our buyers to monitor the performance of their supplier portfolio. Given the constantly-changing nature of CSR reference guides

and requirements, we ask our suppliers whose assessment is about to expire (after two years) to undergo a reassessment. Suppliers identified as at-risk following the EcoVadis assessment are invited to implement and share their corrective action plans on the web platform made available to them.

2013 Progress and outlook

We created a network of Purchasing CSR Correspondents.



In order to enhance the deployment of our sustainable purchasing program, a Purchasing CSR Correspondent was appointed for each purchasing family (raw materials and ingredients, subcontracting, packaging, investment, transport and logistics, non-production goods and services, industrial purchases, IT purchases). The Correspondent relays the sustainable purchasing policy to the buyers and

purchasing relays in his or her category on a Group-wide scope, and must then train and inform them. The Correspondent oversees the deployment of EcoVadis assessment campaigns for his or her purchasing category (identifying the suppliers to be assessed, helping suppliers in the assessment process) and ensures that best practices for his or her category are identified and circulated.

At the end of 2013, around 80 buyers had been trained in sustainable purchasing.

Specific tools dedicated to buyers were updated and/or developed and circulated in order to facilitate the implementation of EcoVadis assessments: presentation brochures for suppliers, user guides for the EcoVadis platform, practical guides to help read EcoVadis scores prioritize actions, etc.



Around 80 buyers have been trained in sustainable purchasing and Purchasing CSR Correspondents were appointed.

In 2014, we will supplement this training with a sustainable purchasing e-learning course.



This course will be rolled out for all of our central and local buyers. It will be listed in the “Campus” training catalog that is aimed at managers and can be accessed on the BE-learning training platform.





2013 Progress and outlook



Suppliers assessment

% of the purchasing total (excluding collected milk) accounted for by suppliers assessed by EcoVadis



Number of Bel suppliers assessed by EcoVadis since 2009



Average score of Bel suppliers assessed by EcoVadis



Of the 138 suppliers who were reassessed, 60% saw their score increase.

We extended the scope of suppliers assessed by EcoVadis, which now accounts for around half of our purchasing sales (excluding collected milk).

In 2013, 119 central and local suppliers were assessed or reassessed. Suppliers assessed at least once since 2009 accounted for 48% of the Group's purchasing total in 2013 (excluding milk purchased directly from producers).

We are pursuing our target of assessing a panel of suppliers representing 60% of our purchases (excluding collected milk) by 2015. We are gradually expanding the

assessments to new purchasing families and furthering our knowledge of the CSR issues specific to certain activity sectors. In 2013, we called upon our major suppliers of IT (software, services) and marketing (communication consultancy, advertising space purchasing, promotion, market research, etc.) services to assess their CSR performance using EcoVadis.

The average score for our suppliers assessed using EcoVadis improved in 2013.

The overall score of assessed suppliers increased by more than one point compared with the period 2009-2012. Our goal is for the average score obtained by our suppliers to be at least 50/100.

The average score obtained by our suppliers (43.3) is higher than that of the last 9,000 assessments carried out by EcoVadis in 2013, which stands at 41.

More than one third of our portfolio of suppliers assessed over the period 2009-2013 have already been reassessed at least once, whether at our request or not. Of these 138 suppliers who were reassessed, 60% saw their score increase. This illustrates the improvement initiative to which they are committed.

In 2013, no assessed suppliers were deemed high-risk (compared with 1% over the period 2009-2012).

Overall, the performance of our portfolio of assessed suppliers improved compared with the period 2009-2012.

Breakdown of suppliers assessed between 2009 and 2013 according to their EcoVadis score



* Evolution compared with the period 2009-2012.



We improved the monitoring and use of our suppliers' CSR performance.

We simplified our rules for managing assessment scores and emphasized the use of the scores in our tools used to select suppliers and monitor their long-term performance.

Finally, we incorporated a CSR criterion when assessing a number of major calls for tender launched in 2013. We asked the suppliers consulted to undergo an EcoVadis assessment and include the result of their assessment in their tender.

We strengthened the monitoring of our suppliers of promotional items.

Despite their very low percentage in our purchases (less than 0.2%), promotional items, which are mainly made to be inserted into consumer sale units, undergo enhanced safety and hygiene checks because they are usually intended for children and are in contact with the cheeses. In addition, their supply chain is complex,

Rules for managing suppliers according to their EcoVadis score

Score	Bel actions with the supplier	Reassessment	Monitoring actions
85-100	Opportunity for closer collaboration	Every 24 months	Monitor the improvement of the EcoVadis score + Include CSR in the selection of our suppliers and the monitoring of their performance (calls for tender and annual supplier rating)
65-84	Areas for improvement highlighted		
45-64	Corrective action plan recommended		
25-44	Corrective action plan required	Every 12 months	End of business relationship considered if no progress has been made
0-24	Corrective action plan required		

YEAR 1

YEAR 2

YEAR 3...

with the majority of the manufacturing plants based in China.

In 2013, we enhanced the monitoring of these suppliers: on-site CSR audits were carried out at the end of the year by an independent body on the main production sites used by our suppliers. They focused on their working conditions and respect

for human rights, their best business practices, their own sustainable purchasing policy and the environment. In 2014, actions will be implemented with respect to the results and a control audit will be carried out on each site.

We placed a greater focus on where we source from.

Our policy is to manufacture products as closely as possible to our consumers. Similarly, we strive to favor local procurement wherever possible, as it stimulates local economic growth while reducing costs and our transport-related CO₂ emissions and making our supply chain flow more smoothly.

Given the issues specific to our various purchasing categories, we cannot establish a uniform definition of a "local" supplier and we currently have no reliable indicator for measuring the progress made.

However, actions are being undertaken in this field. Examples include:

- for packaging purchases: we implement our supply strategy as closely as possible to our industrial facilities for packaging that can be sourced locally (cardboard, paper, labels, etc.). When a new production site is opened, we usually call upon certified suppliers before



gradually transferring sourcing to local suppliers, as our market knowledge develops.

- for investment purchases: a mapping process was launched in 2013 to identify the origin of our suppliers by geographical region. This analysis will allow us to ascertain the proportion of local

procurement in our investment expenditure.

- for purchases of non-production goods and services: as part of the call for tenders issued to temporary work agencies in France in 2013, we consulted and selected a panel comprised of national and regional service providers.



3.3 Supporting the communities in which we are present

Our consumers, our employees and civil society have a growing interest in our response to society's challenges. Expanding on our mission, "to share smiles with all families through the pleasure of dairy

goodness", respect and support for the communities in which we are present are firmly rooted in our commitments. We address these requirements through our local economic presence and through the

actions of good citizenship and solidarity carried out by our corporate foundation or directly by the Group and its various entities.

Our reference guides and performance indicators

External reference guide

- Corporate Philanthropy Charter (Admical)

Performance indicators

Bel Foundation

- Number of association projects supported
- Number of employee grants awarded
- Amount of donations (euros)

Group and local philanthropy

- Annual amount in financial donations made to non-profit organizations (euros)

Economic and social impact of our activities in the 33 countries in which we operate

Generally speaking, our economic dynamism benefits many entities (partners, dairy producers, suppliers, local and regional authorities, etc.), as we invest heavily in the development of our business both within and outside France.

The geographical layout of our plants is designed to address the needs of our various consumer markets as effectively as possible. This policy promotes the creation of direct and indirect local jobs, while making our products more affordable for local populations.

All employees working on our sites worldwide benefit from the Group's "People First" human resources policy, and thus

have access to training programs and a minimum level of company benefits (see "Committed employer").

Finally, with the same desire to support local populations, we are currently testing new distribution models that help fight poverty and promote a certain type of entrepreneurship to our street vendor networks (see Focus "Sharing Cities: an example of sharing created value").

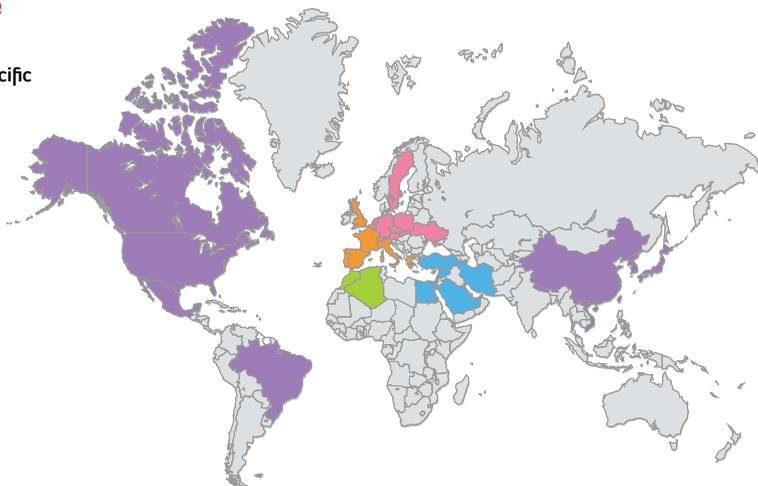
Group presence

Americas – Asia-Pacific

- Brazil
- Canada
- China
- South Korea
- United States
- Japan
- Mexico
- Vietnam

Western Europe

- Belgium
- Spain
- France
- Greece
- Italy
- Portugal
- United Kingdom
- Switzerland



North-East Europe

- Germany
- Austria
- The Netherlands
- Poland
- Czech Republic
- Slovakia
- Sweden
- Ukraine

Greater Africa

- Algeria
- Morocco

Near and Middle East

- Saudi Arabia
- Egypt
- United Arab Emirates
- Iran
- Lebanon
- Syria
- Turkey



Our philanthropic actions: the Bel Foundation

Families and children lie at the heart of our history. Founded in 2008, the aim of our corporate foundation is to support initiatives acting in the interests of children and their well-being, focusing particularly on food-related issues.

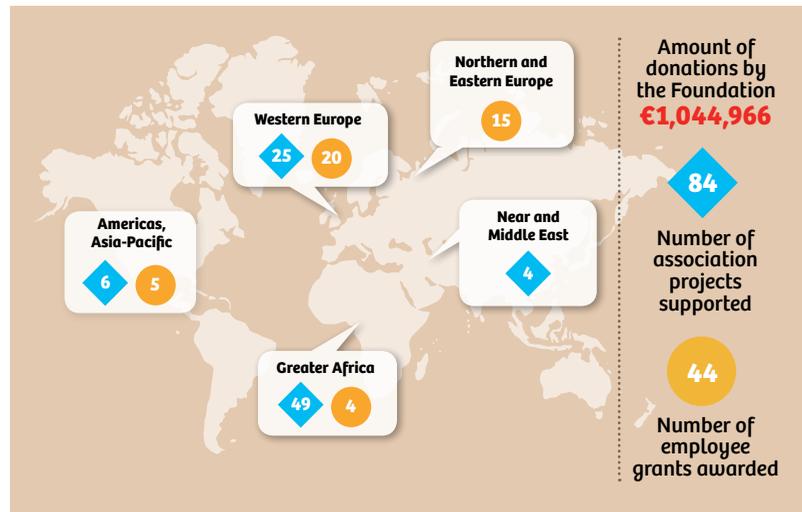
The foundation is supported by our employees, who devote their own time: the Foundation's Project Selection and Monitoring Committee, which meets on average once a month, is comprised of around ten members, most of whom are employees. Each member of the committee thoroughly reviews a number of selected applications to check that the request matches the Foundation's criteria. Next, for each chosen project, an official agreement, a monitoring process and a review of the results obtained are established. Every year, Bel's corporate foundation reports on its activities in its progress report, available at www.fondation-bel.org

In July 2011, we 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.

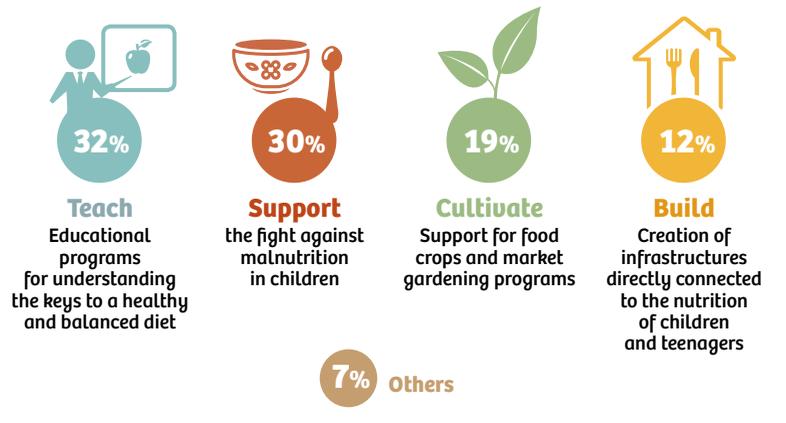
Our foundation supports associations and awards employee grants

Twice a year, we launch a call for projects to reveal initiatives supported by charitable associations acting in the interests of children, and select those that implement sustainable solutions in the countries in which we are already present. Since 2010, we have also supported our employees' civic commitment through grants that help them set up projects with

Projects supported by the Bel Foundation since 2008



Major topics of association projects supported by the Bel Foundation since 2008



associations they are involved with on a personal level. Every year, ten or so grants for a maximum amount of €5,000 are allocated. The grant selection process is the same as that used to select the projects led by the associations.

In 2013, the Bel Foundation exceeded 100 projects supported since its creation, which represents more than €1 million in donations to charitable associations. For more details, refer to the Foundation's annual report.



◀ Bel Foundation's Project Selection and Monitoring Committee.



FOCUS 

In 2013, our employees took part in philanthropic projects



On 20 November, the “Le Rire Médecin” association, of which Mini Babybel® is a partner in France and whose mission is to improve the experience of hospitalized children, organized its first national public money collection. Under the impetus of the Mini Babybel® team, Bel France’s HR department encouraged all of the entity’s employees to volunteer for the collection. Fourteen employees from the marketing and sales teams collected around 950 euros, which will fund 63 visits by clowns to hospitalized children.

subsidiaries with the goal of meeting the expectations of local operators (associations, public authorities, etc.) that they have identified and strengthening their ties with them. They can take various forms depending on the needs identified and may include financial donations, donations of products or volunteering by employees.

In France, products are regularly donated by our warehouses to charities that work to improve precarious living conditions. This allows us to combat food wastage generated by products we can no longer sell but that are not beyond their expiry date, while helping disadvantaged people in the areas where our warehouses are located. In 2013, 74 metric tons of products were donated by our warehouses in France.

Other philanthropic projects supported by Bel and its various entities

In addition to the initiatives implemented through Bel’s corporate foundation, we directly support various philanthropic projects related to our activities.

Projects supported by the Group

The protection of biodiversity is a key issue for our activities, which are closely linked

to the living world. Since 2012, we have taken part in two WWF France conservation projects, as part of the partnership we have forged with this organization (see “Taking the protection of biodiversity into account”).

Local projects supported by the subsidiaries

The Group’s various entities play an active role in the life of their respective local areas by supporting local initiatives. These initiatives are managed by the plants and

€776,599
Amount in financial donations made to non-profit organizations* in 2013.

** Group scope excluding Turkey, Portugal and Iran.*

2013 Progress and outlook

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

In 2014, we want to enhance the visibility among our teams of the Foundation and the projects it supports.

In October 2013, we held an event at the Paris and Vincennes headquarters, at

which a number of associations supported by the Foundation presented their projects.

These actions will be repeated in 2014.

In November 2012, Bel signed a three-year partnership agreement with WWF France.



© RN Chérine

This agreement includes financial support for two projects led by the environmental organization and relating to the protection of biodiversity (see “Taking the protection of biodiversity into account”):

- participation in the “Fresh water and sustainable farming in France” program,

which includes a conservation project at the Chérine National Natural Reserve;

- a project focusing on biodiversity protection and the development of responsible soy production, in Brazil’s Mato Grosso region.

FOCUS

Childhood and Nutrition: two issues at the heart of our philanthropic activities

Bel Foundation - Association: a better diet for children in two villages in Ivory Coast

The mission of the Hellen Keller International organization is to help the most vulnerable people, primarily through initiatives to fight malnutrition and prevent blindness. In 2011, the Bel Foundation lent its support to one of the organization's pilot projects in Ivory Coast, which consists of providing marginalized women with production inputs (seeds, chicks, equipment) and the technical support needed to create and maintain small agro-pastoral farms. The production of fruit, vegetables, chickens and eggs by these farms helped improve and diversify the diet of 600 children living in the two villages in question.

A program to grow the "orange-skinned sweet potato" was trialed, as its nutritional properties are particularly suitable for young children suffering from vitamin A deficiency.

As this project delivered encouraging preliminary results, the Foundation decided to renew its support in 2013, to allow the activities undertaken to be continued and consolidated. The work on this second phase focused in particular on developing the

potential of the farming activities (increasing yields and food quality) and promoting nutrition among local communities, with the goal of improving the dietary practices of children in the area in the long-term.



Bel Foundation - Employee grant: a nutritional education and physical activity program for Czech children



In the Czech Republic, two employees of Bel's subsidiary in Prague are actively involved with the Live Health & Enjoy It association, which works to prevent obesity and excessive weight gain in schools through nutritional education and physical activities. In 2013, the Bel Foundation supported their commitment for the third year running by awarding an employee grant of €5,000. This grant was used to deploy an inspiring educational program, called "Live Healthy, Have Fun and Dance!" and aimed at children between 8 and 12 years of age, throughout the school year. Two types of activity were carried out: presentations explaining the basics of a healthy diet, and interactive dance shows that gave the children the chance to take part in and discover a fun way of exerting themselves.



Local philanthropy: Bel UK rewarded for its commitment to good citizenship and solidarity



In 2013, Bel's subsidiary in the United Kingdom involved its volunteer employees in a number of philanthropic activities, which took various forms.

During the festive period, employees were invited to contribute to a toy donation campaign for disadvantaged children, and the entire team worked together to wrap the toys in gift paper. Furthermore, by subscribing to the "payroll giving" system, which allows employees of British companies to have an amount taken from their salary every month and donated to charity, the subsidiary allows its employees to make a financial contribution to public interest projects.

Thanks to its internal promotion of this system and the large number of Bel employees taking part, the subsidiary obtained the "Government Quality Mark Platinum Award for Payroll Giving", which rewards the most active companies in this area, for the second year running.





The reduction of our environmental footprint is one of the major challenges we face in pursuing the profitable growth of our business.

- ▶ Our environmental policy is based on an **ongoing improvement** initiative.
- ▶ We optimize the use of resources essential for conducting our business, especially **milk, water and energy**.
- ▶ We strive to **reduce our greenhouse gas emissions**.
- ▶ Closely linked to the living world, we place particular importance on the **protection of biodiversity**.
- ▶ Finally, we strive to **minimize all forms of waste**.

Reduction of our environmental impacts



Water
CONSUMPTION

9.6 m³ of water consumed per metric ton of cheese produced in 2013

a fall of **23.5%** since 2008



Energy
CONSUMPTION

1.9 MWh of final energy (electricity, fuel, gas and biomass) per metric ton of cheese produced in 2013

a fall of **12.6%** since 2008



Greenhouse gas
EMISSIONS

520Kg of CO₂e of greenhouse gas emitted per metric ton of cheese produced in 2013

a fall of **11.3%** since 2011*

* Data not available before 2011



12 SITES certified **ISO 14001**

67%

of the Group's production comes from certified sites



4

Environmental footprint

Reducing the environmental footprint of our entire value chain, while ensuring the continued growth of our brands.

4.1 Our environmental policy

The growth of our business, especially abroad, has led us to set up our production sites as closely as possible to our consumers. Our 27 plants and our employees who work in them share the same desire to reduce their environmental footprint, even though they face different issues (many of our plants experience water-stressed conditions),

and environmental sensibilities that differ according to their stakeholders.

The Group's Industrial and Technical Department has devised Bel's environmental policy to help the plants and their teams grow our business while implementing measures to reduce our environmental footprint. The policy draws on:

- a dedicated organizational structure

- mobilized teams
- certified management systems
- shared methodologies for optimizing our environmental performance
- investments related to our improvement programs.

Our reference guides and performance indicators

External reference guide

- Standard ISO 14001

Internal reference guide

- The Bel Group's Environmental Policy

Performance indicators

- Number of ISO 14001-certified sites
- Amount of investment devoted to preventing environmental hazards and pollution
- Amount of provisions and guarantees for environmental risks

A dedicated organizational structure

The CSR Environment Leader, who is the Group's Environment manager, reports to the Group's Engineering, Safety and Environment Department. This person works closely with all plants and is directly involved in a number of major projects.

On every production site, the operational implementation of environmental measures

is the responsibility of the Plant Director, who has an organizational structure dedicated to the environment and tailored to the size of his or her site, together with the expertise of the CSR Leader.

On every site, an Environment manager ensures that the necessary methodologies are deployed. This person is also the main contributor for the reporting of data used to establish the environment indicators specified in the group's CSR reporting protocol.



Each plant has an organizational structure dedicated to the environment. ▲



Mobilized teams

Training and the exchange of best practices are the two main drivers for mobilizing our teams.

The mobilization of our employees on our sites is essential for growing our business while reducing our environmental footprint. For example, around ten people manage the WASABEL and ESABEL initiatives at local level (see below). Training programs dedicated to the environment are organized as part of ISO 14001 certification. In addition, as part of the Bel Employee Shopfloor Training (B.E.S.T) program for plant operators, a half-day module is dedicated to the environment. Finally, our internal BOOST program (see opposite) is accompanied by a large-scale training plan for operators. This program educates all staff about how to reduce losses, consumption and waste and the long-term nature of the savings made.

The sharing of best practices is encouraged, for example through Group and local newsletters, onsite posters, and events at which experts from our various plants can discuss environmental issues.

Certified management systems

The Group's environmental management policy draws on the international framework of standard ISO 14001. Our goal is for all of our production sites to be certified by 2015. The certification is awarded by an independent third-party organization. ISO 14001 certification involves all employees of the sites in question and is an effective means at their disposal to take into account, measure and reduce the impact of their activity on the environment. This system, accompanied with a real desire to improve, allows an ongoing improvement initiative to be maintained on our sites.

FOCUS

“BOOST Coordination Days”: sharing best practices between the Group’s plants



The BOOST coordinators meet regularly to share their best practices. In 2013, two “market place” sharing events were held, in Poland and the Netherlands.

The “BOOST Coordination Days” bring together the BOOST community (coordinators and central teams) to discuss the best

practices implemented under this program. Among other advantages, this helps reduce the environmental impact of our industrial sites. Three example best practices per site were compiled in a handbook and one best practice per site was presented at a “market place” held at each meeting. The BOOST coordinators were able to exchange their views after the presentations, which led to some new ideas being produced.

For example, the sites presented the “Waste Walk” best practice, which consists of identifying and reducing seven types of loss and waste and involving all employees in the initiative, along with practices aimed at incorporating the reduction of water and energy consumption and the reduction of cheese and packaging losses into the BOOST program.

The purpose of these one-day events was to showcase the efforts achieved by the teams, encourage the replication of best practices and strengthen everyone’s involvement in the BOOST program.

Investments that depend on their environmental impact

Since 2011, a specific assessment grid has been used to give all investment projects put forward by the plants and requiring a budget of more than €100,000 a rating which takes into account environmental, social, and societal factors.

If the CSR rating is average, the application for investment must be accompanied by an improvement plan in order to be approved. If the CSR rating is low, the investment budget is not granted.

NOS ENJEUX ET NOS ENGAGEMENTS POUR UN MONDE PLUS VERT
1er Janvier 2013

LUTTER CONTRE LE RÉCHAUFFEMENT CLIMATIQUE

	État 2011	État visé en 2013	Écart	Objectif
Ratio de consommation d'électricité (kWh/T)	438,5	377	-61,5	20%
Ratio de consommation de gaz (kg/T)	35,07	33,57	-1,5	4%
Ratio des émissions atmosphériques de CO2 (tCO2e/T)	113,5	109,44	-4,06	-3,5%

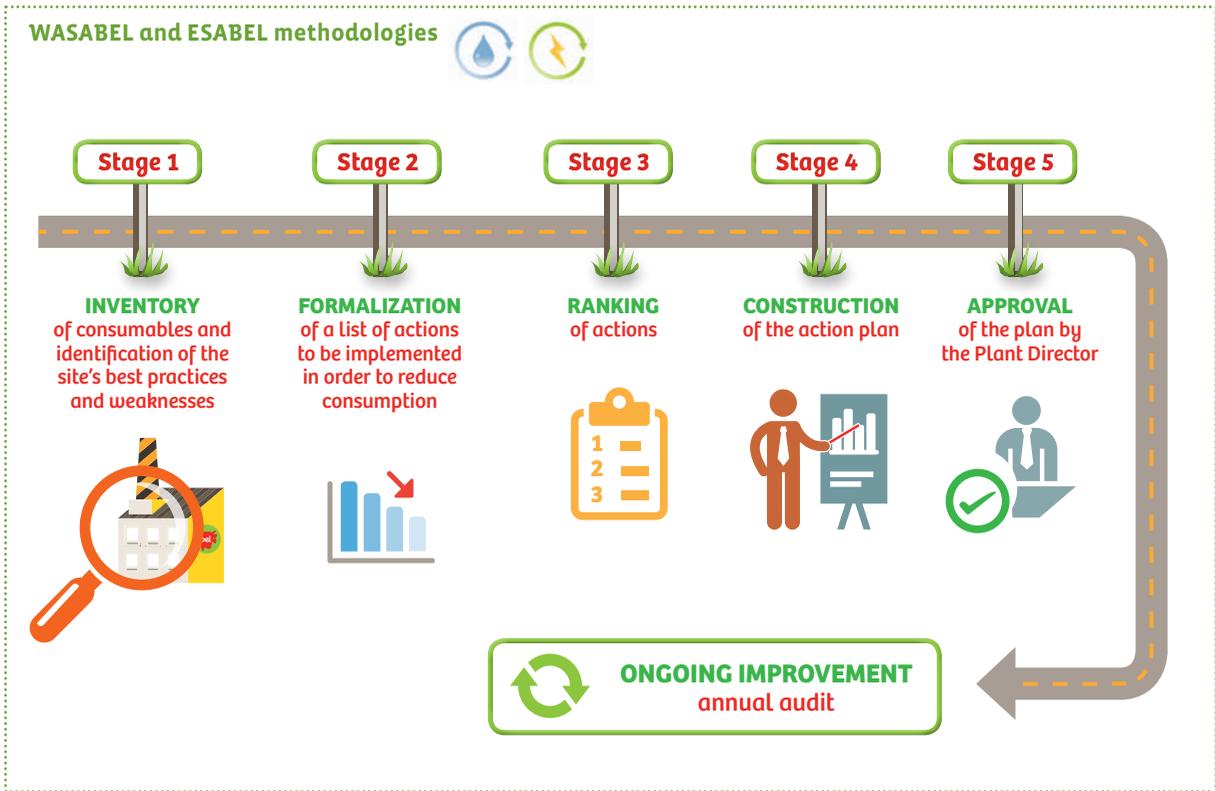
MAÎTRISER NOS CONSOMMATIONS D'EAU

	État 2011	État visé en 2013	Écart	Objectif
Ratio de consommation d'eau (m³/T)	4,23	3,43	-0,8	-19%

MAÎTRISER LA GESTION DES DECHETS

	État 2011	État visé en 2013	Écart	Objectif
Ratio de déchets mis au décharge (kg/T)	3,03	4,91	+1,88	+62%

Environmental display ▲ in Tangier plant in Morocco.



Shared methodologies for optimizing our environmental performance

To support our production sites in their water and energy consumption reduction programs, we have developed two methodologies:

- **WASABEL**
- **ESABEL**

These methodologies, which are based on a similar approach and are shared by all of our sites, allow them to carry out a regular review of their water and energy consumption and put together action plans to reduce them.

A team reporting to the CSR Environment Leader is responsible for coordinating

these methodologies and monitoring their deployment, which creates synergies across our sites. Furthermore, the definition of water and energy consumption standards for each of the two technologies used in the Group (dairy cheeses and processed cheeses) enables each plant to compare its performance with other sites that use comparable technologies, and to set consistent progress targets.

In addition to these two methodologies, our internal BOOST program helps reduce the environmental impact of our industrial sites. The goal of this program is to lower all types of losses and increase productivity, while improving the efficiency of organizational structures and production lines. This helps reduce our energy consumption, greenhouse gas emissions, waste, cleaning product usage, etc.



WASABEL
WATER Saving At BEL
aims to reduce water consumption at source.



ESABEL
Energy Saving At BEL
aims to reduce energy consumption at source.



2013 Progress and outlook

In 2013, we continued the certification policy of our sites.

The plant in Vale de Cambra, northern Portugal, and those in Lons-le-Saunier (France) and Chorzele (Poland) were awarded ISO 14001 certification in 2013.

Twelve Group plants are now ISO 14001-certified. We shall continue assisting all of our plants to enable them to be certified by 2015. However, in order to take account of local constraints, we have decided to give three sites further time to obtain this certification.

In 2013, therefore, 67% of the tonnage produced by the Group came from ISO 14001-certified sites.



Chorzele plant in Poland. ▲

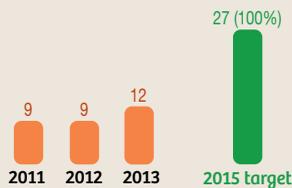


Vale de Cambra plant in Portugal. ▲



Lons-le-Saunier plant in France. ▲

Number of ISO 14001-certified Bel sites*



* Scope: 27 sites (industrial and R&D).

In 2013, the last two sites that had not deployed the WASABEL and ESABEL methodologies joined up to the program. In 2014, we will continue our efforts to reduce water and energy consumption at source.

These methodologies are thus now deployed on all of our 27 plants. In 2013, 18 sites underwent a follow-up audit.

A new component was added to these internal audits: the assessment of the local management team's ability to manage and coordinate the program and to mobilize all employees around the project

(implementing communication tools, sharing project progress with the whole team, etc.).

The BOOST program is being rolled out gradually: 15 sites had implemented it at the end of 2013 and six more will join up in 2014.



WASABEL



ESABEL

100%
of our plants have implemented these methodologies.



In 2013, we launched an internal survey on our waste management processes.

The reduction and recovery of waste is a key objective (see "Reducing waste and discharges and managing environmental damage and hazards"). In 2013, we launched an internal

survey to find out what practices are implemented by our various industrial sites and identify any support needs they may have.

In 2013, we invested more than €2,556,000 in projects specifically dedicated to protecting the environment. We will continue this investment policy in 2014.

Moreover, in 2013, €329,000 was invested for other reasons but nonetheless helped protect the environment through the technological choices made. In addition, the "CSR" assessment grid for projects was revised to make it reflect our commitments more closely. This grid allows us to check that projects not

specifically dedicated to protecting the environment comply with our improvement commitments in this area. Twenty-five projects put forward to the investment committee were assessed using the grid. None of them needed any specific improvement plan to be approved.



€2,556,000

2013 investments specifically devoted to environmental protection.

Investment amounts

(€ thousands)	Investments specifically devoted to environmental protection 2013	Other investments 2013		Total 2013	Yearly averages over the period 2009-2012
		Business investments with a significant impact on environmental protection	Maintenance investments with a significant impact on environmental protection		
Reduction of energy consumption and protection of ambient air and climate	1,701	131	88	1,920	1,661
Wastewater management	609	39	71	719	952
Waste management	89	0	0	89	98
Reduction of hazards, protection of soil and water	142	0	0	142	836
Noise and vibration abatement	15	0	0	15	57
Total	2,556	329		2,885	3,604

In relation to the average annual investments over the period 2009-2012, environmental protection investments decreased in 2013. We have maintained our efforts to reduce energy consumption, protect the air and climate and manage wastewater (the investment as part of our WASABEL and ESABEL action plans is

counted under our energy consumption reductions). A number of large investments in risk reduction were handled over the period between 2009-2012, mainly for the French sites of Vendôme and La Ferté-Bernard, and no projects on the same scale were necessary in 2013.

Like last year, no provisions for warranties or environmental risks were recognized at December 31, 2013. No damages were paid during 2013 under court rulings regarding the environment, and no actions were brought for damage caused to the environment.



4.2 Using natural resources more responsibly

Three resources are key to conducting our business: the **dairy raw materials** used in our recipes, **water** and **energy**. We pay special attention to these

resources, taking approaches that are original and different. Moreover, we strive to reduce the quantity of materials used in our packaging,

as some of them are not renewable in origin (e.g. plastic), while others must be managed responsibly (e.g. forests for the production of cardboard and paper).



Dairy raw materials

The dairy raw materials used in our cheeses are valuable resources whose production has its own significant impact on other resources. Every year, we collect around 1.5 billion liters of milk and buy the equivalent of 600 million liters of processed dairy raw materials (cheese, butter, milk powder).

Our reference guides and performance indicators

Internal reference guide

- Management rules and specifications relating to dairy raw materials, from purchase through to usage

Performance indicators

- Cheese yields (indicators adapted to various technologies)*
- Valorization of dairy by-products (whey derived from the manufacturing process, cheeses) (%)

* These indicators are not presented in this document owing to the complexity involved in interpreting them, but they undergo an internal monthly monitoring process.



Although all dairy by-products are valorized, we strive to reduce their volume in order to optimize our economic performance. We therefore monitor the ratio of the volume of valorized by-products against the total volume of finished products sold.

All by-products derived from the manufacturing process (dried whey extract, downgraded cheeses) are valorized, which means that no dairy raw materials are thrown away.

The Bel Industries division's main activity is recycling to other agrifood industries the milk proteins derived from the manufacturing process and not used by the Group.

FOCUS

Bel Industries: valorizing the dairy by-products derived from our manufacturing processes



When we manufacture our dairy cheeses, we do not use all of the proteins contained in the milk. The Bel Industries division thus reprocesses these proteins to market and sell them to industrial customers (manufacturers of ice cream, yogurt, dairy products, etc.).

Our Nollibel® brand is the world leader on its segment and exports more than 60% of its production to 50 different countries. This process, which requires stringent control over quality and the composition of our products to ensure that they meet the expectations of our customers, helps us avoid wasting our dairy raw materials.

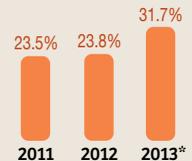
2013 Progress and outlook

The optimization of our consumption of dairy raw materials forms part of an ongoing improvement program and consists of valorizing our dairy by-products (see above) and reducing losses under the BOOST program (see "Our environmental policy").

The rise of 8.2 points between 2011 and 2013 is explained by the integration of another by-product: cream.

Dairy by-product valorization

Volume of dairy by-products valorized/ Volume of finished products sold (%)



** Integration of cream in data collection from 2013. This figure is a minimum, one site didn't report any data for by-products.*



Water

Sustainable water management is our top priority, even though most of our plants are located in areas where this resource is currently available.

Our reference guides and performance indicators

External reference guides

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

Internal reference guides

- Water performance standards based on technologies (dairy and processed cheeses)
- WASABEL methodology for reducing water consumption

Performance indicators

Water consumption

- Consumption of drinking water (thousands of m³ and m³ 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)

Discharges into water

- Volumes of wastewater by treatment method (thousands of m³)
- Quality of purified water (different indicators – see page 55)
- Cost of wastewater treatment

Sludge treatment

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



Since 2012, we have enhanced our monitoring process with the WWF's Water Risk Filter analysis tool, which allows us to ascertain the level of water stress in the regions where our plants are located. In 2013, three more sites were integrated into the "stress on the resource" category after a risk analysis was carried out. In addition, any site that suffers a temporary period of drought and exceeds an alert threshold is considered to be at-risk and is added to the list of our sites to which priority action plans must be applied. In 2013, about half of our sites located in areas where water resources are available were identified as at-risk according to the Water Risk Filter. In order to use water more responsibly, we are cutting our consumption and managing and reducing the discharges into water generated by our industrial activities. The water coming into our plants, which is mainly managed by the public drinking water utility, comes from surface water bodies (rivers, lakes, etc.) or groundwater (water tables).

The reduction in water consumption achieved by the WASABEL program automatically leads to a reduction in our wastewater and an improvement in its quality. The smaller the volume of water treated in treatment facilities, the smaller the concentration of organic matter flowing out of those facilities. The quantity of organic matter present in wastewater from our sites and the wastewater temperature



Effluents of our industrial site in Evron (France) are treated in a wastewater treatment facility. ▲

comply with applicable regulations aimed at minimizing the negative impact on the natural environment.

To avoid accidental discharges directly into the natural environment, we protect water bodies and runoff points for rivers adjoining the sites with special arrangements. Preserving the quality of surface water helps preserve water resources. The wastewater produced by our sites is therefore treated either internally or by a third party. Where it is treated by a third party, we carry out pre-treatment. Improvement, treatment and pre-treatment actions are carried out whenever they are deemed necessary (lack of capacity, lack of efficiency or downstream problem on our partner's facilities). Our priority, however, is always to reduce

water consumption at source through the WASABEL program.

Treatment of sludge produced by our wastewater treatment facilities

The majority of the sludge produced by our wastewater treatment facilities is recycled through appropriate channels. Some of this sludge is spread on farmland, mainly in France, in accordance with local laws. This has a real agronomic benefit because the sludge is rich in fertilizing properties. In order to avoid water and soil pollution, these sludge spreading operations are strictly managed and controlled. They are subject to local permits, which specify the obligations that must be fulfilled (spreading plans and surface areas, agronomic monitoring, etc.).

2013 Progress and outlook

In 2013, we reduced our water consumption and will continue to do so in the coming years.

In 2013, 18.3% of the Group's total water consumption occurred in regions affected by water vulnerability, stress or shortage according to the FAO and the Water Risk Filter, with three more sites incorporated following the risk analysis performed using the WWF's Water Risk Filter analysis tool. The WASABEL action plans are implemented in these regions at a faster rate. In addition, seven other sites are located in

regions that suffered a temporary period of drought and exceeded the alert threshold (with no consequence on resource availability).

The WASABEL and ESABEL best practices were integrated from the design stage of the new Brookings plant in the United States, which will be operational in 2014.

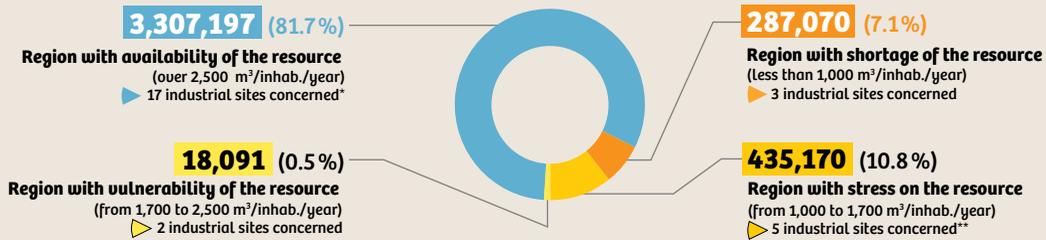


Water

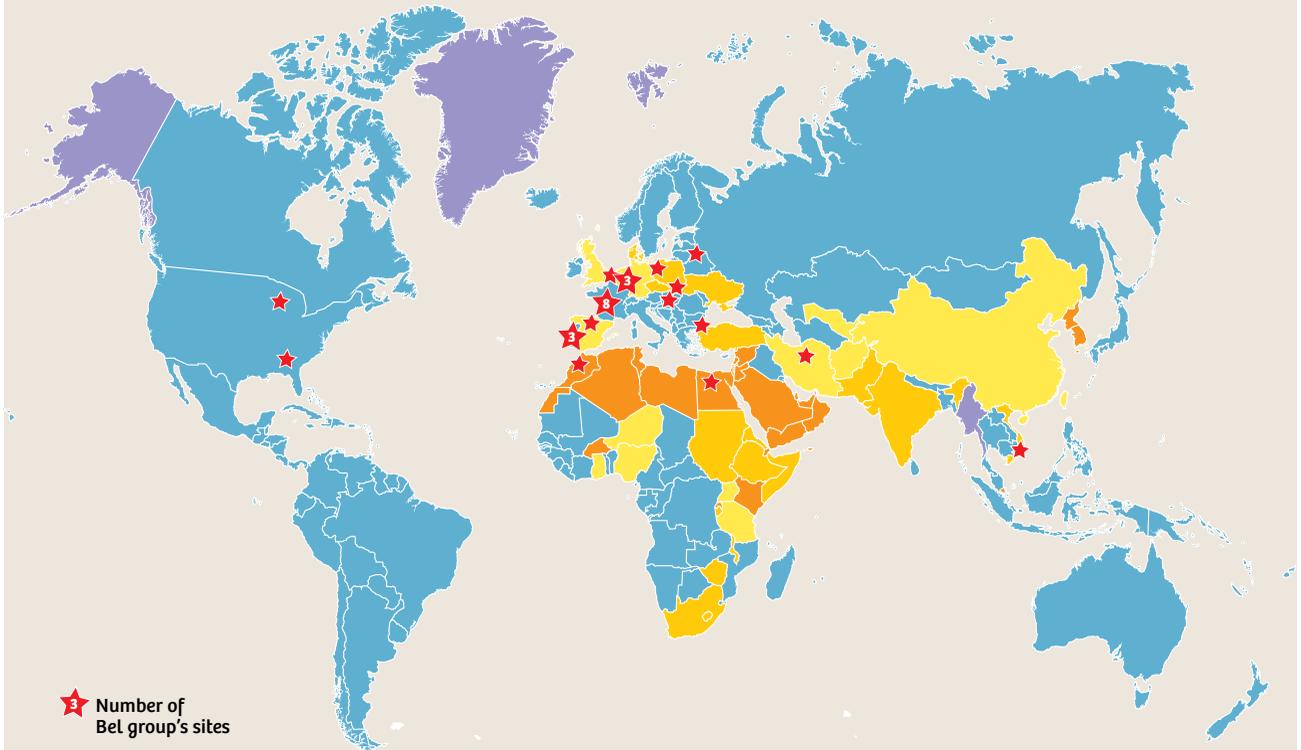
Our water consumption was 9.58 m³ per metric ton produced in 2013, a fall of 23.5% since 2008.



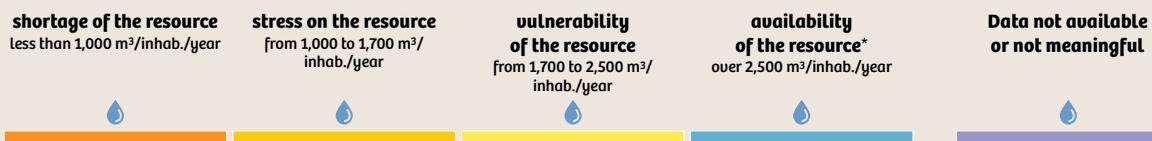
Group's water consumption (m³) according to water availability defined by Food and Agriculture Organization and Water Risk Filter criteria.



Breakdown in relation to the Group's total water consumption



Food and Agriculture Organization and Water Risk Filter criteria



* Among the sites located in regions with availability of the resource, 7 sites suffered a temporary period of drought and exceeded the Water Risk Filter threshold (they represent 40.9% of the Group's water consumption).

** Includes three new sites located in areas for which the Water Risk Filter identified stress on the resource.

Source : Aqumat database : <http://www.fao.org/nr/water/aqumat/data/query/results.html> and Water Risk Filter, analysis tool of WWF.





2013 Progress and outlook

Drinking water consumption

(m³/metric ton produced)



Drinking water consumption

	2011	2012	2013	Change 2011-2013	Change 2008-2013
Thousands of m ³	4,350	4,136	4,048	- 7%	- 10.7%

Between 2008 and 2013, our sales increased by 23%, reflecting a rise in the volumes manufactured in our plants. Despite this growth, we reduced our total water consumption by 485,616 m³ (-10.7%). Thanks to the action plans implemented on our sites, our water

consumption is now 9.58 m³ per metric ton produced, a fall of 23.5% since 2008, the Group's benchmark year. Our target for 2015 is to reduce our electricity consumption ratios by 20% from 2012 levels. This represents a reduction of 36% from 2008 levels.



Our Tangier plant in Morocco will soon be equipped with a biological treatment unit that has no oxygen supply, using a process known as methanation. ▲

In 2014, we will continue our initiatives to manage our wastewater more efficiently.

13 sites treat their own wastewater. The 14 remaining sites have it treated by a third party. The pretreatment of the wastewater produced by our Tangier plant in Morocco will be improved with a biological treatment unit that has no oxygen supply, using a process known as methanation. This unit is currently being installed and is scheduled to come online in 2014.

Our goal is to reduce the spreading of untreated water as much as possible, as where this occurs, the purifying efficiency in the soil depends on the weather conditions and there is a risk of "wash-out" when it rains. We therefore favor wastewater treatment in treatment facilities.



Wastewater

Cost of wastewater treatment

in € thousands

2012 **3,874** → 2013 **3,928**

Wastewater volumes

	2012*	2013**
Treated internally (thousands of m ³)	2,132	2,140
Treated by a third party with other effluents (thousands of m ³)	1,998	1,821
Spread untreated (thousands of m ³)	59	62
Total volume (thousands of m³)	4,189	4,023
Total volume / tonnage produced (m³/metric ton produced)	10.2	11.3

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

** Data available for 23 sites which represent 84% of the total production of the scope of the CSR Report.



Quality of purified water

		2012*	2013**
Chemical oxygen demand (COD)	metric tons	115	104
	kg/metric ton produced	0.49	0.49
Suspended matter discharged	metric tons	45	52
	kg/metric ton produced	0.19	0.24
Total nitrogen discharged	metric tons	16	16
	kg/metric ton produced	0.07	0.08
Total phosphorous discharged	metric tons	14	7
	kg/metric ton produced	0.06	0.03

* Data available for 14 sites which represent 57% of the total production of the scope of the CSR Report.

** Data available for 13 sites which represent 50% of the total production of the scope of the CSR Report.

All sites that carry out full treatment for discharge into the natural environment are included in these sites, except one.

Sludge spreading from wastewater treatment or untreated water plants

	2011	2012*	2013*
Total dry matter (metric tons)	1,216	1,379	1,559
Nitrogen (metric tons)	86	119	132
Phosphorous (metric tons)	70	81	107
Spreading scope (ha)	1,374	1,069	928

* Data available for the eight sites performing sludge spreading.

From 2013, the spreading scope indicated is no longer the total surface area available but the surface area used.



Energy

Fossil fuels account for around 80% of worldwide primary energy consumption. At the current rate of exploration, oil and natural gas reserves accessible at competitive prices will diminish, which represents a significant threat to the profitability of our operations. Moreover, the extraction and combustion of fossil fuels emit greenhouse gas emissions responsible for climate change and thus represent a major environmental concern.

By their very nature, the processes we implement consume large amounts of energy. This is especially the case for the milk pasteurization that ensures the impeccable quality of this raw material, which is sensitive to bacteriological contamination and cold storage.

Our reference guides and performance indicators

Internal reference guides

- Energy performance standards based on technologies (dairy and processed cheeses)
- ESABEL methodology for reducing energy consumption

Performance indicators

- Electricity consumption (MWh and MWh per 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 % of energy consumed)



In order to reduce our dependency on fossil fuels and limit the greenhouse gas emissions associated with their use, we have decided to place the priority on

initiatives that reduce our consumption at source. It is on the basis of this reduced consumption that we are examining the possible use of renewable energy sources,

while continuing to take into account our sites' local issues (availability of resources, feasibility).

FOCUS

After the plant in Cléry-le-Petit, the site of Sablé-sur-Sarthe is preparing to install a renewable energy solution



Installed in the Cléry-le-Petit plant in 2012, the biomass boiler allowed the plant to cover 75% of its heating needs in 2013 using this renewable energy source, thereby avoiding the emission of 12,292 metric tons of CO₂ this year. The goals that motivated the installation of the boiler were largely achieved. Following this success, we decided to replicate the project at our plant in Sablé-sur-Sarthe (France). This second renewable energy project will use the same technology – a biomass boiler running on the combustion of wood residue and waste – and will cover 53% of the site's heating needs. The energy consumption reduction plans deployed under the ESABEL program will help reduce the site's energy needs and thereby increase this percentage. Work to install the boiler will begin in 2014 and it is scheduled to be brought online in 2015. The reduction in greenhouse gas emissions is estimated at around 11,200 metric tons a year, which represents a reduction of 45% in the scopes 1 and 2 carbon footprint of



our Sablé-sur-Sarthe plant. For France taken as a whole, it represents a reduction of 16% in the scopes 1 and 2 carbon footprint, which will make a significant contribution to our action plan for the next compulsory carbon footprint reporting process. At Group level, the reduction in scopes 1 and 2 greenhouse gas emissions will be around 5%. This project will be implemented with our partner COFELY and will receive financial support from the ADEME (French Environment and Energy Management Agency). Moreover, the project will create around 15 jobs in the region, in wood collection and wood waste recycling.

2013 Progress and outlook



Oil and gas

Our oil and gas products consumption was 1.159 MWh LHV per metric ton produced in 2013, a fall of 22.9% since 2008.

In 2013, we reduced our energy consumption and will continue to do so in the coming years.

In 2013, 806,807 MWh of final energy (electricity, fuel, gas and biomass) were needed to run our production sites. This included 274,685 MWh in electricity and 489,435 MWh LHV in oil and gas products.

Change in consumption

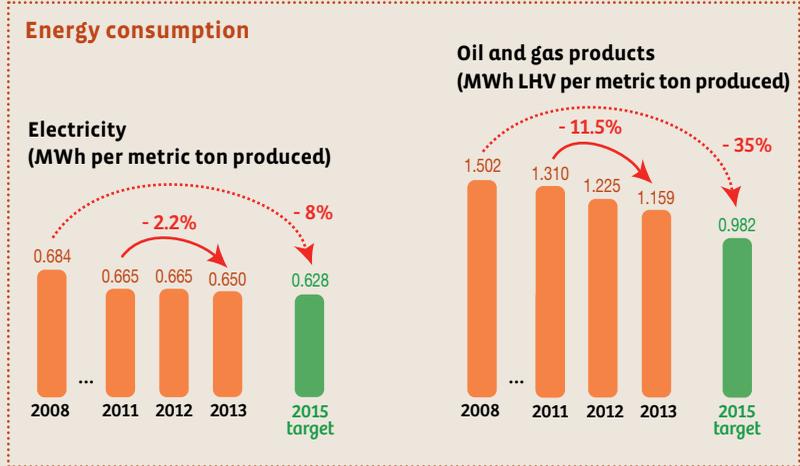
- we reduced our electricity consumption per metric ton ratios by 2.2% compared with 2011. Compared with 2008, the Group's benchmark year, this represents

	2011	2012	2013	Change 2008-2013	Change 2011-2013
Electricity consumption in MWh	264,725	273,392	274,685	+11.1%	+3.8%
Consumption of oil and gas products in MWh LHV	521,335	503,969	489,435	-9.9%	-6.1%



a reduction of 4.9%. The reduction in the electricity consumption ratio was achieved despite the integration of cold storage for our finished products, which was previously contracted out (and thus outside the reporting scope), and by switching to electricity for the heating of some processes. Our target for 2015 is to reduce our electricity consumption ratios by 8% from 2008 levels.

- we have cut our oil and gas product consumption per metric ton ratios by 11.5% compared to 2011. Compared with 2008, the Group's benchmark year, this represents a reduction of 22.9%. Our target for 2015 is to reduce our oil and gas product consumption ratios by 20% from 2012 levels. This will represent a reduction of 35% from 2008 levels.

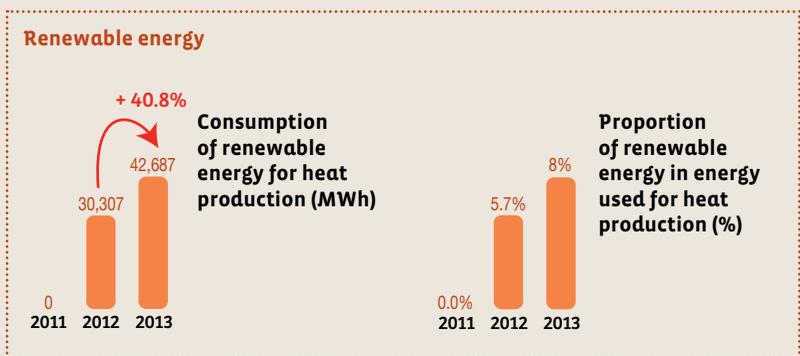


In the next few years, we will ramp up the use of renewable energy sources we initiated in 2012.

In February 2012, a biomass boiler was installed in the Cléry-le-Petit plant in France. It covers 75% of the site's heat needs and in 2013 it alone accounted for 8% of the energy used for the Group's heat production.

In 2015, another biomass boiler will be installed in the Sablé-sur-Sarthe plant, also in France.

Other projects using biomass and biogas are under consideration on some of the Group's sites.



Packaging

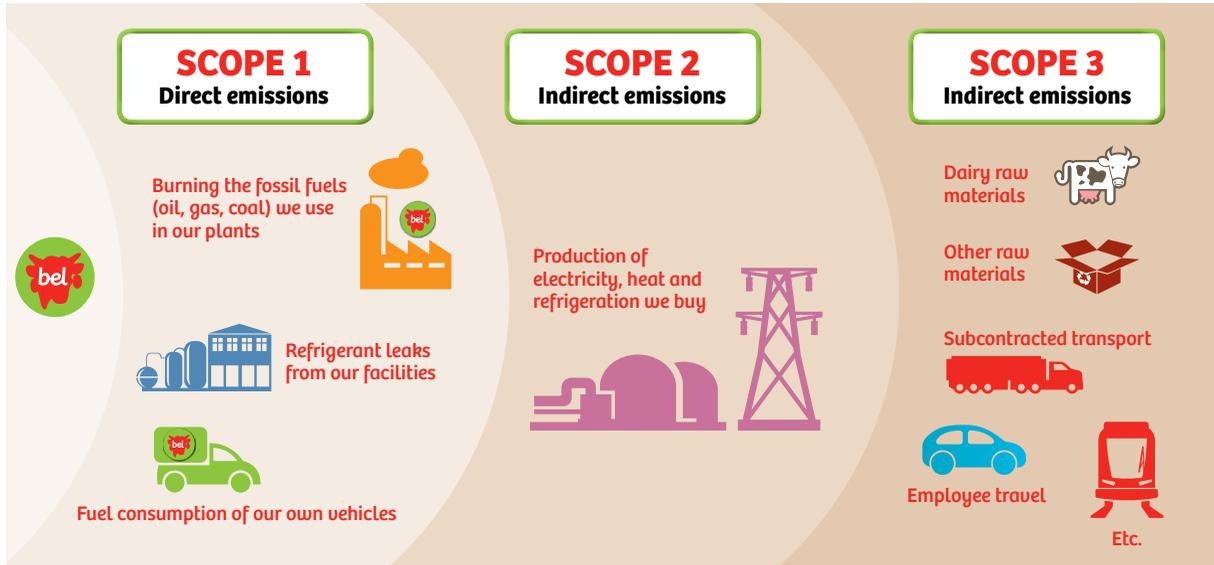
We implement an ongoing improvement program for our packaging solutions, with the goal of reducing their environmental impact throughout their life cycle, i.e. from the production of the raw materials used in their composition through to their end-of-life as waste. Naturally, the optimization of our packaging systems must preserve the functionalities and qualities expected by our consumers and our retail customers in terms of packaging quality, safety and practicality.

The reduction at source and selection of materials are two key parts of our packaging eco-design process. Our "CSR Packaging Passport" policy is detailed in the "Nutrition and responsible products" chapter.



4.3 Reducing our greenhouse gas emissions

Reducing our greenhouse gas emissions is our second priority. GHG emissions are categorized into three broad scopes:



Our reference guides and performance indicators

External reference guides

- International Energy Agency: emission factors associated with electricity generation, some refrigerant gases and fuels
- Decree defining the content of Greenhouse Gas (GHG) emission reports which are compulsory under article 75 of the “Grenelle II” law (France scope)
- Environmental standards applying to trucks

Performance indicators

- Greenhouse gas emissions scope 1 and scope 2 (metric ton of CO₂ and kg of CO₂ per metric ton produced)
- Greenhouse gas emissions avoided by consuming renewable energies (metric tons of CO₂)

A number of years ago, we carried out Life Cycle Analyses on our core products. Although we intend to update the results of these analyses using a tool developed with the French dairy trade organization (see “Making information more accessible for our consumers”), we already know that the comparative values observed will remain almost the same. Scope 3 emissions, i.e. those that we do not control directly, will continue to account for the largest proportion of our emissions:

- indirect emissions associated with upstream agriculture account for up to 80% of the emissions produced throughout the life cycle of some of our products. We therefore support our dairy producers in their initiatives to reduce their

environmental impact (see “Promoting more sustainable dairy production”). Where the purchase of pre-processed dairy raw materials is concerned, our leverage is not as great. However, we assess the environmental performance of our suppliers using the EcoVadis tool (see “Our Sustainable Purchasing policy”);

- the indirect emissions associated with the production of packaging materials (see “Developing more responsible packaging”) and the direct emissions generated by our in-plant cheese production are on a similar scale;
- the direct and indirect emissions generated by the transport and warehousing of our products account for a highly variable proportion depending on the distance

between the production site and the market of sale. In all cases, however, these emissions are lower than the other categories described above;

- the indirect emissions generated by the transport and warehousing of our products after they have been purchased and by their consumption are negligible in relation to the life cycle of the product.

We are not able to provide solid data on our scope 3 indirect emissions. This is why our reporting process covers our scope 1 and 2 emissions, on a worldwide scale, which makes it consistent with French carbon footprint reporting requirements.



The optimization of every stage in the transport is an area of work to reduce our greenhouse gas emissions.

Emissions associated with the manufacturing of products in our plants (scopes 1 and 2)

A number of factors must be taken into account when considering the emissions produced by our plants:

- **our manufacturing processes:** all of the action plans under the ESABEL program to reduce energy consumption (fossil fuels and electricity) at source automatically lead to a reduction in greenhouse gases.
- **country of operation:** for equivalent electricity consumption per metric ton produced, the difference in scope 2 greenhouse gas emissions (associated with electricity generation) can vary by a

factor of between one and ten from one plant to another, depending on their country of operation.

- **the energy mix used** by the site, especially its use of renewable energy where applicable: at Group level, more than half of our emissions are produced by the consumption of fossil fuels and gas, and more than one third come from electricity consumption.
 - to a lesser extent (just over 3% at Group level), **refrigerant leaks** (HCFC/R22 refrigerant, used mainly for the warehousing of our finished products), are gradually being eliminated in accordance with European legislation. In addition, all new Group installations outside the European reporting scope are equipped with new fluids that emit fewer greenhouse gases in the event of a leak and are less harmful to the ozone layer.
- It is by optimizing all of these factors that we will gradually reduce our ratio of greenhouse gas emissions per metric ton produced.

Transport-related emissions

We consider the optimization of every stage in the transport of raw materials and finished products as key to reducing not just our greenhouse gas emissions but other forms of pollution (traffic congestion, noise, etc.).



Greenhouse gas emissions

We emitted 520 Kg of CO₂e per metric ton produced in 2013, a fall of 11.3% since 2011.

The locations of our plants and our logistics flows are designed to optimize distances both upstream (mainly for fresh milk) and downstream (as close as possible to our consumer markets). Near our dairy plants, the milk collection rounds are organized in such a way as to reduce the distances traveled and optimize the tanker filling rate. For example, in France, milk collection exchanges are organized with other dairies.

Reducing the emissions associated with the transport of our finished products is a topic discussed with our logistics partners as part of our Sustainable Purchasing policy.

FOCUS

Multimodal transport: experimenting since 2011



In March 2011, we introduced combined rail/road refrigerated transport between Rennes and Lyon, in partnership with our logistics partners Stef and Combiwest. Every week, four mobile refrigerated containers containing up to 22 metric tons of goods set off from the Sablé-sur-Sarthe and Évron plants for Rennes rail station, where they are then transported by train and truck to our partner Stef's warehouse in Givros. 25 to 30% of the Kiri® and Mini Babybel® volumes traveling between our Sablé-sur-Sarthe and Évron plants and our partner's warehouse are thus transported by rail freight. This saves approximately 90 metric tons of CO₂e per year.

This combined transport system is also used between Rotterdam and Milan for the vast majority of our Leerdammer® volumes, saving an estimated 207 metric tons of CO₂e per year.

In September 2013, we launched a new short-distance sea transport experiment. The products leave Évron for the port of Saint-Nazaire. They are transported by boat to Gijón, Spain, before completing their journey by train to Madrid. Compared to road transport, the saving in terms of CO₂ emissions is around 11%.



In every country, reduction initiatives are devised based on three focus areas:

- optimizing truck and container fill rates
- optimizing transport flows and delivery frequencies
- studying alternatives to road transport that produce fewer greenhouse gas emissions.

It is extremely difficult to measure greenhouse gas emissions associated with the warehousing of our products in warehouses that contain many other products. For this reason, we do not believe we are able to implement improvements on the

“warehousing” stage of the life cycle of our products.

Adaption to the effects of climate change

In addition to our ongoing programs to reduce the contribution of our activities to climate change, our business projections for the next few years take into account the new consequences brought about by climate change in order to reduce our exposure to potential damage.

We are aware that adaptation is as important as alleviation, although the related benefits should not be analyzed on the same time scale. For example, our analyses focus on our existing physical assets, our logistics chains, and the modification of water availability and the more frequent occurrence of “extreme” weather events liable to affect our milk supply.

Finally, we are attentive to consumer trends that may change if consumers decide to avoid buying products they believe contribute to climate change.

2013 Progress and outlook

In 2013, we reduced our greenhouse gas emissions and will continue to do so in the coming years.

In 2013, we emitted 219,769 metric tons of CO₂e of greenhouse gas. Between 2011 and 2013, our sales increased by 7.6%, reflecting a rise in the volumes manufactured in our plants. Despite this growth, we reduced our scope 1 and 2 greenhouse gas emissions by 13,625 metric tons of CO₂e.

The initiatives we have carried out have allowed one site, initially subject to greenhouse gas emission quotas, to exit this system: the Michalovce site in Slovakia

left the system in late 2012 after it resized its heat production to match its precise requirements. The procedure for exiting the quota system is underway for another site, that of Ribeira Grande in the Azores (Portugal).

Eventually, only the Sablé-sur-Sarthe site in France will be covered by the quota system, but the minimum goal is to not have to buy quotas despite the growth of this site’s activity.

Our target for 2015 is to reduce our

greenhouse gas ratio by 14% from 2012 levels.

Energy consumption (electricity, fuel and gas) account for more than 90% of emissions.

In addition, the use of the biomass boiler at Cléry-le-Petit in France avoided the emission of 12,292 metric tons of CO₂e in 2013, an increase of 41% in one year. This represents the equivalent of 5.6% of our greenhouse gas emissions on a worldwide scope.

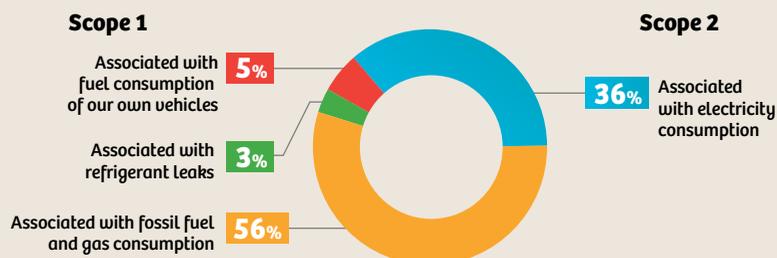
Greenhouse gas emissions avoided by consuming renewable energy

Metric tons of CO₂e avoided



Greenhouse gas emissions scopes 1 and 2

	2011	2012	2013	Change 2011-2013	2015 target
Kg metric ton of CO ₂ e/metric ton produced	586	541	520	-11.3%	465 (-14% vs. 2012)
Metric tons of CO ₂ e	233,394	222,556	219,769	-5.8%	-





4.4 Taking the protection of biodiversity into account

Our company and its growth are fundamentally and directly linked to the living world and depend on it functioning properly. For example, respect for livestock herds and the ecosystems in which they exist has a direct impact on milk availability and quality and dairy yields, which are key issues for the growth of our business.

Biodiversity is a complex topic: the absence of commonly-agreed tools and indicators makes it difficult to measure our impacts and improvements accurately. Involved in various inter-trade working groups, we lend our expertise to help define recognized, shared indicators. We address the issue of biodiversity in our geographical plant location, supply and production systems.



Respect for livestock herds and the ecosystems in which they exist has a direct impact on milk availability and quality and dairy yields. ▲

In livestock farming

Agriculture and livestock farming in particular, constitute reservoirs of biodiversity of varying richness containing fauna, flora, soil microorganisms, etc. In many regions,

cattle help enhance and maintain pastures and, in some cases, hedgerows that support ecosystems in a number of ways. However, some livestock feed supplements, such as those based on soy, can

cause land conversion and deforestation in Latin America and Asia. In partnership with WWF France, we are working on setting up a responsible soy production chain in Brazil and preserving water resources in France.

FOCUS

Bel signs up with WWF France

In November 2012, Bel signed a three-year partnership agreement with WWF France, which includes financial support for two projects led by the environmental organization and relating to the protection of biodiversity.



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 The “Fresh water and sustainable farming” program aims to promote more environmentally-friendly farming and conserve freshwater ecosystems in France. Among the

many initiatives put in place, the conservation project deployed at the Chérine National Natural Reserve, in the heart of the Brenne region, aims to maintain and develop this site’s outstanding biodiversity, in both its aquatic environments (ponds and marshes) and its grassland areas. Several agricultural partners have come on board to achieve this, working to create pastures within the reserve that allow cows to maintain the fallow land while preserving its biodiversity. Scientific studies will be carried out to assess the appropriateness of the actions undertaken and their impact on this unique French site.



© Boris Patentreger

 In Brazil’s Mato Grosso region, the WWF has launched a project focusing on biodiversity protection and the development of responsible soy production. Mato Grosso is Brazil’s biggest soy-

producing region and is particularly prone to deforestation, which has a severe impact on local biodiversity. The project aims to help female producers implement more responsible soy production processes, by encouraging them to comply with the criteria of the RTRS (Round Table on Responsible Soy). The main goal is to stop deforestation on the relevant land parcels, thereby protecting this region’s especially rich biodiversity. In addition, the actions undertaken will eventually enable a better income for the farmers taking part in the project, and help local communities take better account of environmental protection issues.



100%
of the land we own,
lease or manage is situated
outside
of protected areas.

For the reasons explained in the chapter entitled "Strengthening the natural qualities of our products", we have opted not to source our milk from organic dairy farms. However, we encourage responsible livestock farming practices (see "Promoting more sustainable dairy production").

In our supplies

The main packaging materials we use are cardboard and paper, which account for 81% of our total packaging volume. Wherever possible, we favor paper and cardboard made from recycled fibers and/or certified virgin fibers from sustainably-managed forests, in order to protect biodiversity in our supply zones (see "Developing more responsible packaging").

Finally, although the consumption of palm oil is minimal at Group and market level (9% of the fat purchased by Bel in 2013), we aim to discontinue its use by the end of 2014 at the latest.

In our industrial operations

At present, all of the land we own, lease or manage is situated outside of protected areas.

Our sites are located in regions with very different ecosystems. When requesting an operating permit, each site's position is analyzed with respect to the sensitivity of the natural environment and the potential impact of its activities. Land use is not considered a key issue for the Group, given that the space occupied by our plants is very small.

Finally, the protection of biodiversity on each of our industrial sites involves reducing and controlling discharges into the natural environment (see previous pages). Moreover, in terms of renewable energy, we favor biomass sourced close to our plants (see Focus, page 56).

Energy recovery from agricultural waste is also an area we are investigating.

2013 Progress and outlook



Having acquired better knowledge of the relevant issues in 2013, we will continue our work with our dairy producers in the coming years.

In 2013, with the support of WWF France, we mapped out the different feeding practices concerning the cows that supply our milk in our two main supply regions (France and the Netherlands), in order to gain a deeper understanding of the associated environmental issues. This revealed that growing the feed supplements given to the cows that supply our milk in France and the Netherlands causes the deforestation of

around 8,200 hectares of land every year. We already encourage our French dairy producers to favor grassland livestock farming and/or use locally-sourced feed supplements. In addition, our primary dairy collection region, the Netherlands, applies the Dutch industry commitment to only importing soy meal certified by the RTRS (Round Table on Responsible Soy) – or equivalent – by 2015 at the latest.



2015 target
0% of palm oil
in our products.

In 2015, we will no longer add palm oil to any of our recipes.

In 2013, we purchased 3,197 metric tons of palm oil (9% of the fat purchased by Bel in 2013). R&D projects are underway

internally and with our suppliers to eliminate the use of palm oil in our products by the end of 2014.



4.5 Reducing waste and discharges and managing environmental damage and hazards

Given the nature of our business, in terms of waste we are primarily concerned with discharges into water and the management and treatment of wastewater and sludge produced by our treatment facilities (see “Using natural resources more responsibly”).

Nonetheless, we are particularly attentive to reducing the total quantity of other waste generated by our activities, sorting it and recycling it (into material or energy) through specific treatment channels. We are very attentive to managing and

reducing the severe impacts of our activities and to the risk of accidental pollution, in order to protect our heritage and that of the communities in which we are present.

Our reference guides and performance indicators

External reference guides

- Local legislation on discharges into the air, water and soil
- Operating permits
- Local regulations on noise from industrial installations, measurement standards

Performance indicators

Waste

- Total waste production (metric tons and kg per metric ton of cheese produced)
- Monitoring by type of waste and method of recycling
- Cost of access to waste treatment channels, after deduction of waste recycled

Discharges into the air

- Discharges of nitrous oxide (N₂O + NO_x) (metric tons and kg/metric ton produced)
- Discharges of sulfur dioxide (SO₂) (metric tons and kg/metric ton produced)

Noise pollution

- Number of sites complying with standards

Management of waste, discharges and noise pollution

All hazardous waste is disposed of through appropriate channels and closely monitored by the sites. Although local regulations on its classification vary from one country to another, it accounts for a small proportion of our waste – around 3%.

Packaging and waste

Packaging material losses from production lines are considered to be waste. As such, they are included in the waste optimization and reduction processes implemented by our plants.

However, packaging is only considered waste at the end of its life, after it has served a variety of purposes. Packaging, especially product presentation in individual portions, forms an integral part of our vision of responsible products. This

is why we devote a significant portion of the chapter on “Nutrition and responsible products” to them (see “Developing more responsible packaging”).

Sites and waste

There are currently significant disparities between our various sites concerning waste treatment. Some sites manage to recover all of their waste, recycling or incinerating it for energy production. This is the case for five sites in France.

Recycling allows us to reduce the quantity of waste taken to landfill. Our improvement in this area depends on the presence of appropriate local channels: we ask our sites to set up partnerships with local operators wherever possible, in order to develop waste sorting and recycling.

Discharges into the air (other than greenhouse gas emissions)

By reducing our energy consumption, we reduce our discharges into the air, which are in proportion to the energy consumed.

To go even further and reduce discharges into the air generated by heat production, we favor the use of natural gas over fuel wherever possible, as it emits less nitrous oxide, sulfur dioxide, carbon dioxide and dust. The Group uses 4.5 times as much natural gas as it does fuel.

In addition, all sites with drying activities to turn whey into powder have installed air washers to reduce dust discharges (sites in Michalovce (Slovakia), Sablé-sur-Sarthe and Mayenne (France) and Ribeira Grande (Azores)).



Noise pollution

Our facilities are designed to reduce their noise levels, which is very important for local residents where the sites are located close to residential areas. Measurements are taken every two years internally or by a service provider to monitor and control the

compliance of the sound level 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 facilities likely to change sound levels (e.g. refrigerating units, cooling towers) or work to reduce noise levels.

Action to reduce noise levels is taken when the noise emergence exceeds local standards: as soon as possible if the noise is considered to be an inconvenience by residents, or when carrying out other work on the facility producing the noise if it is not.

2013 Progress and outlook

From 2014, we intend to structure our approach more effectively to help our sites reduce their non-recycled waste.

In 2013, our activities generated 26,599 metric tons of waste.

Also in 2013, we launched an internal survey to find out what practices are implemented by our various industrial sites and identify any support needs they may have.

The 16.5% increase in the ratio of total waste production per metric ton produced was due to one-off waste production generated by the cleaning of wastewater treatment facilities and the treatment of earth contaminated by two accidental oil spills.

The total quantity of waste increased by more than 20% because of these exceptional events, the inclusion of the site of Koléa (Algeria) in the reporting scope (which was previously excluded), and the general enhancement of the reliability of its reporting process.

Waste generation (breakdown by type)



Monitoring by type of waste and method of recycling

	2011	2012	2013**	Change 2011-2013
Hazardous waste sorted and sent to the appropriate channels*	443	516	732	+65.2%
Non-hazardous waste:				
– sorted and sent for recycling (metric tons)	14,875	17,490	19,811	+33.2%
– unsorted and incinerated for energy production (metric tons)	N/A	1,422	2,280	-
– unsorted and incinerated without energy recovery (metric tons)	N/A	24	5	-
– unsorted and sent to landfill (OIW) (metric tons)	4,822	3,161	3,771	-21.8%
Proportion of waste sent to landfill (%)	22%	14%	14%	-8 points
Total waste production (metric tons)	21,509	22,613	26,599	+23.7%
Total waste production per metric ton produced (kg/metric ton produced)	54	58	63	+16.5%

* Waste produced by subcontractors operating on the Group's sites is counted if it is disposed of in containers on Bel's sites.

** The data for unsorted waste sent to landfill is available for 25 sites whose production accounts for 98% of the total production covered by the CSR Report scope. Other data on waste is available for 27 sites which account for 100% of the total production covered by the CSR Report scope.



In 2013, we spend more than €1 million ensuring that our waste was handled responsibly.

Discharges into the air (other than greenhouse gas emissions)

Our discharges into the air fell sharply between 2011 and 2013.

Discharges into the air

		2011	2012	2013
Nitrous oxide (N ₂ O + NO _x)	metric tons	177	161	145
	kg/metric ton produced	0.45	0.39	0.34
Sulfur dioxide (SO ₂)	metric tons	139	117	86
	kg/metric ton produced	0.35	0.29	0.20

Noise pollution

Noise-reduction actions were implemented on one site in 2013. However, the overall situation deteriorated, mainly on the “night noise emergence” criteria, as the ambient noise is often low. Corrective actions will be taken when the noise is perceived as a disturbance by local residents.

Noise pollution	2011	2012	2013
Number of sites* in compliance for the noise level at the boundary of the property and the emergence level for the most at-risk residents	17	21	19

* Scope: 27 industrial sites.



Waste

Cost of access to waste treatment channels, after deduction of waste recycled, represents 1,312,000 €.

FOCUS

Morocco: non-food waste management and recycling program

In 2011, the Tangier plant introduced a management and recycling program for its non-food waste. A method was developed to optimize the sorting and recycling of said waste (cardboard, plastic, wood, etc.) throughout the production chain, from the reception of raw materials through to the delivery of finished products. A team was formed to take charge of managing the waste. It divided the plant into eight sectors, thereby making it easier to carry out a waste inventory based on categories. Next, in order to optimize the sorting process, the team set up procedures, centralized collection facilities and signs. It also organized training sessions for all site employees and launched a communication campaign to raise awareness of the importance of this process. Finally, a weekly auditing process was set up to measure, on an ongoing basis, the progress made in terms of waste management.



The goal is to reduce the quantity of waste sent to landfill as much as possible and develop recycling on the site. Each category of waste is sent to specific environmental service providers so that they can recover and recycle it. This program has achieved some promising initial results: between 2010 and 2013, total waste production fell by 19% and the proportion of waste sent to landfill dropped by 78%.



In order to “*share smiles with all families through the pleasure of dairy goodness*”, we offer more responsible products.

The individual portion is one of our key means of achieving this goal.

- ▶ Our strict procedures and processes ensure **quality, safety and traceability** throughout the life cycle of our products.
- ▶ **We are optimizing the nutritional benefits** and the size of our portions.
- ▶ We are developing **packaging** with the precise quantity of material required to guarantee **safe and healthy products**.
- ▶ We are exploring **innovative models** to make our products more accessible.
- ▶ We are striving to enhance the “**natural qualities**” of our recipes.



82% of our products are manufactured on sites certified according to **Global Food Safety Initiative** standards



16.7 billion cheese portions

produced in 2013, which represents



57%

of our sales



5

Nutrition and responsible products

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

5.1 Ensuring the quality, safety and traceability of our products

Our products have gained the confidence of millions of consumers all over the world. We are aware that there is no such thing as “zero risk”, but it is our responsibility to justify this confidence by taking the most stringent possible approach to the quality, safety and traceability of our products throughout their value chain. Our approach takes into account the complexity of our distribution chains and the changing expectations and concerns of consumers. We are witnessing a significant increase in consumer demands, a growing media interest in food-related issues, and a web users’ high level of activity in reporting food scandals, which can greatly impact the image of the products and companies in question.

Our commitments in terms of food safety and security thus go hand-in-hand with those we undertake to provide the pleasure and nutritional quality expected by our consumers.



In accordance with the principles that govern our CSR program, we circulate transparent information on our approach

to the quality, safety and traceability of our products and address the questions asked of us by our consumers.

Our reference guides and performance indicators

External reference guides

- HACCP approach
- Global Food Safety Initiative (GFSI)

Internal reference guides

- Group Regulations manual
- Traceability manual and procedures
- Crisis management manual and procedures
- Storage and Distribution Best Practices Charter

Performance indicators

- Number of sites certified according to GFSI standards (Bel and subcontractors)
- Volume sold from sites (Bel and subcontractors) certified according to GFSI standards (%)
- Number of complaints*
- Number of audits of our suppliers and subcontractors

** This indicator is not presented in this document owing to the complexity involved in interpreting it, but it undergoes an internal monthly monitoring process.*



Our health, safety and traceability policy

Our health, safety and traceability approach is governed by a very strict regulatory framework. The organizational structure we have implemented at every level of the value chain and the processes we stringently apply are aimed at reducing all risks liable to harm food safety for our products or the image of our brands, or adversely affect our business and profitability.

Stringent regulations

In terms of food safety, European legislation – which is renowned as being among the most stringent in the world – applies to all operators, from the production of raw materials through to the consumer, or “from farm to fork”. All of our European plants are thus subject to obligations to produce results by marketing safe, healthy products, as well as traceability requirements.

In addition, with a view to ensuring harmonization and impeccable food safety, we apply these European rules – alongside specific local requirements – in all of our plants, regardless of the country in which they are located.

An organizational structure with relays throughout the company

At central level, the Group’s Quality and Regulations Department (DQRG) reports to the Industrial and Technical Department

and is responsible for leading and coordinating all processes and ensuring 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 relating to quality and regulations. At regional and country level, quality and regulations correspondents implement the policy, are in charge of reporting, and perform the local monitoring required to anticipate changes in local legal and regulatory contexts.

Managing food quality and safety

In order to meet these safety requirements, we draw on the training of our teams, the performance of self-assessments and the principles of the HACCP approach (Hazard Analysis Critical Control Points).

In addition, we use international reference guides for food safety management recognized by the Global Food Safety Initiative (GFSI). Our goal is to ensure that all sites (Bel and subcontractors) that manufacture products bearing our trademarks are certified by 2015.

For all new sites (created, purchased or subcontracted), certification must be obtained within two years. Our sites are



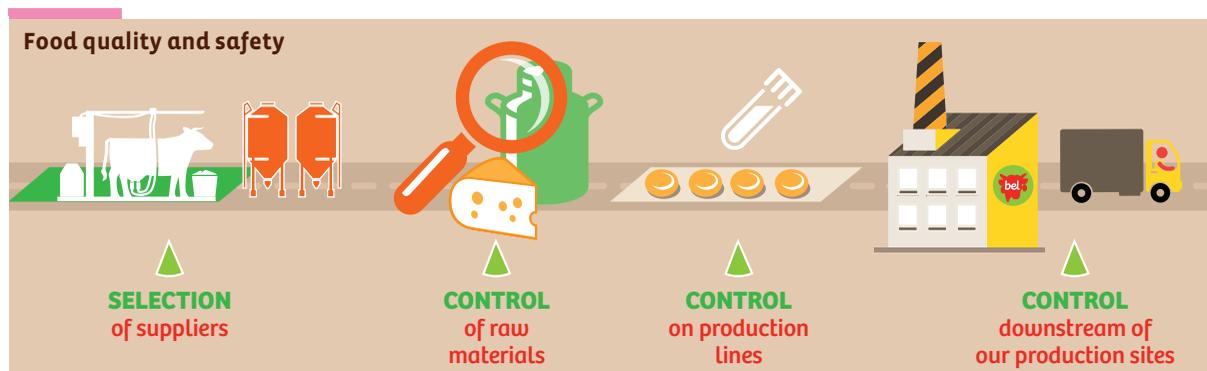
All of our sites report to the Group’s Quality and Regulations Department on a monthly basis.

certified by an independent third-party organization.

Furthermore, quality management is based on the international standard ISO 9001. Twenty Bel sites were certified at the end of 2013.

All of our sites report to the Group’s Quality and Regulations Department on a monthly basis. This reporting process includes quality complaints and incidents, monitoring of certifications and supplier audits.

Finally, we have implemented a recall procedure that enables products for which a food safety and quality alert has been issued to be rapidly withdrawn from sale. In 2013, we carried out a voluntary product recall in Japan (see below) and blocked products before sale owing to non-compliance with local regulations (with no consumer health risk) in Canada.



Food quality and safety throughout the life cycle of our products

Strict controls and full traceability are carried out at each stage in the life cycle of our products.

Aware that food safety is a shared responsibility, we work in close cooperation with all operators along the value chain (suppliers, subcontractors, logistics service providers and retailers) in order to deliver safe, healthy products to our consumers.

Food safety lies at the core of our system. Every stage of our product manufacturing process is managed thoroughly, from raw materials through to the “release” of the finished product.

Selection of suppliers

All of our suppliers of raw materials are carefully chosen. They must be referred by our Central Purchasing Unit before they can supply to our manufacturing sites. Our supplier referral process is long. It covers all aspects of food safety and includes a full audit. We require exhaustive data, particularly with respect to the technical, logistics and regulatory elements, together with certifications, for example on the origin of the products, the presence or absence of allergens, etc. Depending on the results of this approval audit and the sensitivity of the ingredients supplied, the supplier is rated according to the relative food safety risk. This assessment allows follow-up audits to be scheduled. The risk is reassessed after each audit.

Control of raw materials

All of our suppliers of raw materials are subject to very strict specifications. All raw materials used in our products and all of our packaging undergo stringent quality controls and traceability. The first systematic inspection is carried out as soon as the material is received in the plant: the compliance of the ingredients and packaging with our specifications is checked, especially with respect to transport conditions (e.g. temperature) and integrity.

All ingredients, both liquid and solid, are inspected again before being used in production, at microbiological, physico-chemical and organoleptic level. The frequency of these inspections is based on our HACCP assessment and is tailored to the raw material or ingredient in question.

Moreover, for especially sensitive and strategic raw materials, we carry out quality audits on our major suppliers. These audits are performed by our internal auditors according to applicable procedures and the audit plan defined annually by the DQRG and the operational teams in each region. The same applies to our subcontractors whose products bear our trademarks. These audits allow us to ensure that our partners comply with our requirements in terms of food quality and safety. Their frequency assures us that the level of service we expect is maintained over time.

Control on production lines

In our plants, we implement stringent control plans, which relate to products being manufactured, packaging, finished products and the production environment (air, water, machines, manufacturing premises, staff, etc.). On the production lines, our semi-finished products (works in progress)



All our ingredients are inspected ▲ before being used in production.

Milk, a very fragile raw material



We pay close attention to the quality of the liquid milk we collect and that is used in our cheeses. To prevent all risks from the outset, particularly bacteriological risks, our dairy production technicians continually circulate to the producers who supply to us the best practices for producing high-quality milk (see “Promoting more sustainable dairy production”). Where the quality of the milk falls below our standards, they propose and implement targeted actions with the producers in question, comprising:

- 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 over a period from a few months to a year, to assist the producer in bringing about improvements.

In some cases where the milk is of insufficient quality, it is not used.



Distribution

30 of our distributors have adopted our Storage and Distribution Best Practices Charter.

and finished products undergo internal procedures comprising requirements that go beyond the regulatory minimum, particularly with respect to pathogens. The analysis frequencies comply with regulatory specifications and our HACCP risk assessments.

These inspections at every stage of the process thus cover our entire manufacturing chain.

We keep all records of these inspections for each site, as they constitute proof of the analysis results.

All of these inspections are performed by the plant's analysis laboratory and, where necessary, by accredited independent external laboratories. Our overall compliance with the specified requirements is guaranteed by the competent health authorities and certified by the approval mark that all of our plants affix to our products.



On the production lines, our semi-finished and finished products undergo internal ▲ procedures comprising requirements that go beyond the regulatory minimum.

We regularly ensure that our formulas comply with the targeted nutritional profile labeled on our packaging.

Finally, we regularly monitor the sensory profiles of our products to ensure that they meet the consumer expectations identified through studies carried out by the marketing teams.

Downstream control of our production sites

Audits are performed on the distribution chain in order to ensure that cold chain and transport and conservation conditions of our products are respected. For more than five years, we have gradually

shared with our distributors (importer customers) in our various regions of sale our Storage and Distribution Best Practices Charter. This charter aims to enhance optimum product quality and conservation. It is tailored to the retailer's context further to an inspection or audit on said retailer. It touches upon the following issues: storage temperature, facility characteristics, hygiene and cleanliness, storage practices, handling of products, traceability and transport. The retailer is provided with a poster to communicate these best practices to all employees. The Charter is being rolled out on a gradual basis. To date, it has been adopted by 30 distributors.

Full product traceability

The monitoring initiatives that we are implementing provide dual traceability across the entire value chain. As well as being able to identify all raw material suppliers involved in the manufacture of a given product, we are also able to identify all product batches in which a given ingredient is used.

These monitoring initiatives also allow us to store and manage information and data flows relating to food safety, promptly

submit data requested by the authorities, identify risks, isolate individual production runs, and optimize the efficiency of product withdrawals and recalls.

Ensuring the full traceability of our products right up to consumption entails the use of mandatory labeling (batch codes, best-before date, use-by date, etc.). Moreover, all logistic units are identified by means of labels that link each unit to the corresponding product batch code.

This allows us to pinpoint the storage location of any product at any time, right up to

the end customer, across all of our distribution and sales networks.

Our procedures provide for traceability tests at various stages; from the identification of our raw materials, to our manufacturing processes, to our downstream production sites. All our suppliers of raw dairy materials and ingredients are assigned codes and traced continuously. We perform regular tests in order to ensure that they are able to provide additional traceability data within 24 hours of our request.



2013 Progress and outlook

Within our quality/regulatory network, we have improved communications and the sharing of best practices.



We have put in place quarterly meetings that bring together local regulatory correspondents from across the globe in order to monitor the implementation of our strategy in each of our subsidiaries. During these meetings, we discuss regulatory updates and present our new policies. Our

regulatory correspondents are made aware of any aspects in which improvements can be made in terms of management and implementation. These meetings are also an opportunity for people to share information about challenges or issues that are specific to individual countries. At least once a year, we carry out an evaluation of these meetings/training sessions in order to determine the extent to which the issues discussed have been understood. We also produce a weekly newsletter for our network of regulatory correspondents and other internal departments. The purpose of this newsletter is to consolidate and synopsise the monitoring of regulations/quality/safety on a global scale.

In 2013, we organized a global conference on quality/regulatory issues, as we do every two years. It brought together factory quality correspondents, regional quality correspondents and regulatory correspondents as well as the DQRG (quality and regulations) department. This two-day conference gave us the opportunity to evaluate our progress on ongoing issues and to present future plans. It also allowed participants to interact on a personal level, to share common challenges relating to factory quality and find corresponding solutions. During the seminar, all factory quality and regional quality correspondents received training on our Food Defense policy and the tools we use to assess the risk of malicious acts.

We carried out 81 audits on our suppliers and subcontractors.



81 audits

Zero major non-conformity identified.

In 2013, 73 suppliers and 8 subcontractors were audited. None of these audits revealed the existence of a non-conformity that would lead us to question our business relationship with any of our suppliers or subcontractors. However, 53 audits did result in the drawing up of corrective action plans as part of our strategy of continuous improvement. In keeping with our audit procedures, and given that the minor

non-conformities that we did observe did not pose a risk to the food safety of products supplied to us, the audited suppliers and subcontractors in question have made commitments to us in respect of these corrective actions and the timeframe in which they will be implemented. Subsequent audits will allow us verify that these commitments have been met.

We progressed with the certification program of our sites.

Our goal for 2015 is to have all of our products manufactured in certified sites based on the standards of the Global Food Safety Initiative. In 2013, 82% of the product

volume sold by the Group was manufactured at certified sites, representing a 4 point increase compared with 2012.



82%

of the product volume we sold in 2013 was manufactured at sites certified according to GFSI standards, compared with 78% in 2012.

Number of Bel* sites certified according to GFSI standards



Number of Bel sites + subcontractors** certified according to GFSI standards



* scope: 28 Bel sites (27 production and R&D sites, and Bar-le-Duc production unit).

** Scope: 28 Bel sites and 20 subcontractor sites.



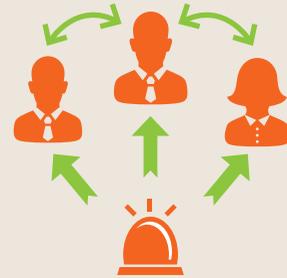
We reviewed our crisis management procedure.

In 2013, we expanded our risk management team and reviewed our crisis management procedure in order to facilitate the following:

- Quick decision-making based on a full and thorough analysis of the risks involved;
- Communication, on both an internal and external level;
- Feedback, in order to promote a culture of continuous improvement and learn what we can from previous events.

Within the DQRG department, we updated and streamlined our Crisis management manual on quality and food safety. This

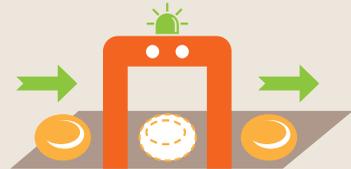
new initiative was first tested in July 2013 within the scope of the Group's voluntary recall – as a precautionary measure – of Kiri® products in Japan following two identical successive complaints relating to the presence of foreign bodies that were clearly visible to the consumer when they opened the product. After investigation, it was established that these were small fragments of metal resulting from the very exceptional malfunction of the unit that was used to measure out portions. The unit was replaced and corrective measures were implemented.



We have strengthened checks aimed at detecting the presence of foreign bodies in our products.

Complaints relating the discovery of foreign bodies in our products account for between 5% and 6% of all complaints received. Although this figure is low, the risk is that it could have a major impact on the reputation of our products and our company (all types of foreign body are taken into account: fibers, hair, metal fragments, etc.)

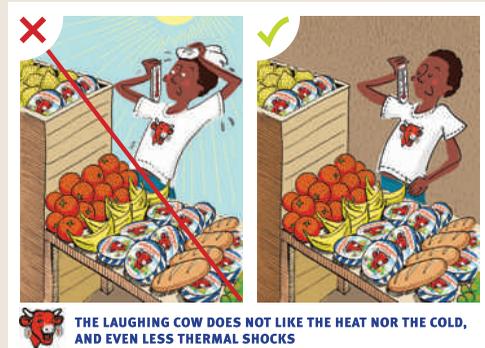
In addition to applying the procedures already in place for detecting foreign bodies in the majority of our factories and with a view to continuously improving our processes, we have decided to reinforce our metal detector – or X-ray – equipment systems in all of our factories.



In 2014, we will work hand in hand with our distribution partners in Sub-Saharan Africa on issues relating to quality and food safety.

Quality and food safety are at the heart of the responsible partnership project that we initiated with our distributors in Sub-Saharan Africa in 2013 (see Focus section "Committing our distributor partners to a CSR program"). Within this context, we will provide

our partners with tools (training, checklists, etc.) to help improve practices relating to the handling, transportation, and storage of products.



In 2013, our Little Chute site in the US was awarded the title of Dairy plant of the year by industry magazine Dairy Foods.

 The magazine's readers selected Little Chute from a list of 13 agrifood sites in the US. In so doing, they acknowledged the operation's FSSC 22000 certification for food safety and more specifically, the processes that had been put in place on-site. Every department, i.e. almost 200 employees, actively contributed to the process of obtaining this certification.



5.2 Improving the nutritional quality of our products

When consumed in reasonable quantities, cheese can contribute to a healthy and balanced diet. It is compatible with everyone's dietary requirements, including those taking care of their weight or heart⁽¹⁾. It is also an important source of calcium, an essential ingredient for growing children. Chronic disease, excessive weight, obesity, malnutrition and nutrient deficiencies

are issues that affect different parts of the globe in different ways. We sell more than 480 recipes in almost 120 countries. The majority of our products (57% of our turnover) are presented in individual portions, which makes our format a real benchmark for consumers. The nutritional intake per portion is therefore adjusted in order to address the specific needs of target

populations, as well as the diversity of our consumers and their specific requirements. This model, which is unique to us – we are the leading global manufacturer of individual branded cheese portions – is one of the key advantages of our nutrition policy.

Our reference guides and performance indicators

External reference guide

- Recommendations of the World Health Organization

Internal reference guide

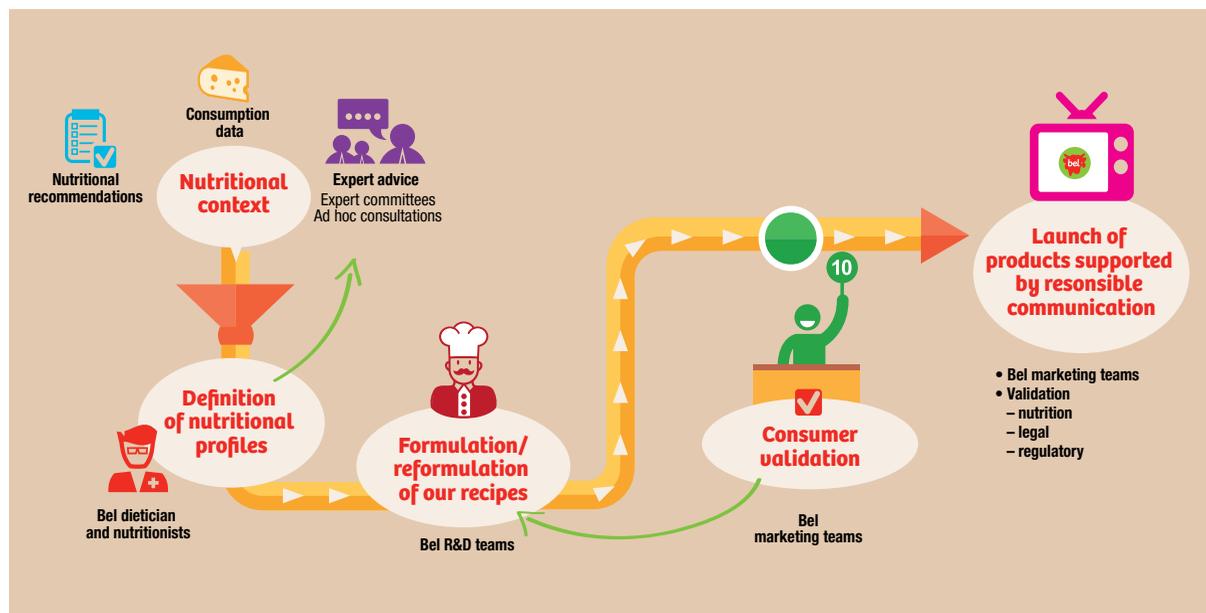
- Position paper listing the rules to be followed in terms of nutritional profile when launching a new product or reformulating an existing one

Performance indicators

Monitoring of nutrients contained in recipes and changes made to them

- Fat content (g/100 g of cheese)
- Sodium content (g/100 g of cheese)
- Calcium content (mg/100 g of cheese)
- Vitamin and mineral content (vitamins, zinc, etc. per 100g of cheese) for fortified recipes

Our nutritional policy



(1) Dairy products nutrition & health – Major studies, Best of 2012, Special cheese edition, CNIEL.



A nutrition policy founded on scientific basis

Our nutrition policy is based on the institutional recommendations of the World Health Organization, various national public health policies, and a scientific bibliography on specific topics. We also engage with international nutrition experts (researchers, pediatricians, nutritionists, sociologists, etc.) who we meet on a one-to-one basis or during meetings of our independent scientific committee which take place every year. This committee is made up of five members. It includes experts from GAIN (Global Alliance for Improved Nutrition), with whom we have been partnering since 2009. GAIN and other organizations advise us on our choice of micronutrients for fortifying recipes aimed at specific target populations. This is the case in Vietnam in particular, where we have co-funded a nutritional study on calcium and vitamin D levels in women and children. Based on this report, which highlighted deficiencies in this population, we fortified The Laughing Cow® recipe with these two nutrients. At local level, we also have partnerships with national associations. In France, for example, we have partnered with the AFPA (French association of ambulatory pediatricians) for the second year running and have availed of their expertise in childhood nutrition.

Understanding the factors that determine eating habits is also a key element of our nutrition policy. We support the FFAS (French foundation for nutrition and health) which focuses on scientific research projects that study the relationship between

food and health as well as the factors that determine dietary behavior. We have also engaged in research projects with universities in different parts of the globe, particularly in order to gain a better understanding of the nutritional and behavioral impact of portioning in consumers' diets. In the US, for example, a team led by Professor Brian Wansink carried out a study on working women and children aged between three to six years on the satiety levels of different snacks incorporating Mini Babybel® cheese. This study showed that a snack based on raw vegetables and a Mini Babybel® is more filling than a less balanced snack based on potato chips or crackers. It also has fewer calories, which can have beneficial effects in terms of the number of meals eaten and calories consumed. These results were presented at the annual meeting of the American Dietetic Association in 2011.

Definition of nutritional profiles

Based on institutional recommendations and consultations with our stakeholders,



Vitamin D

In Vietnam, we fortified The Laughing Cow® in calcium and vitamin D, to take into account the nutritional needs identified in the population.

Formulating/reformulating our recipes



Our R&D teams are focused on continuously offering new types of cheese that differ from others on the market in terms of their nutritional benefits, taste, and texture. The process involved in reformulating a recipe can sometimes take several years. For example, reducing the fat and sodium levels in our The Laughing Cow® cheese by an additional 5% in Europe took several years and several trials, despite the fact that we had already reduced these levels by 11% and 32%. This new recipe of the product will be available in 2014.

we are working on the optimization of the nutritional content of our products. Our focus is on the three nutrients present in cheese that have a significant impact on public health: fats, sodium, and calcium. The target levels of these three nutrients vary according to local health issues and the positioning of our products.

We are already working on a number of product reformulation plans based on these three nutrients. Priority plans must be implemented by 2015, they concern:

- Certain products aimed at and consumed by children – given that diet plays a crucial role in the growth and development of young children;
- Certain products that offer a nutritional benefit, such as low-fat products, for example.

Our priority for products that are aimed at adults and often consumed on a less frequent basis is to provide clear and transparent information to help them make their choices. We also offer low-fat versions of four of our main brands: The Laughing Cow®, Leerdammer®, Mini Babybel®, and Boursin®.

In addition to these three nutrients, we are fortifying certain products with vitamins and minerals (zinc, iodine, vitamins A and D, etc.) in order to address specific dietary requirements.



Validation of our recipes by our consumers

The work we put into creating or reformulating our recipes takes into account the expectations of our customers in terms of taste, texture, appearance, etc. The reformulation of a recipe in a way that affects the characteristics of a product carries with it a real risk of rejection, or of the consumer switching to other offerings on the market that are less beneficial from a nutritional point of view. It is therefore essential to ensure that consumers like the reformulated recipe at least as much as the original. In 2013, marketing teams carried out nearly 200 surveys among over 60,000 consumers across all regions in order to make sure that our new recipes met their expectations. When developing a new product, we do not launch it on the market until 70% of the consumers we survey have confirmed that they like the product. When reformulating an existing product, it is not launched unless the majority of those surveyed find the new recipe at least as good as the original.

Responsible communications and promotion of healthy eating

At Group level, an internal team of dietician and nutritionists are responsible for defining and coordinating our nutrition policy. Implementation of this policy at local level is the responsibility of a network of 20 in-country nutrition correspondents. In particular, these nutrition correspondents are tasked with creating a communications plan, sharing best practices, and most importantly, gaining an in-depth understanding of the nutritional context at a local level in order to ensure that the Group's nutrition policy can be adapted to local circumstances.



About **200** marketing surveys carried out among **600,000** consumers in 2013.

Moreover, we are convinced that training our marketing teams in the basics of nutrition is essential to their ability to responsibly incorporate a nutritional dimension in their brand strategies. In 2011, a dedicated training course was set up for this purpose and is now taught on an annual basis to managers from around the globe.

Given that the consumer is the primary stakeholder affected by the nutritional profile of the products they purchase, we are very focused on the nutritional information conveyed on our packaging and on our sites (see "Making information more accessible for our consumers").

Our Responsible Communications Charter states that our communications should not encourage children to consume food to excess, or to eat in an unstructured way. On the contrary, our communications should lead by example (see "Developing responsible advertising and promotional campaigns"). In addition to our focus on responsible communications, we believe it is important to promote the benefits of healthy eating, especially given that almost



The Group's nutrition policy is defined ▲ by an internal team of dietician and nutritionists who pilot 20 local correspondents in charge of the implementation.

400 million people consume our products every year. Raising awareness about healthy eating and encouraging consumers to adopt healthy eating practices is therefore an integral part of our nutrition policy.

With the support of our Group nutritionists and Nutrition correspondents, our brands are rolling out a number of nutritional awareness initiatives to our consumers.

FOCUS

Fortified zinc content in The Laughing Cow® cheese sold in Morocco, Algeria, and Egypt



In the Moroccan, Algerian and Egyptian markets, the

zinc content of the most popular The Laughing Cow® cheese was increased by 2.3 mg per 100 g of cheese, which corresponds to 15% of the nutrient reference value per 100 g of cheese. This nutritional optimization complements the fortification in calcium and vitamin D already completed in previous years, and addresses the deficiencies identified within these target populations. In Egypt, for example, zinc deficiencies have been found in 23% of the population⁽¹⁾, whereas in Morocco, food supply studies have found that 8% of the population is at risk of zinc deficiencies⁽²⁾. The inclusion of a special logo on our packaging will help to raise the awareness of parents and children as to the benefits of this nutrient on health and growth (see Focus section "Packaging to inform and raise awareness among our consumers in Africa").

(1) National Nutrition Paper. Food and Nutrition Situation in Egypt in 2012. Prof. Dr. Nabih Abd El Hamid Ibrahim. Egyptian Food Safety Information Centre.

(2) National nutrition profile - Kingdom of Morocco 2011 - FAO.



2013 Progress and outlook

We have initiated a number of studies aimed at improving our understanding of the factors that determine eating behavior.

We launched a research project with François Rabelais University in Tours, France. The purpose of the project is to gain a better understanding of the role of individual portions in the consumption of cheese by children between three and six years of age both at home and in the school canteen. The results of the study will

be presented at a conference to be held at the annual AFPA meeting in May 2014.

In 2014, a scientific study will be carried out on the benefits of individual cheese portions in the control of nutritional intake in working women, particularly in terms of fat content and calories.

In 2013, our independent scientific committee was tasked with reviewing our internal rules on nutritional fortification.

A wide range of opinions was taken into account in preparing our future position paper aimed at developers and marketing teams on the protocols to be followed when fortifying our products. This includes

identification of requirements, objectives and partners, definition of quantities and types of fortifying agents to be used, and final assessment of the impact of nutritional fortification.

In 2013, we continued to reformulate our recipes.

Since 2011, 58 recipes have either been reformulated or are currently being reformulated in order to optimize their nutritional content. In 2013, this included the following:

Reduction in fat content

- According to the World Bank, almost 11% of Moroccan children under the age of five are obese. The adoption of healthy eating habits and a reduction in the fat levels of food products is therefore a priority here. As a result, we reduced the fat content of our Les enfants® cheese from 23 g to 19 g per 100 g.
- In the Ukraine, the fat content of The Laughing Cow® products “Smetankovi” and “Droujba” was also reduced from 24.2 g to 19.5 g per 100 g.
- In Algeria, we reduced the fat content of our Regal Picon® cheese from 25 g to 20.5 g per 100 g.

Reduction in sodium content

- In Western Europe (excluding Spain), Asia and Sub-Saharan Africa, we reduced the sodium level in The Laughing Cow® Light from 760 mg to 590 mg per 100 g of cheese. In the UK, this Light variant of our The Laughing Cow® cheese is a best-seller.
- In Western Europe, North Africa, and Asia, the sodium level in our Toastinette® Hamburger cheese slices for hamburgers was reduced by 25% and now accounts for 920 mg per 100 g.

Increase in calcium content

- In Algeria, we tripled the calcium content of our Regal Picon® cheese, increasing it from 200 mg to 600 mg per 100 g.
- In the Ukraine, the calcium content of The Laughing Cow® cheese portions now exceeds 600 mg, increased from 379 mg to 670 mg of calcium per 100 g of cheese.

In order to advance our plans to reformulate our recipes, we have updated and improved our internal tool, the Bel Food Profiler, which will be approved by our independent scientific committee and rolled out for use in 2014.

This tool will help us to analyze the nutritional profile (protein, fat, sodium, calcium, etc.) of each of our recipes and will allow us to identify those recipes that need to be reformulated, from the point of view of

WHO recommendations. The design of this tool took into account consultations with international experts from various countries (US, Vietnam, South Africa, Morocco, etc.).

Recipes

58 recipes have either been reformulated or are currently being reformulated since 2011.





2013 Progress and outlook



Training

Marketing managers trained in nutrition

2013	2015 target
39%	100%



We continued to provide training in nutrition to our marketing teams.

To support the rollout of our nutrition policy, the nutrition training that we initiated in 2012 for our marketing teams was reviewed in order to better meet the expectations of participants. By the end of

2013, 39% of all relevant marketing managers had received training. Our goal is for all 269 marketing managers to have received training in nutrition by the end of 2015.

We shared our progress with our stakeholders.

We created a special brochure explaining the nutrition policy of the Group. It was distributed internally and externally, most notably at the International Nutrition Conference held in September 2013. 4,000 copies were distributed to researchers, medical practitioners, public service representatives and industry professionals attending the conference.

An extract from a scientific article on the value of individual cheese portions in the nutritional education of children, co-written by Dr. Dominique-Adèle Cassuto and the Group's Nutrition manager, was distributed to 2,000 experts at the "Journées Francophones de Nutrition" (French-speaking Nutrition Days) conference held in December.

For the second year running, we exhibited at the annual AFPA congress. Held in



Bel and nutrition



May 2013, the congress also provided an occasion to introduce the Group's nutrition policy to experts in childhood nutrition.

In 2014, we will have our nutrition policy audited.

Led by an external consultant, this study will allow us to compare our business with 22 of the world's largest agrifood

companies and identify new areas for improvement.

FOCUS



The Laughing Cow® Nutrition workshops



In Morocco, The Laughing Cow® has been running a special nutrition workshop for more than a year now. This quarterly event is aimed at sharing information, advice and feedback with mothers on the subject of nutrition and healthy eating in children. Run by nutrition experts and coaches, these workshops cover a variety of topics from balanced breakfasts, to teaching children how to enjoy healthy food, to the relationship between nutrition and physical and mental development. In total, almost 1,000 mothers took part in these workshops. A communications campaign is also carried out in various print media before and after the event. The information covered by the workshop is also made available to the public in order to raise the awareness of mothers who were not able to attend.



5.3 Developing more responsible packaging

Portions of cheese carefully protected in individual packaging in a way that is original and practical forms the basic DNA of our business model – the triangular portions of The Laughing Cow® and numerous other local processed cheese brands, the little square portions of Kiri®, round cheeses of Mini Babybel®, mini cubes of Apéricube® and rectangular portions of Boursin®.

A large proportion of Leerdammer® sales is in the form of individual slices, complete with resealable packs to conserve freshness.



The role of portions in the prevention of food wastage

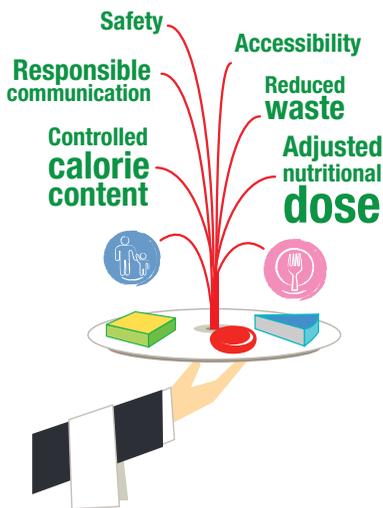


Our packaging, particularly packaging into individual portions, is a major contributor to our forward progress, and the following commitments:

- To deliver products that are healthy and reliable (see “Ensuring the quality, safety and traceability of our products”);
- To make our products more accessible by preserving and protecting them right up to the point of consumption, as decided by the consumer, and by offering them in a form adapted to consumer needs (see

“Innovating to make our products more accessible”);

- To adjust the energy and nutritional values of our portions based on the target population (see “Improving the nutritional quality of our products”);
- To be a source of information for our consumers – nutritional content, composition and analysis, expiry dates, recycling instructions, etc. (see “Making information more accessible for our consumers”).



For 58%
of consumers, individual
packaging is the format least
associated with wastage.

By minimizing the risk of cheese wastage, our individual packaging plays a fundamental role in our goal to conserve natural resources. The wasting of cheese entails not only the wasting of all the resources that went into the production of that cheese's ingredients but also those resources employed to produce the cheese in our factories, to conserve it, and to transport it to the consumer.

According to the Food and Agriculture Organization⁽¹⁾, wastage in the milk and dairy products sector represents, depending on the geographical region, between 10 and 25% of production.

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

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

In developing countries, where a significant proportion of our sales take place, wastage generally occurs in advance of the consumption phase. Packaging in individual portions also allows optimum preservation of the cheese right up to the point of consumption, often over long periods and despite frequent breaks in the cold chain. In 2013, at our request, Ifop (French market research and polling company) carried out a study entitled "Food wastage" (study no. 712190) in order to evaluate the perception among French cheese consumers of wastage risk associated with various different packaging types. Results showed that individual cheese portions have a clear advantage when it comes to preventing food wastage. After reasons of practicality, this was the second most popular reason for buying cheese in this form. For 58% of consumers, individual packaging is the format least associated with wastage, because of its association with conservation. This is a good deal ahead of any other form of packaging, with 75% of people surveyed stating that they never wasted cheese that has been packaged in this way.

Our reference guides and performance indicators

External reference guides

- European Directive 94/62 EC
- Ecodesign packaging policy – France: Guidelines from the CNE (French national packaging council)
- Environmental claims associated with product packaging: Guidelines and recommendations from the CNE

Internal reference guides

- CSR Packaging Passport
- The Group's development charter
- Help manual for the ecodesign of packaging
- Position paper on packaging renovation

Performance indicators

Reduction at source:

- Weight of packaging materials used (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)

(1) FAO study entitled "Global food losses and food waste" carried out by the international "Save Food!" initiative for the Dusseldorf Interpack fair, 2011.

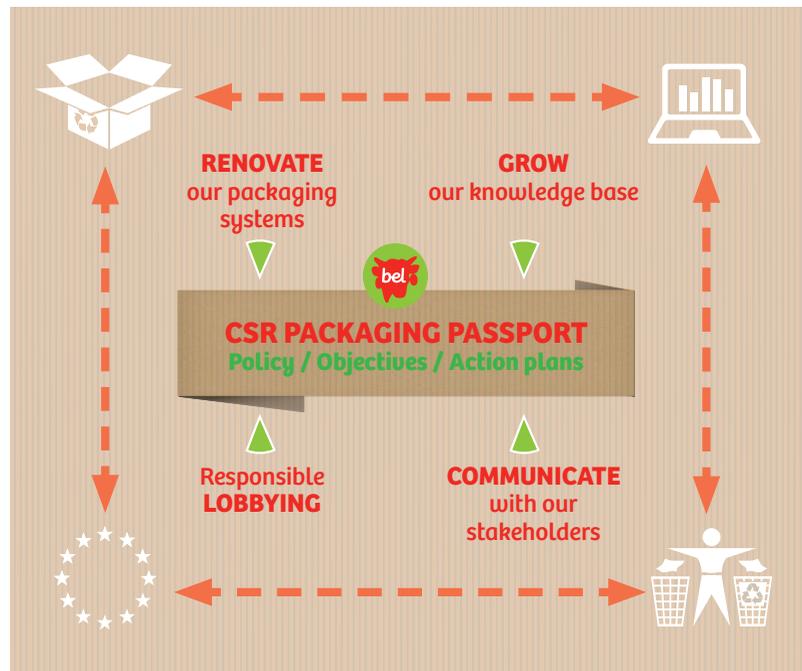


CSR Packaging Passport – a continuous process of improvement

The relative contribution of packaging to our products' overall environmental footprint remains marginal compared to that associated with the production of the raw dairy materials used in the production of the cheese. This fact is supported by the Life Cycle Analyses that we carried out on our products⁽¹⁾. In actual fact, packaging materials represented between 5 and 10% of greenhouse gas emissions, and between 10 and 20% of water consumption⁽²⁾.

The development of innovative packaging formats is at the heart of our performance strategy. We have numerous teams working on packaging in our R&D centers as well as in our Purchasing department and across all production sites. The R&D department supports all relevant teams via our continuous improvement process, the CSR Packaging Passport, to ensure the long-term environmental optimization of our packaging.

The CSR Packaging Leader ensures that all progress plans are closely monitored, including packaging renovation activities and knowledge growth, as well as lobbying and responsible communications. They also encourage the sharing of best practices, and track changes in corresponding performance indicators.



Renovating our packaging systems to improve their environmental performance

We are continuously improving our packaging solutions with the aim of reducing their environmental impact throughout their life cycle, meaning from the moment their constituent raw materials are produced right through to the point where they

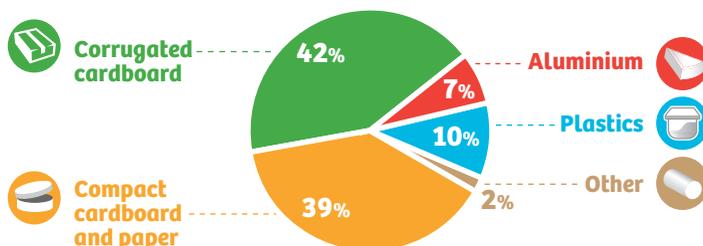
become waste. The environmental optimization of our packaging systems must, of course, preserve the functionality and characteristics expected by our consumers and distributors in terms of packaging quality, security, and practicality. Reduction at source and choice of materials are the two key elements of our ecodesign packaging policy.

Reduction at source

Reducing the amount of packaging we use has been one of our major priorities for a number of years now. Our actions to reduce at source involve all packaging materials; however, given that the greatest share is represented by cardboard, this is the material we mostly focus our attentions on.

More specifically, the corrugated cardboard logistic units that we use to transport our products represent a greater potential for reduction at source than the compact cardboard boxes containing our cheese portions; these have already been optimized and meet a complex set of specifications.

Breakdown of packaging materials used by the Group (by weight*)



* Estimated 2013.

(1) LCA carried out in 2009 on a range of products and packaging formats within our five core brands, across different production sites.

(2) The percentage varies depending on the product analyzed, its packaging, and format.



The thickness of the aluminum wrapping ▲ that we use is around 10 microns.

We have been working for a number of years on the optimal thickness of the aluminum wrapping that we use to package and protect our portions. The nature of this material means that a very thin layer can be used (around 10 microns). As such, even though the majority of our individual cheese portions are wrapped in an aluminum foil, the total tonnage of aluminum used is relatively low compared to other materials. Additionally, given the very fine layers already achieved, the possibilities for further reduction are minimal.

Our efforts to reduce at source also extend to the plastics used mainly in our pots and cartons. Optimization mainly focuses on the thickness of our film wrapping and on slicing techniques, as limited by technical constraints (protection, sealing, opening and resealing, etc.) and technological constraints (tools available at our factories and suppliers).

The red wax packaging around our Mini Babybel® cheeses is not considered to be packaging as per the meaning of European directive 94/62 on packaging and packaging waste, and is therefore not included in the figures given in this section. It is, however, part of our ecodesign packaging policy, specifically in terms of reducing the quantities used. In 2013, we used almost 7,400 metric tons of wax.

Choice of materials

The environmental footprint of a piece of packaging implies more than the mere fact that it ends its life as waste. Packaging materials have already had an impact on the environment even before they arrive at our factories. This impact varies from one material to another – high water consumption for cardboard, high energy

consumption for aluminum, depletion of fossil fuels for plastics, etc.

Optimizing packaging by simply reducing quantity rather than changing the materials used allows changes in environmental footprint to be assessed easily. On the other hand, when one material is substituted for another, evaluating the environmental footprint of the packaging can become difficult given the substantial differences in the impact of various materials and the different quantities required in order to meet specifications. In-house, we perform ad-hoc life cycle analyses so that we can choose materials based on their environmental impact.

In terms of the material we use most, cardboard, we plan to encourage the following practices as soon as possible:

- Use of recycled fibers. However, it should be noted that, for certain uses which require very strong, resistant materials (processing by machines, transport, etc.), cardboard made from virgin fibers is preferred as the use of recycled fibers would require significantly more material to achieve the same result.

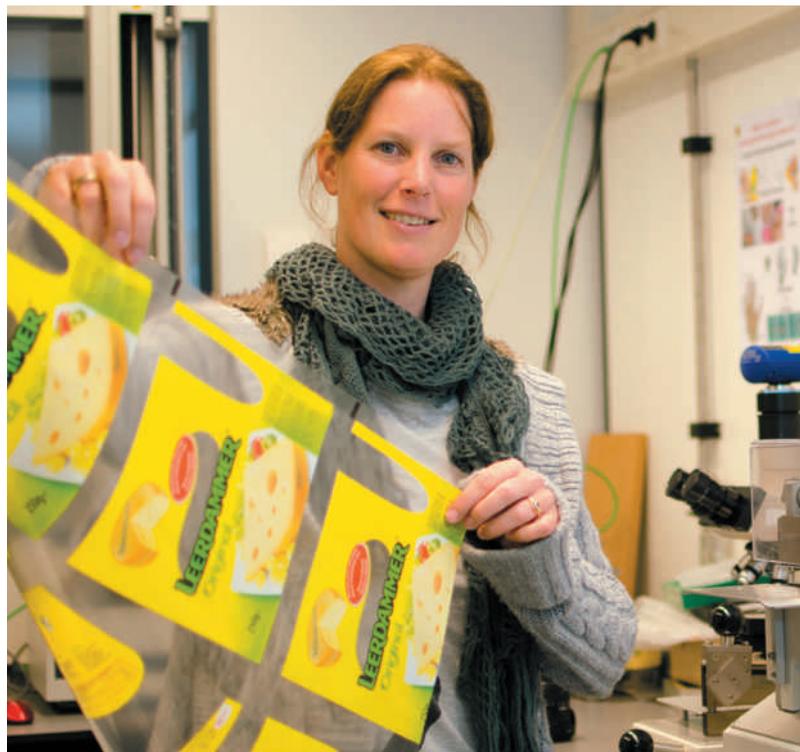


Concerning cardboard, we give priority as ▲ soon as possible to the use of recycled fibers.

- Use of materials sourced from responsibly managed forests, in ecological terms as well as social and economic terms. We give particular preference to certified materials.

Improved recyclability is a key factor in our choice of packaging materials.

We give preference to recyclable materials wherever possible, while remaining aware that, in certain countries where our products are sold, the infrastructure required to collect and recycle household waste is not yet in place.



Our efforts to reduce at source also extend to the plastics ▲ used mainly in our pots and cartons.

FOCUS **Our commitment to respect the environment as a source of innovation for our packaging**

The surface area now available for Mini Babybel® where we can address the consumer is limited to the plastic label attached to the netting.

Given the new European Union requirements relating to the labeling of nutritional information (Inco), this entire area will be devoted to legal information. In order to continue providing promotional information, which requires more space, we could simply have increased the size of the label. To remain faithful to our policy to globally reduce our quantity of packaging, R&D, in partnership with our supplier APE, developed an innovative new label which offers a surface area that is 40% bigger than the current label, but without increasing the weight of material used. This new label will be rolled out in 2014.



We take a keen interest in these collection and recycling infrastructures and are often directly involved in their development. In France, for example, we are working in partnership with Eco-Emballages, a company that manages and operates the sorting and recycling of household packaging waste in France. Together, we are cooperating on a project to improve the recyclability of our packaging for Leerdammer® slices, within the framework of a recycling experiment relating to plastic packaging (see below).

Given the consumer's integral role in the recycling process (by means of sorting household waste), we pay particular attention to the need to provide them with the relevant information (see below).

Any packaging offcuts resulting from the manufacturing process in our factories are systematically sorted and sent through the corresponding recycling channels as soon as the latter are available in the relevant country. For example, at Group level, almost all aluminum offcuts are collected and sent for recycling. This corresponded to a total of 401 metric tons in 2013 (see "Management of waste, discharges and noise pollution").

Growing our knowledge base

Our continuous improvement process, the CSR Packaging Passport, involves a number of stakeholders, both internal and external.

- In our R&D centers, our teams actively monitor technological and scientific opportunities in order to improve the environmental footprint of our packaging, and work on numerous research projects, often involving universities and other partner research institutions;
- In the factories, our applications development teams, along with our engineering teams and industrial equipment suppliers, are continuously optimizing the packaging systems and processes for our cheese;
- Our buyers keep a close watch on possible improvements offered by our suppliers;
- Our marketing and sales teams contribute to our packaging strategy by providing information on the expectations of our consumers, on one hand, and our clients and distributors on the other;
- Our logistics teams work with our service providers in order to improve the fill rate of containers and trucks, which is closely linked to volumes of packaging and to packing.

**Research & Development**

Our teams actively monitor technological and scientific opportunities in order to improve the environmental footprint of our packaging.

The CSR Packaging Committee, chaired by the CSR Packaging Leader, brings together representatives of all internal stakeholders. The committee has met every quarter since 2009 in order to share knowledge and best practices and to manage the CSR Packaging Passport process. Training workshops have been organized under the leadership of the CSR Packaging Leader, and a certain number of tools have been placed at the disposal of all or some of those involved;

- Our Development charter states that all packaging developments, whether in the context of a product renovation or launch, must meet a set of functional specifications which – apart from the environmental aspect – define the main functions required of the packaging;
- Our Help manual for the ecodesign of packaging describes the regulatory context in which we operate and the main questions our teams should be asking themselves when creating or renovating product packaging;
- The position paper on packaging renovation prohibits downgrading of the packaging/product weight ratio.

When deemed appropriate by the CSR Packaging Leader, life cycle analyses are carried out in order to further our understanding of the environmental impact associated with our packaging and to inform our choices in terms of development.



Communication with our stakeholders

We want to ensure that our efforts and progress in terms of ecodesign packaging are visible to the various stakeholders involved.

Even though the available space on our packaging is limited, given the limited size and the volume of information already present (nutritional information in particular), we try to include information that encourages consumers to sort their packaging waste where this is feasible.

Wherever possible, we feature recycling information on our packaging in countries where the necessary infrastructure exists (see "Making information more accessible for our consumers").

In France, this approach is supplemented by an information sheet detailing our recommendations for recycling our packaging. The sheet is entitled « Allez Zou! C'est parti pour le tri! » (Let's go! It's recycling time!), and was devised with the help of Eco-Emballages. It is available to consumers on our French multi-brand site www.nos-bel-idées.fr.



ALLEZ ZOU! C'EST PARTI POUR LE TRI!

Peut-on recycler les barquettes plastiques ? Comment trier les bocaux en verre ? Vous vous posez des questions sur le tri de vos emballages ? BEL et Eco-Emballages viennent à votre rescousse !

BAC DE RECYCLAGE

Cartons, briques alimentaires, Papiers, journaux, magazines, Bouteilles et flacons en plastique, Emballages métallique.

BAC À VERRE

Bouteilles, pots, bocaux en verre.

BAC D'ORDURES MÉNAGÈRES

Tous les autres emballages.

Emballages papier.

Opérations et feuilles en aluminium.

Couvercles métallique.

Emballages carton des fromages.

Bouteilles, pots, bocaux en verre.

ZOOM SUR LE TRI DU PLASTIQUE

Les emballages BEL en plastique ne se recyclent pas pour une raison simple : seules les bouteilles et flacons en plastique peuvent être recyclés.

Les barquettes, films, blisters, sacs, boîtes et pots en plastique ne sont actuellement pas dans les consignes de tri.

PENSEZ AU TRI! DANGER CHIMIQUE / NE PAS BRÛLER / NE PAS RECycler à RECYCLER

Les consignes de tri figurent sur nos produits. Pensez-y lorsque vous avez un doute ! Pour en savoir plus : www.ecoemballages.fr

Barquettes plastique.

Cire.

Boîtes et sachets plastique.

En partenariat avec

Raise our consumers' awareness about the sorting of our packaging with Eco-Emballages. ▲

Responsible lobbying

Our goal is to better understand and anticipate developments in the area of packaging and the environment, whether in terms of regulation, standards, technology, etc. It is also to make our voice heard and share our experience as a food manufacturer for whom individual packaging and the fight against food wastage are of fundamental importance.

We consistently aim to reflect the vision of the European Parliament⁽¹⁾, i.e. we “emphasize the fact that optimization and effective use of food packaging can play an important role in the prevention of food wastage”.

In France, we are members of the Comité National de l’Emballage (National Packaging Committee), whose role is to consult

with businesses, and which brings together the various parties involved in the packaging value chain – suppliers, manufacturers, distributors, and consumer associations. We also participate in the ANIA (French national food industries association) working group dedicated to packaging.

(1) Article 30 of resolution adopted 19 January 2012.



2013 Progress and outlook

In 2013, we continued to take action to reduce packaging at source.

Our policy to reduce packaging quantities was sustained in 2013 by a certain number of initiatives aimed at reducing it at source. For example:

- We discontinued the Boursin® Salade presentation platter, which resulted in a reduction in plastics of 58 metric tons.
- In the Netherlands and France, we have been able to reduce the thickness of certain Leerdammer® sliced packs to save 50 metric tons of plastic.
- In Turkey, two specific initiatives have enabled us to save 35 metric tons of plastic: the replacement of the Karper® 6-portion round plastic container with a cardboard container, and the creation of a new box specifically for the 18-portion version. This reduction at source was accompanied by a reduction in environmental impact linked to the changing of materials identified during the life cycle analysis carried out in 2012.
- Optimization of the pallet wrapping used in Slovakia resulted in a saving of 12 metric tons of plastic.
- Thanks to changes in our manufacturing molds, the pots and covers of numerous products in our restaurant range (The Laughing Cow®, Boursin®, Cantadou® and Maredsous® brands) were optimized

to save more than 10 metric tons of plastic.

In 2013, our cheese production grew by 4% and our packaging consumption increased proportionately to reach 66,000 metric tons.

Despite the many initiatives carried out in 2012 and 2013 to reduce packaging at source, the average ratio of packaging consumed did not decrease, and remains at 169 kg per metric ton of cheese produced. This is largely explained by the development of our product portfolio and the increase in certain products (brands and formats) where the ratio of packaging weight to cheese weight is less favorable. We have noted for example, that, mainly for reasons of employee working conditions during handling, our distributors tend to prefer boxed products to the smaller formats. The ratio of packaging weight to cheese weight is generally higher for these boxed products.

Our goal is to reduce our consumption of packaging materials by 3% per metric ton of cheese produced between 2012 and 2015. This is the equivalent of 2,000 metric tons of material saved on a like-for-like basis.

Consumption of packaging materials

	2012*	2013
Metric tons	63,500	66,000



Packaging materials

Consumption in kg per metric ton of cheese produced

2012* 2013
169 → 169

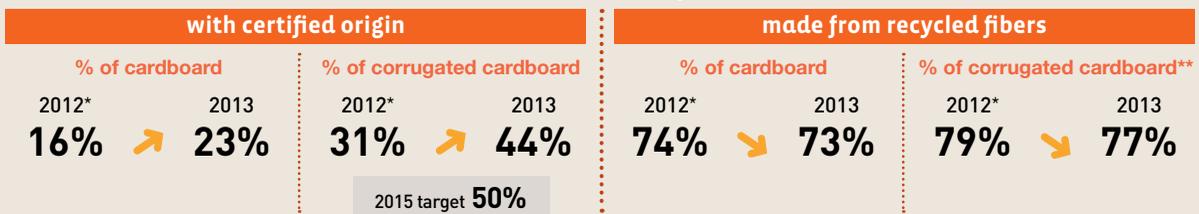
2015 target
164

* The increased reliability of our reporting has allowed us to retrospectively determine the figure for 2012.

In 2013, we significantly increased the proportion of certified corrugated cardboard we use, with recycled cardboard continuing to account for the majority of the materials used.



Cardboard consumption



* The increased reliability of our reporting has allowed us to retrospectively determine the figure for 2012.

** In Europe, we use 83% recycled fibers in our corrugated cardboard. We believe it would be difficult to achieve a proportion higher than this. Our ultimate goal is to achieve comparable levels in all the Group's regions. In 2013, the proportion of recycled fibers used in our corrugated cardboard was either maintained or increased in the great majority of regions, with the exception of Egypt for reasons of quality. In actual fact, the slight reduction in the overall ratio was due to a change made to a significant portion of the corrugated cardboard used in this specific factory. In order to tackle an issue relating to the resistance of packing materials observed during transport, the short-term solution devised by the supplier was to switch to a more solid virgin cardboard.





2013 progress and outlook



In 2014, we will launch an ambitious project to optimize our grouping and transport packaging for The Laughing Cow® and Kiri® brands.

This project will contribute significantly to the achievement of our goal to reduce

packaging consumption by 2015. The project will be cross-disciplinary and will involve all internal stakeholders – marketing,

manufacturing, and logistics, as well as external stakeholders – suppliers, logistics partners, and clients.

In 2013, we continued our work to improve the recyclability of our Leerdammer® packs.

This R&D work formed part of the project being carried out in France by Eco-Emballages to extend the inclusion of recycling instructions to plastic packaging other than bottles and flasks. Our work focused on both the pack itself and its cover. The result was a mono-material PET film that ensured sufficient barrier properties, allowed for satisfactory

sealing of the pack and was, as expected by consumers, easy to open. By regularly sharing our findings with Eco-Emballages over the course of this project, we contributed to the development of market standards and the long-term optimization of recycling for this major packaging group (thermoformed, rigid plastic packaging).



In France in 2013, we contributed directly to the collection and recycling of 11,500 metric tons of packaging by contributing financially to the Green Dot initiative.

In 2013, we increased the engagement of all teams.

The emphasis was placed on information and on training of all persons involved by means of the CSR Packaging Passport. 50 individuals from the Research, Development (central and regional), Manufacturing, Purchasing, and Marketing departments attended a 1-day training course. The goal of the training was to share information relating to our goals, ongoing projects and the tools at people's disposal, and to allow each individual to identify the way in which they could contribute to the achievement of the Group's goals.

The CSR Packaging Leader also engaged the manufacturing teams; particularly in the Group's key factories so that, together, they could identify constraints and pathways to progress.



In 2014, we plan to increase the presence of recycling information on our packaging.

As part of the application of the Group consumer information policy, we will ensure systematic placement of recycling instructions on packaging in France.

In 2014, working with the marketing teams, we will refine our knowledge of the various recycling processes for household packaging in the major countries in which our brands are sold. This will allow us to

optimize the information we communicate to our consumers in relation to recycling and, more generally, will feed into our reflections on the strategies to be employed in recycling our packaging.

At the end of 2013, we became a member of EUROOPEN.

We have recently joined EUROOPEN⁽¹⁾, the European organization dedicated

to packaging and environmental issues, thereby lending a more international dimension to our lobbying activities in relation to packaging, as well as our interaction with stakeholders.



(1) www.euopen-packaging.eu.

5.4 Innovating to make our products more accessible

On a global scale, our goal is to increase sales by addressing a growing number of consumers, offering them reasonably priced products and formats that have been adapted to meet their expectations. Our business model, based on the individual portion and our broad-ranging brand

portfolio are two major factors in service of this goal, allowing us to sustain our growth. The individual portion format, in certain cases, makes the sale of single units possible. For example, in Senegal, a portion of The Laughing Cow® sells for 100 CFA francs (or €0.15).

As well as this individual-portion business model, we have also put structures in place in order to stay better connected to the needs of our consumers, whether in terms of pricing, nutritional needs, or distribution networks.

Our reference guides and performance indicators

External reference guide

- IFC (International Finance Corporation) report: Accelerating Inclusive Business Opportunities (2011)

Internal reference guides

- Sharing Cities program
- Sharing Cities toolkit and roadmap

Performance indicators

- Volumes sold by street vendors within the framework of the Sharing Cities program
- Number of cities covered by the program
- Number of street vendors in the program
- Number of trained street vendors
- Number of street vendors with health micro insurance

Our vision of accessibility

Staying close to our markets

In order to remain as close as possible to families wherever they are in the world, and to provide them with products that meet their expectations, we locate our production sites as closely as we can to our markets. This also allows us to better manage production costs.

In addition, the goal of the BOOST program currently being deployed across all our factories (see "Our environmental policy") is to increase productivity, thereby helping to make our products accessible despite the rising cost of raw materials.

Developed and developing countries

Making our products more accessible also means changing the way we present ourselves to be more in touch with our consumers. With that in mind, in 2013 we reviewed the way our marketing teams are organized. Now, they are arranged into two sections – developed countries and developing countries.

This allows us to be more agile in terms of adapting our offering to the habits and desires of these different consumers, and to maximize the synergy between local brand strategies.

By leveraging a number of elements in developing countries, including local production, we are able to sell our products at an accessible price based on the buying

power of the corresponding population. We have therefore adapted recipes for our core brands – Kiri® and The Laughing Cow® – as well as specific variants sold under local brand names. For example, the Jibnet Abou al Walad® cheeses sold in the Near and Middle East are priced 15% lower than Kiri® or The Laughing Cow®.





Bel Access – an incubator for innovative projects targeting lowest income populations

In some circumstances, it is a case of overcoming that one major obstacle, “the last mile”, to reach out to consumers who are generally difficult to access due to dispersion and/or the lack of an advertising infrastructure. For this very reason, we created a new division in 2011. The main activity of Bel Access is to test out innovative new distribution models based around street vendors, usually women, to overcome that final obstacle (see Focus section “Sharing Cities: An example of sharing created value”). The goal of Bel Access, positioned as a project incubator at the heart of the Group, is to find the right balance between maximum social impact and the economic viability of projects.

Moreover, working closely with the Group’s operations and marketing teams focusing on developing countries, Bel Access develops products specially designed to respond not just to the tastes of low-income populations, but also to their nutritional needs.

FOCUS 

Goodi® – A product adapted to the needs of our lowest-income consumers




When developing the nutritional profile for this product, Bel Access relied heavily on the expertise of GAIN (the Global Alliance for Improved Nutrition). One 22-gram portion contains 50% of a child’s recommended daily allowance of vitamin D, as well as containing calcium, vitamin A, iodine, and zinc.

Goodi® is available in three flavors: natural, strawberry and chocolate. It is produced in our My Phuoc factory, which also produces The Laughing Cow® portions for the Vietnamese market. Goodi® tested well with consumers in 2013 and will be launched on the Vietnamese market in 2014.

Goodi® project in Vietnam

In 2012, Bel Access took control of a project targeting the lowest-income populations of Vietnam, a region where the Group had already been active for a number of years. The project involved the development of Goodi®, a product from the The Laughing Cow® brand aimed at children.

Sharing Cities

In 2013, we instigated a program called “Sharing Cities”. The program included a

roadmap and toolkit and was created in order to support the Group’s local entities in their implementation of “inclusive” distribution models, i.e. models that actively involved low-income populations in the distribution chain (street vendors, female small business owners, etc.). Apart from the social benefits, this model also allows us to make our products accessible to consumers who, for a variety of reasons, do not have access to more traditional distribution networks.

2013 Progress and outlook

In 2013, the Sharing Cities program was created and presented to the relevant local entities.

There are two pilot projects ongoing in Vietnam and the Democratic Republic of the Congo, and a new project has also been launched in the Ivory Coast. Already, the project has enabled almost 2,100 street vendors – mostly women – to sell around 24 metric tons of The Laughing Cow® outside the traditional networks. In Vietnam, approximately 300 people have

been given access to training programs and micro insurance schemes. To date, 60 vendors have completed training and 71 have taken out a health micro insurance policy. Between now and 2015, we hope to extend the Sharing Cities program to 5 cities where the Group is active and to thereby make 150 metric tons of our products accessible via a network of 5,000 street vendors.

Goodi® will be launched in the Vietnamese market in 2014.

Bel Access is also offering the Group’s local entities its expertise and support in the deployment or co-development of new

accessible recipes adapted to local nutritional needs.



5.5 Strengthening the natural qualities of our products

The growth in the world's population is accompanied by even faster growth in the rate of urbanization. The need to reconnect with nature is becoming increasingly important in societies where more than one person in two is a city dweller. This need is clearly reflected in the search for healthy, nutritious food perceived as being more "natural". This desire for the natural often stems from certain consumers' rejection of specific ingredients, in favor of products that they consider natural, and this, despite the lack of scientific data to support claims against their safety, and despite the fact that their use has been authorized by local regulations.

Our products are sold in more than 120 countries around the world and must satisfy a number of very different requirements – a long shelf life, for certain regions far from production sites; ability to withstand lack of a cooling system, for regions where distribution cannot guarantee a break-free cold chain; creamy texture and attractive color palette, etc. We try our very best to meet all of these needs, creating a great number of recipes, sometimes with the assistance of additives.



Our reference guides and performance indicators

Internal reference guide

- Position Paper "Renovation/Innovation on the use of additives" setting out the rules to be followed in terms of additives when launching a new product or reformulating a recipe

Performance indicator

- Number of additives per recipe

Meeting the "natural" expectations of our consumers

Studies carried out among our consumers have allowed us to understand how this desire for the natural can be applied to our brands. Two main themes emerged from these studies – a desire for additive-free food and a rejection of genetically modified ingredients. As regards the latter, we have already decided to use only "conventional" raw materials and ingredients (see below).

Reducing the use of additives

An additive is a substance that is not consumed normally as a food or as an ingredient in food, but which can be included in a product to perform a specific technical function. Additives can be sourced from a variety of different origins – mineral, vegetable, animal, from

the conversion of natural substances, or processes of synthesis and fermentation. Therefore, it's worth noting that some substances considered additives are actually from a natural source.

Even though there is no scientific data to cast doubt over the additives we use, we have seen a growing concern amongst consumers in certain countries on the



GMO

Our products do not contain GM organisms according to the European Union regulations.



Additives

Our recipes only contain additives authorized by the European Union regulations which is the most demanding in this area.

subject. A TNS (Taylor Nelson Sofres) study carried out in Europe and the United States in 2012 showed, for example, that more than 70% of consumers would like to see information relating to the natural origin of ingredients on food packaging, as well as the absence of colors and preservatives.

When there is no specific function to justify the need for additives, our products do not contain them. This is the case for Mini Babybel® Original and Boursin® Garlic and fresh herbs, for example. We have also identified and initiated priority projects to reduce the number of additives in our flagship recipes. These complex projects involve everyone, from R&D and applications development, to marketing and manufacturing. Reducing the number of additives in a recipe can have a significant effect on texture and taste. It is therefore essential to ensure that consumers enjoy the reformulated recipe at least as much as the original.

No ingredients from genetically modified plants

Since the advent of genetically modified vegetables, and in order to satisfy

the expectations of our consumers, the Group's position has been to favor supplies of "conventional" raw materials and ingredients. This means that the raw materials and ingredients used in our recipes do not contain GM organisms, or contain only an incidental and unavoidable quantity of less than 0.9%, as defined by European Union regulations.

Also, as determined by the EFSA (European Food Safety Authority) notice of 19 July 2007, even if the feedstuffs consumed by certain animals contain GM organisms, products originating from said animals (meat, milk, eggs, etc.) will not contain any trace of genetically modified DNA.

Traditional milk and organic milk

The number of food crises that occurred over the last few years (mad cow disease, avian flu, etc.) have reinforced a general lack of trust in food safety, and "eat organic" has become a standard precautionary principle among a growing number of consumers. However, it's important to note that the "organic" notion has more to do with a specific source than with an area

of expertise. Therefore, those markets containing the least processed foodstuffs are those seen by the average consumer as having the most legitimate organic offering. It would be incredibly difficult, if not impossible, to ensure that all ingredients going into our processed cheeses meet the necessary requirements to be deemed totally organic.

For our pressed cheeses and our fresh and processed fresh cheeses, a simple change to the way we source our milk (i.e. from traditional milk to organic milk) would greatly affect product pricing, making it far less attractive. This change would also

mean that we would have to almost double our milk storage locations and production chains in order to avoid mixing of the two different types.

For these reasons, we have decided not to position ourselves within the niche sector of organic cheeses. Additionally, offering organic products would require a supply which is currently unavailable and one which is incompatible with our business model, where manufacturing in large volumes allows us to offer our products at an affordable price to the largest possible number of consumers. This model is the basic foundation of our plans for growth.

2013 Progress and outlook

A program for reformulating our recipes in order to reduce the number of additives was pursued and will be continued in the years to come.

Since 2011, our operations teams have been identifying the brands and markets in which the reduction of additives is a core desire for consumers. This list is updated regularly and new projects added to it. Since 2011, 30 recipes have either been reformulated or are currently being reformulated in order to reduce the number of additives they contain.

- In Western Europe, Sub-Saharan Africa, the Middle East, and some Asian countries, two additives have been removed from The Laughing Cow® Light, which now contains three additives. This is the best-selling The Laughing Cow® variant in the United Kingdom.
- In Slovakia and the Czech Republic, two additives were removed from the Kiri® Crème product, which now contains four additives.
- In the Ukraine, The Laughing Cow® now contains four additives instead of five.

In 2014 and the years to come, we plan to continue this reformulation process in order to reduce the number of additives even further.



30

recipes have either been reformulated or are currently being reformulated in order to reduce the number of additives they contain.





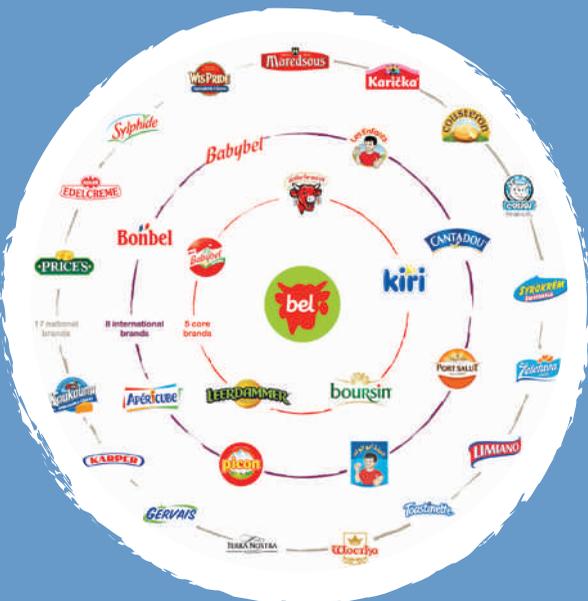
We want to make our brands,
particularly our five core brands,
ambassadors for the Group's commitments.

We want to provide
**clear, relevant
information**
on our products.

We want our marketing
teams to create
**responsible
advertising and
promotional
campaigns.**

We encourage our brands
to get involved in
**actions of
good citizenship
and solidarity**
in accordance with their
core values.

5 CORE BRANDS
and **25** national or
international
brands



The partnership between
The Laughing Cow®
and
SOS Children's Villages



is growing
across Europe
and now covers
4 COUNTRIES

Since 1999,
Mini Babybel®
has helped to raise
£ 1.2 million
for the United Kingdom's
Comic Relief





6

Responsible communication and consumption

Creating engaged brands that act as ambassadors for our program.

6.1 Making information more accessible for our consumers

Our consumers are increasingly in touch with and eager for information about the food they and their children eat. This information relates not just to the nutritional content and ingredients it contains, but also to where it is sourced, its impact on the environment, etc. Likewise, public authorities, representative organizations (NGOs, consumer associations, etc.), and our distributors constantly encourage us to provide greater transparency of information in relation to our products, viewed as a measure of trust and credibility.

We plan to make clear, relevant information on our products accessible to our consumers and to all stakeholders who want it. The first way to do this is on our packaging. This option has the advantage of making the information available at the moment of purchase. However, the surface



area available limits the amount of information that can be conveyed. This is why we have put time and effort into developing other resources (websites, mobile apps,

brochures, consumer departments, etc.) to provide access to more detailed, educational information.

Our reference guides

Internal reference guides

- Code of Best Business Practices
- Group consumer information policy

Nutrition

- Group's Nutrition database
- Group nutritional labeling policy



Shared rules

Our consumer information policy (packaging and non-packaging) sets out the rules that are to be applied in accordance with our Code of Best Business Practices. *“The Bel group commits to providing consumers with information relating to the composition of the products it sells, in accordance with local regulations. Depending on the country in question and changes to legislation, this information may be supplemented by information relating to the environmental and societal effects of the products. The Group may also decide to supplement this information with more precise or educational information by means of other resources, such as promotional materials, websites, etc.”* As such, three areas of information were identified as priorities in terms of our consumers.

Nutritional information and contextualization of our cheeses

We want to be transparent about the nutritional profile of our products. For a number of years, we have placed a nutritional information panel on all of our packaging. In some countries, this means enforcing stricter regulations on ourselves than local regulations do. More recently, most of this information has also been made accessible on our brand websites.

Bearing in mind the nutritional benefits of the individual-portion model, which allows for controlled calorie intake, we base nutritional information (calorie content, nutrient content, percentage of recommended

daily allowance, etc.) on the recommended number of units (one portion or two portions) and the standards followed in the country where the product is being sold, where permitted by the size of the packaging.

Raising awareness and encouraging consumers to adopt healthy eating practices forms an integral part of our consumer information policy. Wherever relevant, we offer a contextualized view of food intake along with advice on how to adopt healthier eating habits. These are aimed at children in particular and are preferably featured on product packaging, where permitted by the size of the packaging.



Valeur nutritive Nutrition Facts	
pour 1 unité (20g) / per 1 unit (20g)	
Teneur Amount	% valeur quotidienne % Daily Value
Calories / Calories 60	
Lipides / Fat 5g	8%
saturés / Saturated 3,5g	19%
+ trans / Trans 0,2g	
Cholestérol / Cholesterol 5mg	
Sodium / Sodium 135mg	6%
Glucides / Carbohydate 0g	0%
Fibres / Fibre 0g	0%
Sucres / Sugars 0g	
Protéines / Protein 4g	
Vitamine A / Vitamin A	4%
Vitamine C / Vitamin C	0%
Calcium / Calcium	12%
Fer / Iron	0%

We communicate ▲
the nutritional profile of our products.



FOCUS



Packaging to inform and raise awareness among our consumers in Africa

In Africa, all The Laughing Cow® packaging carries a front-facing logo which aims to make parents and children aware of the essential nutrients contained in the cheese – calcium, vitamins, and zinc for the new fortified variant sold in North Africa in 2013 (see Focus “Fortified

zinc content in The Laughing Cow® cheese sold in Morocco, Algeria, and Egypt”).

The underside of the box is used to list the nutritional values per 100 grams and per portion of the product. It also explains the benefits of calcium, zinc, and vitamins for children’s physical and mental development, and offers suggestions for a balanced breakfast.

Dialogue with consumers

This is a clearly identified area for improvement.

We want consumers to have easy access to clear, detailed information on our products. That's why, in addition to the information on our product packaging, we want to develop consumer contact points. These contact points will be indicated on product packaging and will be a source of more detailed information on our products and brands. They will provide information to consumers in their own language and receive feedback in return.

Dedicated consumer departments are already in place in some countries, namely France, the UK, Germany, the USA and Canada. All of the products we sell in these countries have the contact details for the relevant department on their packaging.

Environmental information

We, as a Group, are very open to providing information on the possible impact our products may have on the environment. However, we feel it is important that this information is provided according to a set of shared rules, in order to avoid skewing competition in favor of one or more products.

As such, we feel that we are not ready as of yet to communicate this information in a meaningful and reliable way to consumers (impact on water resources, greenhouse gas emissions, impact on biodiversity)⁽¹⁾.

We are, however, offering our expertise as part of an interprofessional French dairy working group in order to create a shared reference guide of environmental impacts which will be easy to use and will allow all those involved in the dairy sector to communicate reliable information.

Moreover, we are convinced that consumers' understanding of environmental indicators is an essential factor in increasing their interest and changing their buying habits. As the surface area available on most of our packaging is limited, our belief is that this is not the best place for this information and we are opting rather for

other resources better adapted to communicating educational information (websites for example).

We do, however, already provide basic information on our packaging where relevant. This includes recycling information for consumers in countries that have the relevant infrastructure, information on the quality of our cardboard (certifications, use of recycled materials), etc. (see "Developing more responsible packaging").



Bel Foodservice, partner of catering professionals

For those working in the restaurant sector, it is very important to be able to devise balanced menus following the recommendations of the GEMRCN (French nutrition body regulating the restaurant sector). Bel Foodservice, the commercial catering division of the Group, has therefore made a complete listing of the nutritional values of its products available on its website. The Bel'Info Nutrition initiative also allows these professionals to get in contact by mail or phone with a dietician who will provide them with personalized answers, advice, support in the creation of menus and information on nutrition and relevant regulations. The quarterly "Bel'Diet" newsletter keeps dietitians up to date with the latest news in nutrition and our cheese products. At the current time, it has almost 1,000 subscribers.

(1) Impacts as defined in the food sector reference guide (ANIA) accompanying the BP X30-323 guide from Afnor (French standardization body).



2013 Progress and outlook

In 2013, we clarified our consumer information policy.

Under the leadership of the Marketing-CSR Leader, a multidisciplinary team formalized the Group's consumer information policy (packaging and non-packaging). This sets out the rules to be followed in order to

ensure the relevance and coherence of the information rolled out in different countries for the same brand. The policy applies not just to product packaging, but also to other resources such as websites.

In 2014, we plan to adopt a standardized packaging design that will guide our consumers towards the information they want.

In order to help consumers find this information and understand it easily, we plan to create a set of designs to be used across

all brands. Changes to packaging will be rolled out gradually between now and 2016.

As of 2014, we plan to increase the number of packaging with contact points for our consumers.

As part of the information resources available to our consumers, our goal is to include a set of contact details on all packaging by

2016. Consumers can use this resource to ask questions and express their opinions in their own language.

In 2014, we will continue to encourage consumers to recycle packaging.

Actions will be focused on countries that have a system in place for managing household waste. At the end of 2013, 31% of the self-service

range in France carried recycling instructions (Eco-Emballages Green Dot symbol). Our goal is to reach 60% by the end of 2014.



In 2014, we will update the life cycle analyses of our core products.

As regards environmental information, in 2013 we continued our involvement in the work initiated in 2012 by the interprofessional French dairy group to put in place a shared reference guide for the calculation of environmental impact. One of the limitations of this exercise is that, to date, only the methods used for calculating greenhouse gas emissions have been internationally recognized. Those relating to water and biodiversity are still being defined. We plan to use this tool to update the life cycle analyses of our core products.



6.2 Developing responsible advertising and promotional campaigns

Every year, our brand advertising is seen by hundreds of millions of people worldwide. Due to their positioning, some of our brands are consumed by children in particular. This means that we have a particular responsibility in terms of the content and format of our promotional materials. It is essential that we respect the principles of responsible advertising if we are to retain the trust that consumers have in our brands. This also means that our brands are given a very real opportunity to promote healthy eating habits to children and young people (see "Respect for children's rights").



In Sub-Saharan Africa, the new television ad for The Laughing Cow® ▲ emphasizes the importance of dairy products to growing up strong and healthy.

In the Netherlands, Leerdammer® explains on its website the FSC certification ▼ of its packaging.



In Near and Middle East, ▲ The Laughing Cow® website promotes healthy diet to children.

In France, Bel suggests recipes ▲ to avoid wastage to its consumers.

Our reference guides

External reference guide

- Charter of advertiser commitments for responsible communications (France)

Internal reference guides

- Code of Best Business Practices
- The Bel Group's Responsible Communications Charter
- The Group's validation procedure for communications



Our vision of responsible communications and advertising

Our Code of Best Business Practices sets out the principles of responsible communications.

As well as the nutritional and environmental information we want to communicate to consumers (see previous pages), it is also important to us to respect certain principles when formulating and validating advertising and promotional campaigns.

One of the most important elements of responsible communications is to promote healthy eating habits among children and young adults.

Responsible Communications Charter

Since 2008, our Responsible Communications Charter has defined the framework for all communications through any medium, for the Group and for all our brands. The marketing teams in all our subsidiaries are invited to share this charter with the service providers tasked with devising our brand communications. Our Responsible Communications Charter is available on www.bel-group.com.

This charter is complemented in France by a public agreement with the UDA (French advertisers association). Since the end of 2007, Bel France has been a signatory of



the Charter of advertiser commitments for responsible communications, and each year it takes stock of its progress in terms of the five commitments contained in this charter.

FOCUS

The Laughing Cow® encourages children to adopt healthy eating habits



In Sub-Saharan Africa, the new television ad for The Laughing Cow® emphasizes the importance of dairy products to growing up strong and healthy. In 2013, the brand also organized a series of nutrition events in 46 primary schools across the Ivory Coast and Senegal. The aim was to inform parents and children about nutrition in a fun way. Parents and children

were offered games, a photo stand with The Laughing Cow® mascot and free cheese portions handed out during the event. To reinforce this discussion on nutrition, help consumers adopt good habits for a balanced diet, and explain the benefits of soft cheese, a nutrition booklet entitled “Du fromage, du rire pour bien grandir!” (Cheese – The fun way to grow strong!) was distributed to everyone in attendance. The booklet tells the story of Bakary, a boy who dreams of growing up as tall and strong as a basketball player. Almost 60,000 children and parents attended the events and received a copy of the booklet.





Validation process

In 2013, we were challenged by a number of web users on a controversial question featured on our Apéricube® packaging. The aforementioned question had, in fact, been removed from packaging in 2010; bringing to our attention the importance of a formalized validation process.

We have now further strengthened the validation process for communications. In the long term, this process will apply to all our brands, media communications, multi-region promotional activities managed centrally, and communications carried on product packaging (with the exception of the information contained in the section “Making information more accessible for our consumers”, which will be subject to a separate validation process). Communications are therefore subject to approval by legal, regulations, nutrition, and marketing-CSR divisions. The process is also a way

to raise awareness of our responsibilities among our marketing teams and agencies.

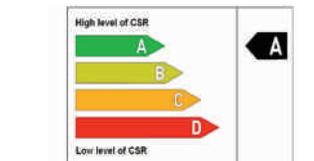
Responsible promotions

Promotional items destined for inclusion in consumer sales units are subject to particular scrutiny in terms of safety and hygiene. We also pay particular attention to the conditions under which these items are manufactured, mostly in China (see “our Responsible Purchasing policy”).

Environmental footprint of point of sale (POS) advertising

In some countries, our products are promoted in stores as part of temporary promotional displays which attract the attention of consumers, thereby generating additional sales. Without eliminating this attractive display format for our products, we do want to limit its environmental impact as much as possible.

Bel France has developed the concept of a CSR POS label, based on the European energy label model, with categories running from A to D and focusing on the following four criteria: the number of materials used, the type of materials used, POS sustainability, and the CSR performance evaluation of the POS provider by EcoVadis. To take this a step further in 2014, recommendations will be featured on all POS displays in order to encourage distributors to sort and recycle components.



CSR POS Label

We have developed a CSR indicator printed in our temporary promotional displays.

2013 Progress and outlook

In 2013, our efforts were focused mainly on coordinating and raising awareness among our teams in order to move towards a more responsible marketing model.

Marketing-CSR correspondents were appointed in major countries. They will ensure that the process currently being developed is put into practice (validation of communications, responsible communications, etc.), the overall goal being to move towards a more responsible marketing

model.

Training will also be provided for marketing teams. At the end of 2013, a pilot training course in responsible marketing was organized for the marketing team at our German subsidiary. One of these training sessions deals specifically with ways of

implementing more responsible consumer promotions. In 2014, this training will be made available to other subsidiaries, the goal being to train all the Group's marketing teams between now and 2015.



6.3 Involving our brands in actions of good citizenship and solidarity

We think that the involvement of our brands in actions of good citizenship and solidarity which are consistent with their values is a great way to reinforce consumer connection with the brand.

These actions can allow consumers to get involved in causes that are important to them simply by buying our products. A study⁽¹⁾ carried out among more than 8,000 consumers from 16 different

countries showed that, on average, 50% of consumers buy one brand that supports a particular cause, and that 72% would recommend a brand that supports a cause.

Our reference guide

Internal reference guide

- Social role statement of our core brands



Our vision of brand engagement

The “social role” of a brand refers to the way in which that brand involves itself in the challenges facing society. We believe that this involvement only makes sense if it reflects the values and positioning of the brand, and forms part of a long-term commitment.

From 2014 onwards, we want to encourage more systematic involvement of our brands in citizen and solidarity initiatives. Local marketing teams will be charged with selecting the most relevant brands to support actions of good citizenship

and solidarity. They will also identify those organizations that are most aligned with the social role of our brands as defined at Group level, and will take the first steps to long-term partnership agreements.

FOCUS

The Laughing Cow® grows its partnership with SOS Children’s Villages in Portugal, Greece, France and Spain



The Laughing Cow® brand has been working with SOS Children’s Villages for a number of years now to help children grow and flourish, a mission which very much reflects the family-oriented positioning of the brand. This partnership has been growing steadily in Europe and now covers four countries:

 **In Portugal**, The Laughing Cow® has worked in partnership with the Aldeias de Crianças SOS association since 2010. The brand works to help the association’s 125 children with their nutrition through nutritional education and distribution of samples. The partnership has also involved the renovation of the sports grounds at the association’s oldest village in Aldeia Bicesse, as well as Christmas parties complete with the brand mascot, and financial aid.

 **In Greece**, the brand’s partnership began in 2011, with 110 children from villages in Athens and Thessalonika receiving a portion of The Laughing Cow® cheese for their daily *kolatsio* (mid-morning snack). In 2014, the brand will be carrying out a promotion for the Greek market; for each purchase of an 8-portion pack of The Laughing Cow®, a percentage will be donated to SOS Children’s Villages. This money will be used to finance cultural excursions for the children, as well as going towards the construction of a library in a village in Vari.

 **In France**, the brand’s work with the association began in November 2011. Through their partnership, The Laughing Cow® brand has been able to contribute to bringing real joy and happiness to each of the association’s 650 children. Following the first year, where the brand gave money for each of the children to have a birthday party, in 2013 the children were also brought on family days out (to the cinema, zoo, etc.).

 **In Spain**, The Laughing Cow® has partnered with the Aldeas Infantiles SOS association since 2012. The brand offers the association support throughout the year, especially the El Escorial village near Madrid, in the form of books, school equipment, Christmas gifts, and cheese. In 2013, a birthday party was organized for the village’s 50 children and was attended by the brand’s mascot.

(1) Fifth Edelman Goodpurpose study exploring consumer attitudes in relation to societal issues and their expectations of brands.



2013 Progress and outlook

In 2013, MiniBabybel® continued its commitment to helping children, a commitment which will be continued in the years to come.

 In the UK, Mini Babybel® continued the partnership first started in 1999 with Comic Relief, and its “Red Nose Day”. The funds raised by this charity appeal – the largest in the country – go to help numerous charity organizations working with people in need in the UK and Africa. This long-term partnership has enabled Mini Babybel® to collect almost 1.2 million euro for Comic Relief since 1999. The slogan for Red Nose Day 2013 was “Do something funny for money” – a perfect fit for the irreverent, fun-loving brand identity of Mini Babybel®.



 In France, Mini Babybel® completed its second year of partnership with the association “Le Rire Médecin”. Created in 1991 by American Caroline Simonds, Le Rire Médecin is the largest association of clown doctors in France. Their goal is to bring a smile to the faces of hospitalized children by putting on clown performances in the pediatric wings of France’s hospitals. Through this partnership, Mini Babybel® raises awareness among its consumers and employees for an association whose values are the same as its own: happiness and sharing. In 2013, the partnership allowed for 2,500 visits to sick children, largely thanks to a large-scale national fundraiser, the association’s first, which took place in November. An initiative led by the Mini Babybel® team also allowed



© Jacques Grison – Le Rire Médecin. ▲

Bel France employees to raise donations, resulting in almost €1,000 in additional funds for the association (see “Supporting the communities in which we are present”).

In 2013, the commitment of local Lebanese brand Picon® was recognized.

 The work of Picon® in its support for the Arcenciel association has been recognized with two awards at the Dubai Lynx Awards – Gold prize in the “branded content and entertainment” category and Bronze in the “corporate reputation section of public relations” category. Conducted in Lebanese schools with the support of the

Ministry of Education, the aim of the project is to turn children into “Happiness Heroes” in their local community, by making them aware of the challenges faced in terms of solidarity, ecology, health and citizenship. The project will be carried out again in 2014.





6.4 Safeguarding consumer data and privacy



We are committed to respecting our consumers' right to privacy.

So that we can meet expectations and build close relationships with our consumers, we keep track of some of their personal information. It is important for consumers to know that any information they communicate to us and our brands remains strictly confidential.

We are committed to respecting our consumers' right to privacy and ensure that, whenever we collect or store their personal information, it is done in a completely transparent, totally secure way.

This is the second principle of our Code of Best Business Practices. This principle is also set out in our Responsible Communications Charter and is the subject of a dedicated procedure detailing the principles that are to be applied by all our subsidiaries, with a special emphasis placed on our responsibilities towards children.

Our reference guides

External reference guide

- European Directive 95/46 of 24 October 1995 with regard to the protection of natural persons, their right to privacy with respect to the processing of personal data, and the free flow of said data

Internal reference guides

- Code of Best Business Practices
- Responsible Communications Charter
- Group procedure with regard to the processing of the personal data of consumers

Our approach to the protection of personal data

Our procedure with regard to the processing of our consumers' personal data sets out the seven principles that guide our actions across all subsidiaries. It conforms with European Directive 95/46 of 24 October 1995 with regard to the protection of natural persons, their right to privacy with respect to the processing of personal data, and the free flow of said data. This is the minimum level of protection we want all our subsidiaries to apply, all over the world.

- **Legitimacy:** Data must be collected for specified, explicit and legitimate purposes. Sensitive information should not be processed.
- **Relevance:** Data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or further processed.
- **Accuracy:** Data must be accurate and, where necessary, kept up to date.
- **Transparency:** During the collection of personal data, consumers must be given

all information relating to the collection and processing of their data, particularly the purpose of collection and the recipients of the data.

- **Retention:** Data may be retained in a form that allows identification of the data subjects for a maximum period of three years from the date of the most recent contact with the consumer.

- **Consent:** The data subject must have given consent for the processing of their data.

- **Confidentiality and security:** The confidentiality and security of personal data must be ensured by the implementation of specific technical and operational measures.

FOCUS



France – Audit of procedures relating to the processing of personal data



In 2013, we carried out an audit in France on all of our procedures relating to the processing of personal data. The audit covered the processing of personal data from both our consumers and our employees.

Carried out in cooperation with a specialist law firm, the audit resulted in the drawing up of a corrective action plan (for example, reducing the period of retention for certain data).



We place a special emphasis on our responsibilities towards children. We

believe it is important for parents to be informed of the relationship between their children and our brands. As a standard, we also request the address of a parent or guardian for website users under 12 years of age in order to send them a copy of the subscription email sent to their child. Parents or guardians can have access to their child's personal data and request its removal from our database at all times by simple request.



Young website users

We always request the address of a parent or guardian for website users under 12, in order to send them a copy of the subscription email sent to their child.

Extract of Mini Babybel® French website. ▲

2013 Progress and outlook

We formalized the Group procedure relating to the processing of consumers' personal data and brought it into effect at the end of 2013.

In 2013, the Group procedure was formalized by our legal department and presented to our central marketing teams.

In 2014, local procedures will be put in place in all countries in order to ensure that these principles are applied across all our subsidiaries. Each country's Marketing-CSR correspondent, with the assistance of a local lawyer, will be responsible for ensuring that local processes conform with the Group procedure and the individual country's laws. In particular, they will be

responsible for ensuring that all contracts agreed with service providers hosted on our sites or using our sites to collect personal data contain a clause relating to the processing of personal data. They will also ensure that all consumers have access to the local procedure governing the processing of personal data regardless of the medium used (mail, phone, Internet).

A toolkit has been created to assist the Marketing-CSR correspondent in the implementation of this procedure. This includes

a standard sample clause to be included in contracts agreed with service providers and a sample webpage covering the processing of personal data to be included on local sites.



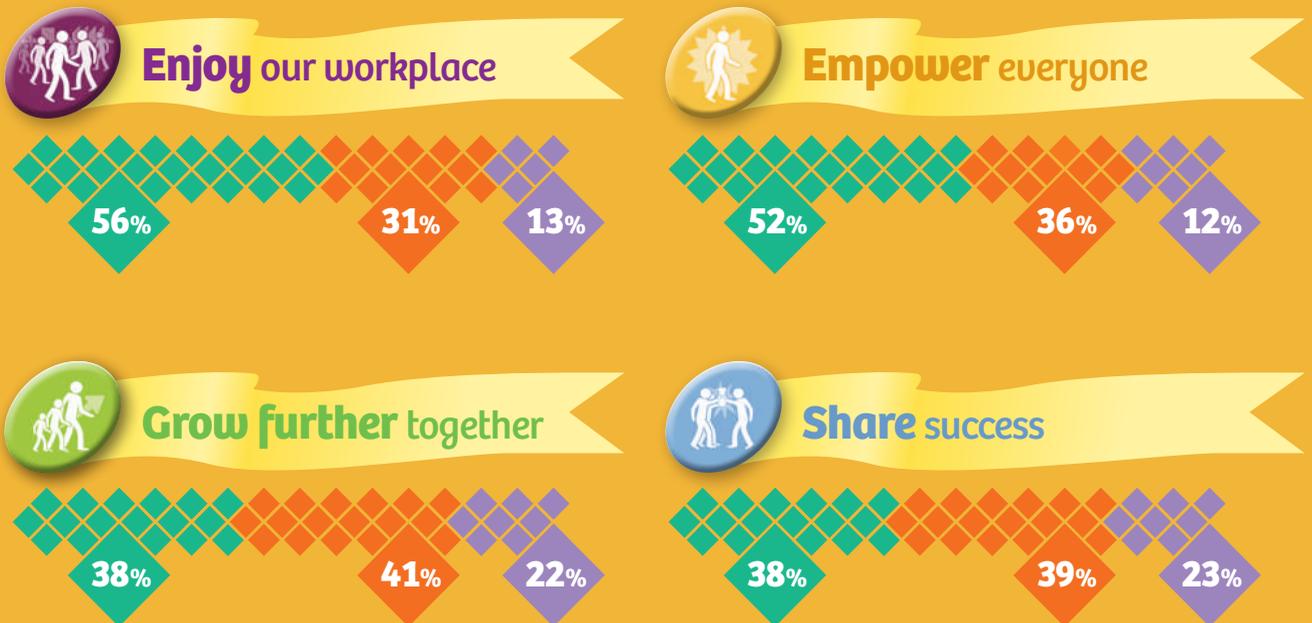


Our employees are at the very heart of our Group's history, its successes, its performance and its durability.

We make mutual commitments about:

- ▶ **Health and safety** for all
- ▶ **Well-being at work**
- ▶ **Empowerment** of everyone
- ▶ **Development** of everyone's **skills**, without discrimination
- ▶ **Sharing** of our success

Employee perception of the commitments in our People First charter



◆ Positive perception ◆ Neutral perception ◆ Negative perception



7

Committed employer

Ensuring individual development and collective performance through a mutual commitment with our managers and all of our employees.

7.1 Bel's employees: key figures

As of December 31, 2013, our Group numbered 10,830 employees across the globe, in over 33 countries.

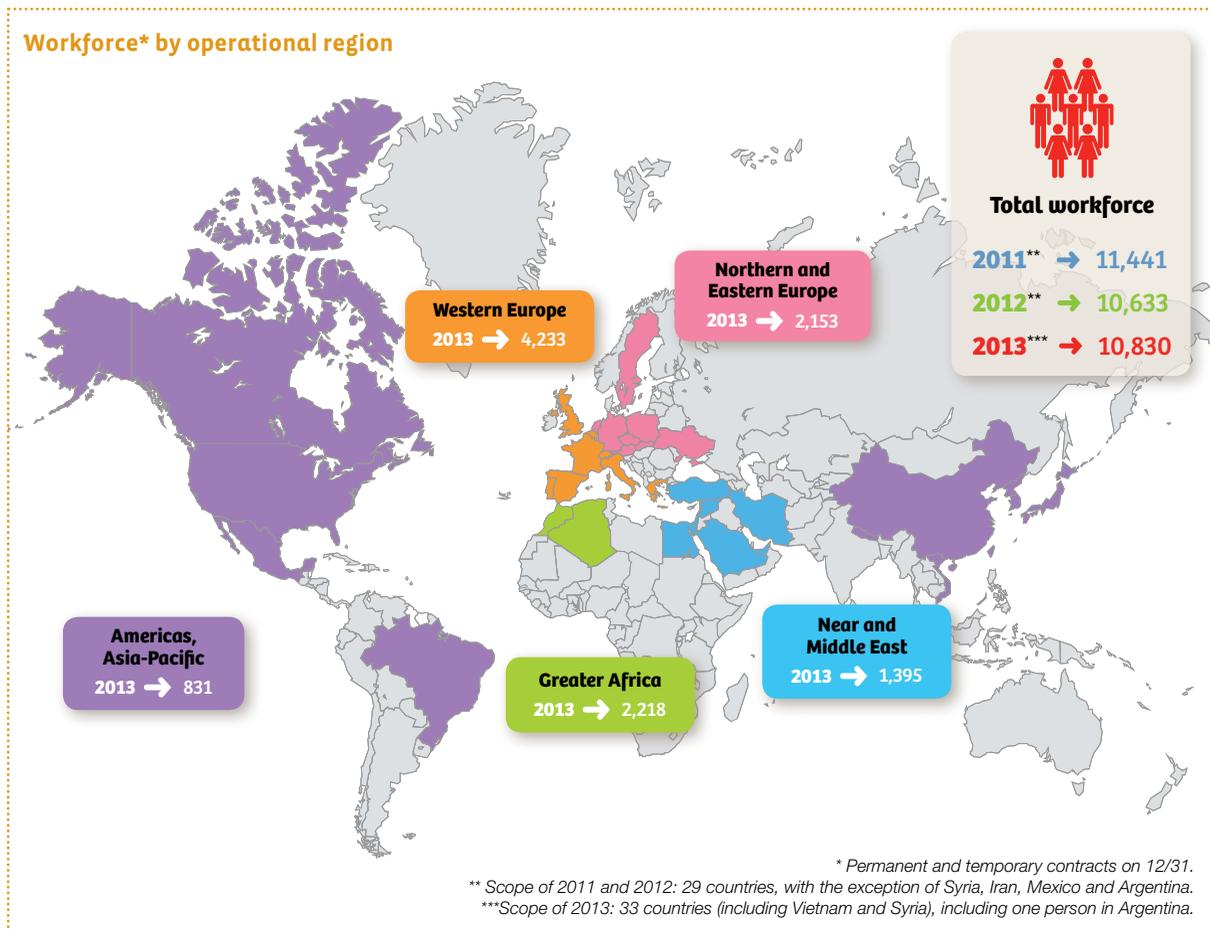
Workforce

Over the last few years, changes in our activity, technologies and structures have

meant we have had to continually adapt our business and our resources to maintain our competitiveness. It is by supporting our employees as much as possible and

implementing measures to develop their professional skills that will enable us to meet the challenges in our economic environment and ensure our development.

Workforce* by operational region





The following employee report for 2013 relates to all employees in all Group subsidiaries across the globe, with the exception of Vietnam (165 employees) and Syria (9 employees), which we chose to exclude from the indicators in order not to adversely affect the reliability of the consolidated figures. Conversely, Iran, not included in the 2012 report, was included in 2013. The coverage rate of our social reporting is therefore over 98%. One person in Argentina (subsidiary in liquidation on 12/31/2013) is also included in the social data.

The year 2012 saw the publication of the first social reporting covering the entire Group. The 2013 financial year has enabled us to significantly improve the reliability and robustness of our reporting process. We have chosen not to publish the 2012 data again as we have adjusted the definition of the indicators and the figures do not seem sufficiently comparable; many changes can be explained by our data becoming more reliable.

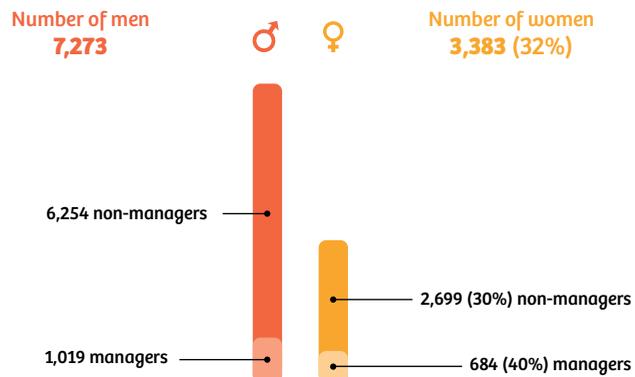
Employee distribution by status

Our definition of a “manager” is based on a standardized grading system at all our subsidiaries: grades 1 to 7 and the members of the executive committee are considered as managers, whether they lead teams or not.

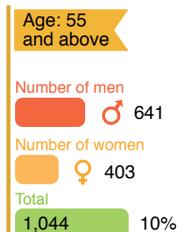
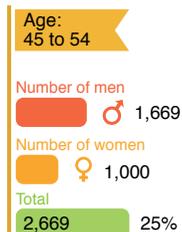
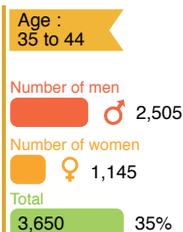
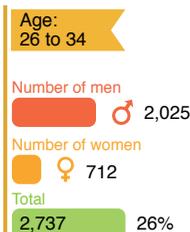
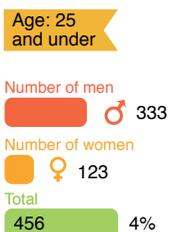
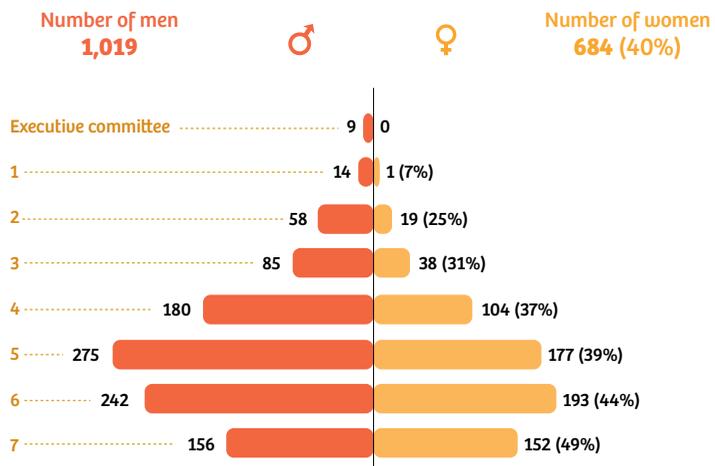
Age

As of 31 December 2013, the median age of our employees was 41 (42 for women, 40 for men).

Male/female distribution of workforce



Male/female distribution of managers by grade





Hiring and departures

We encourage, as soon as possible, the internal mobility of our employees (see "Grow further together"). However, in 2013, we recruited 891 new employees. The number of departures was 892, including 182 redundancies.

In the case of redundancies for economic reasons, we assisted the employees concerned as much as we could, using external service providers to help them find a job.

In 2013, we created a voluntary redundancy scheme at our Leitchfield plant in the USA, taken up by 30 employees, in order to rebalance the manufacturing workforce following the installation of new equipment and changes in sales forecasts.



In 2014, we are opening a new plant in the USA which will create around 250 jobs.

In the USA, the "lays-offs" are not included in the "hiring and departures" figures. This is because they are a specific type of permanent contract which can be suspended at any point, depending on the manufacturing cycle. In 2013, 72 people had their contracts suspended and 88 people were recalled following a suspension.

Management of Jobs and Skills



In France, a GPEC (Temporary Management of Jobs and Skills) committee was set up in each establishment. A three-year plan enabled us to manage jobs and skills with our employees and successfully manage our activities in France. Completed in 2011, the plan will be relaunched in 2014.



Rate of job insecurity

Although on a world-wide scale, this rate hides major local disparities. In Iran, for example, short-term contracts are the common mode of employment.

Generally speaking, to adjust our production level to fluctuations in demand and to not overload our permanent teams, we are required to use temporary or short-term contracts. We ensure that this rate of job insecurity does not increase on a structural level.

We endeavor to use temporary agencies that observe the same social responsibility principles as we do. We therefore assess our main agencies using the EcoVadis

tool (see "Our responsible purchasing policy") and, for the first time in 2013, EcoVadis scoring was integrated into the selection criteria for call for tenders when selecting a panel of temporary employment agencies in France.

Rate of job insecurity*

	2013
Western Europe	12.7%
Greater Africa	22.9%
Northern and Eastern Europe	17.1%
Americas, Asia-Pacific	1.8%**
Near and Middle East	34.9%
Group	17.7%

* Proportion of temporary or short-term contracts compared to all equivalent full-time contracts.

** The "lay-offs" in the USA are not included in this figure.



Hiring and redundancies

Number of people hired

2012 **970** ↓ 2013 **891**

Number of departures

2012* **1,084** ↓ 2013 **892**

of which are redundancies

2012* **170** ↑ 2013 **182**

* These figures do not include 401 departures and redundancies in Syria in 2012, following the interruption of our industrial activities, as Syria was excluded from the report in 2012.



Being an intern at Bel

When we use interns, we fully define the temporary role that they are going to perform. Taking an internship at Bel is, for the intern, a genuine stage in their training pathway. It is also a way for us to attract future talent. Nearly half of our junior posts are taken up by former trainees and apprentices.

In 2013, Bel was one of the 23 winners of the StageAdvisor survey conducted on the Internet site JobTeaser.com. More than 7,000 interns responded to this study relating to 75 companies. Bel came in the top 5 in 9 out of the 17 areas assessed by the respondents: recognition, friendliness, management and support are some of our assets highlighted by the participants.



FOCUS

Responsible support of employees in Syria

Because of major geo-political events, we were forced to cease our industrial activities in Syria in 2012. We had around 400 employees. When events flared up in 2011, we implemented special measures which lasted up to August 2012. We stepped up safety provisions in the plant and organized transport for the employees from their place of work to their home to reduce risks to their safety. We provided expatriate teams with geolocation equipment linked to a local partner able to help them leave the country in the event of an emergency.

We were one of the last companies in the Damascus region to cease its activities, in other words, we continued to pay our employees' salaries up until August 2012, even though the plant had not operated continuously for several weeks. When we had to make the decision to cease our industrial activities in the country, we chose to pay our employees a bonus double the legal minimum. Some of the management has joined other operational sites in the Middle East in 2013.

2013 Progress and outlook

In 2013, our social reporting became more reliable thanks to the increased efforts of our local HR teams.

We have also adjusted the scope of the reports by including Iran, which was excluded in 2012, and by choosing to exclude Vietnam and Syria, for which areas

of progress for reporting were identified. These changes mean we cannot make comparisons with the 2012 reporting.

We have developed a monitoring and development tool for employees at all our subsidiaries.

In 2013, we initiated a project aiming to simplify and harmonize all HR processes within the Group, throughout the world. To achieve this, a unique tool for all our subsidiaries was developed.

In addition to the benefits provided by this tool, this is a major overhaul of our human resources management processes which affects recruitment, training and performance measurement, as well as talent management, mobility and remuneration. In order to best meet employee requirements, we have redefined our processes in workshops involving head office and local HR teams. Managers and operational teams were also called upon to contribute to this development process.

The tool, which will be gradually implemented in 2014 and 2015, crystallizes our ambition to improve performance management within the Group. In terms of its rollout within the teams, the managers will be assisted by the HR teams and take e-learning courses.

From the beginning of 2014, an initial module will be used by employees for their annual appraisals. A new appraisal form will enable the appraisal to be more focused on the employee's training and development plan.

Over the long term, rollout of this tool will improve our capability to support employees in their development and strengthen individual monitoring. This project will also mean more fluid and reliable data.





7.2 Social charter and global employee opinion survey



Our People First social charter, translated into 18 languages, defines the commitments that Bel is making towards its managers and employees, as well as the commitment that the Group wishes to see from its employees in return. This charter covers our four priorities:

- **Enjoy our workplace:** create 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 together:** develop all talent 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.

The social charter is available on the Group's intranet and as a hardcopy version at several industrial sites. It is given to new employees in several countries such as Greece, Czech Republic, Italy, Slovakia, Turkey, Belgium, Netherlands, Egypt, Morocco and also Switzerland. Responsive to the expectations and opinions of our employees, we conducted our second international opinion survey in 2013, the first having been performed in 2011.

The results are analyzed and shared with the teams so that progress since the first survey and after implementation of the action plans can be gauged and new ways of making improvements can be identified.



This poll has also enabled us to assess employee perceptions of each of the central themes in the People First social charter, using four indicators calculated from a selection of questions.

80% of the 10,830 employees in 33 countries (as well as one person in Argentina) responded to the 2013 opinion survey, i.e. 7 points more than the first survey in 2011. This higher participation rate is indicative of our employees' desire to communicate and express their perceptions on subjects which concern them.

Commitment rate

Our committed employees are our most precious asset in meeting our sustainable growth objectives.

The commitment rate of our employees is calculated using the responses to six specific questions.

The commitment rate of all employees has greatly improved over two years; the threshold is now over 50%.

80% of the 10,830 employees ▲ in 33 countries responded to the 2013 opinion survey.



Employee commitment rate



The indicators used in the 2013 international opinion survey relate to all the subsidiaries in the Group and in 2011, all of the Group subsidiaries with the exception of Algeria.



Results of the global opinion survey

More than half of employees have a positive perception (answering “agree” and “strongly agree” to the questions asked)

of the areas covered by the “Enjoy our workplace” and “Empower everyone” themes. However, the two other central themes “Grow further together” and “Share success” have lower scores and have progressed little in two years.

The target for the next survey in 2015 is to obtain, in all areas, a score of 50% or above. However, in terms of specific local contexts, the action plans put in place will not be the same in all countries in which we are present.

Global opinion survey Positive perception of employees



Enjoy our workplace

2011 2013
56% → 56%



Empower everyone

2011 2013
48% → 52%



Grow further together

2011 2013
37% → 38%



Share success

2011 2013
36% → 38%

FOCUS

Global opinion survey 2013: an improving commitment rate



The results of our second global opinion survey demonstrate a significant rise in the commitment rate at a Group level and in numerous countries. Among the most striking performances is that of the Northern and Eastern Europe zone, which has increased from 35% to 54%, the greatest improvement of any of the Group’s zones. Within this zone, **Poland** has the distinction of having the highest increase in its commitment rate (up 26 points compared to 2011). This increase is the direct consequence of a significant improvement in satisfaction across all areas covered in the opinion survey and reflects the effectiveness of the actions undertaken since 2011.

France, which registered a low commitment rate in 2011 (29%), now stands at 45%, above the average in this country (43%) referenced by our partner and commitment expert, Aon Hewitt.

Other countries also stand out with their exceptionally high commitment rate. **Canada** registers the highest commitment rate with 89%; it was already in the lead in 2011 with an 81% commitment rate. **Portugal** and **Spain** complete the top three with rates of 70% and 66% respectively.

Commitment rate of employees by geographical zone

	2013
Group	51%
France and head office teams	47%
Western Europe*	50 %
Northern and Eastern Europe	54 %
Greater Africa	49 %
Near and Middle East	46 %
Americas – Asia-Pacific	58 %

* France is included twice: in the “France and head office teams” and in the “Western Europe” for reasons of consistency with our HR organization.



Employees of our Algerian subsidiary, as they are answering the 2013 opinion survey. ▲



2013 Progress and outlook

From the international opinion survey conducted in 2013, we identified three strong points.



- **The pride of our employees in belonging** to the Bel Group, which is consistent with the commitment rate. 64% of the participants confirmed that they are proud to belong to the Group, and 66% would recommend Bel to a friend looking for a job (up 6 points compared to 2011).
- **The role of management** in performance management.
- The seriousness with which the Group deals with the subject of **employee safety** at work (see "Ensuring the health and safety of everyone").



64%

of our employees are proud to belong to the Group.



But

a feeling of a lack of communication and transparency in relation to career development procedures.



Employee grants awarded by the Bel Foundation are a way to strengthen ▲ employees' commitment.

In the coming months, we will implement action plans to respond to the identified areas that need attention.

- A feeling that employees' opinions are not sufficiently taken into consideration in the decision-making process (see "Empower everyone").
- A feeling of a lack of communication and transparency in relation to career development procedures (See "Grow further together")
- A feeling of a lack of internal and external fairness in the salary system (see "Share success").



7.3 Ensuring the health and safety of everyone

We have always considered health and safety for everyone as a priority in all our industrial and subsidiary sites and during business travel. The international development of our company may have a

direct impact on the safety of some of our employees who work or travel in higher-risk countries. This further reinforces our responsibility in this area.

In all Group zones, nearly three out of four

employees mentioned our seriousness in relation to safety in the international opinion survey. This year it was once again the highest score registered in all areas of the survey.

Our reference guides and performance indicators

External reference guide

- Standard OHSAS 18001

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

Performance indicators

- Responses to questions in the global opinion survey

Monitoring accidents

- Bel FR: frequency rate of accidents requiring medical treatment, with or without lost workdays, of anyone at Bel sites
- FR1: frequency rate of Bel employee accidents with lost workdays
- Severity of Bel employee accidents



Albano Pereira, the Health and Safety Director, is attached to two departments: to the Human Resources Department and the Group's Engineering, Safety and the Environment Department.

Organization

The Health and Safety Director of the Group is in charge of the health and safety of all people at our sites, particularly all our employees who work in our factories and tertiary sites and our sales personnel who travel up and down the roads. The Health and Safety Director is attached to two divisions: to the Human Resources Department and the Group's Engineering, Safety and the Environment Department. He belongs to the CSR Leaders network and work directly with all the sites in the Group.

The implementation of health and safety measures for everyone working at an industrial site is the responsibility of the Site Director, who relies in most cases on a Safety Manager.

At tertiary sites, the HR teams currently hold this responsibility.

The Safety correspondent and the local HR teams are involved in collecting information for the indicators relating to accidents at works on a monthly basis.

Health and safety certification

Our policy and initiatives linked to employee health and safety management are based on the international reference guide of Standard OHSAS 18001.

All our manufacturing sites should be certified from 2015. For all new sites (creation or purchased), this certification should be effective within two years of being integrated into the Group. Site certification is performed by an independent third-party organization.

OHSAS 18001 certification covers all employees at the sites concerned and is an effective lever for measuring and reducing the impact of activities on employee health and safety. This system, along with a genuine desire for progress, means a dynamic of continuous progress can be maintained.

At tertiary sites, we have not chosen this certification.



Global opinion survey

“Workplace safety and security are considered important at Bel.”

% of “Agree” and “Strongly agree” answers

2011 72% 2013 74%



Our Health and Safety policy

We have constructed guidelines around “18 fundamental principles” which must be implemented at all our industrial sites and which undergo internal audits.

What’s more, the Bel Behavior Based Safety program for improving health and safety trains the employees at industrial sites with Safety Behavior Visits (SBV). The SBV involve observing an employee at their workstation and then talking to them about situations or positive actions and the risks revealed during this sequence. We have already begun this initiative in **France, Spain, Poland, the Netherlands and Belgium**. The purpose of this initiative is to make two Safety Behavior Visits per employee every year, which is a commitment to progress and contributes to the development of the “safety mindset” in all employees.

Created in 2011, the aim of the “Have a Safe Trip!” program is to protect the health and safety of travelers and expatriate workers and strengthen communication on this subject. A personalized letter was therefore sent to all travelers and expatriates in the Group to remind them of the safety procedures and the content of the “Have a safe trip!” program. This communication was



Safety Behavior Visits (SBV): a tool to reduce accidents at work. ▲

reinforced by an article in our Group internal electronic newsletter.

In terms of health and safety, a distinction should be made between the continuous improvement policy which includes various initiatives and the occasional programs which we implement to respond to the challenges of the geographical context in which some of our employees are working.

In **Egypt**, where almost 1,000 employees work for Bel, in response to the recent political events, crisis management committees were created in 2013 to support, sometimes on a day-to-day basis, changes in the local situation and the safety of people on the ground, and decide whether to continue our activities or not. We also employed the services of an external company to perform a safety/security audit to assess our capacity to respond to an incident.

FOCUS

“Have a Safe Trip!” program



The “Have a Safe Trip!” program aims to ensure the health and safety of travelers and expatriates. It is adapted according to the risk level in the destination country. It comprises an information portal on the risks and safety recommendations, an information brochure, and a card showing contact details for healthcare and safety services. Employees

must register all their trips on a dedicated internet platform. If necessary, due to the risk level in the country, a geolocation device is used.

This program was rolled out with Axa and Crisis24, two important names in health and safety. As part of this partnership, there is a team of experts on call 24/7.

In addition, since the end of 2013, each expatriate and their partner – before their departure to a high-risk country – have been informed on the safety measures that they should adopt and each employee going on a trip for the first time to a high-risk country receives a telephone call from an expert who provides them with information on sensible safety measures to take during their trip.



5 countries
carry out
Safety Behavior Visits.



More than 3,400
Safety Behavior Visits
realized in 2013.



Uncomfortable working conditions

In France, all sites have undergone a consultation on uncomfortable working conditions.



Hearing

Hearing protection was made mandatory from 80 decibels at all our sites.

Occupational illnesses and uncomfortable working conditions

In France, all sites have already undergone, in partnership with employee representatives, a consultation on uncomfortable working conditions. A three-year agreement was signed at the end of 2012. It defines the action plan for the prevention of exposure to noise (particularly noise studies and making molded ear plugs available to all employees) and preventing manual handling, uncomfortable postures and repetitive actions- through ergonomic studies on all workstations.

Our aim is to reduce the exposure of all our employees across the world to these uncomfortable conditions, like manual handling of loads, uncomfortable postures, work patterns – night work, repetitive work, etc. – and the working environment (noise basically). Hearing protection was made mandatory from 80 decibels at all sites across the globe, whereas in France, the legislation only makes it mandatory from 85 decibels and recommends them from 80 decibels.

In order to prevent occupational illnesses, medical examinations have been made mandatory in some cases.

For example, in Slovakia, mandatory medical examinations for all employees take place:

- when the employee joins the Group and leaves it;
- following a change in job or change in working conditions;
- every two years for employees working in a dangerous environment;
- every year for employees working during the night.

In Poland, medical examinations are mandatory for all employees, and an occupational doctor is present at the factory at least twice a month.

Lastly, for our sales personnel, the main risks are road accidents: road accident prevention training is performed regularly in several countries (France, Germany, Belgium, etc.).

Beyond these clearly identified areas which have been covered with the employees concerned, we have not identified other occupational illnesses linked to our activities (the subject of stress is covered in the "Enjoy our workplace" section).

SÉCURITÉ
ADOPTONS LES BONS COMPORTEMENTS



En 2012, **2/3 des accidents du travail** ont été causés par des **chutes** à Paris et Vincennes.

Dans le cadre de la semaine de la Sécurité, visionnez un court-métrage et proposez vos idées pour éviter les situations à risques.

Judi 5 décembre, de 12h00 à 14h00, dans le hall du 16




Display for the Safety Week at the Group's head office. ▲



2013 Progress and outlook

In 2013, we continued our health and safety certification policy.

There are currently 5 OHSAS 18001 certified plants in the Group.

We will continue to support our plants so that they all are certified by 2015.



Our plant in Egypt is OHSAS 18001 certified.

Number of certified sites*



*Scope: 27 sites (industrial and R&D).

In 2014, we will further mobilize our employees on health and safety conditions.

Three flagship projects will be launched in 2014 to reinforce the health and safety conditions of our employees throughout the world:

- we are creating a more solid and homogeneous network of health and safety correspondents than currently exists: the first seminar bringing together all of the Group plant safety correspondents will be organized. Its purpose is to build a community of safety ambassadors within the company who will encourage the sharing and replication of good practices for accident prevention. This seminar will also be the opportunity to train all of these safety correspondents in how to carry out internal safety audits. The purpose of this is to initiate

a cross-referencing audit procedure between plants in the Group. This new dynamic will further reinforce risk prevention, the sharing of good practices and internal emulation.

- we are going to mobilize all employees: an initial Group Safety Week will be organized in 2014. Tools will be created by the Group Safety Network to enable all the subsidiaries, particularly the small ones, to raise awareness among their employees more effectively.
- we will improve communication on the subject of health and safety by using new technologies: a shared, dedicated health and safety network will be created, as well as a discussion group on our internal company social network.



Prevention

In 2014, we will organize a Group Safety Week.

In 2014, we will strengthen health and safety measures at our tertiary sites.

In 2013, during the first week of December, at our head office in Paris, we raised awareness of health and safety issues among all our employees. We presented our employees with short films raising awareness of the different types of risks.

In 2014, we will set Group standards for tertiary subsidiaries (office-based and sales teams), particularly in regard to the layout of offices and working conditions: workstation ergonomics, temperature, noise, ventilation, etc. A communication plan

shall be implemented to prevent accidents in the offices: brochures, posters and information inspired by existing best practice in our plants will be distributed to our offices.





2013 Progress and outlook

We will continue our actions to reduce the accident rate on sites and on the road.

We have monitored the accident frequency 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. This indicator exceeds the French regulation requirements that oblige us to monitor the FR1 accident rate, limited only to accidents involving lost workdays with our employees. This demonstrates our strong commitment to health and safety.

	2011	2012	2013	2015 target
Bel FR: accident frequency rate* <i>Accidents with and without lost workdays for all persons present on Bel sites</i>	N/A	12.4	12.8	7.5
FR1: accident frequency rate* <i>Accidents with lost workdays for Bel employees</i>	5.7	5.6	5.8	-
Severity rate of accidents** <i>Bel employees</i>	0.3	0.2	0.2	-

* Number of accidents per million hours worked.

** Ratio of number of days not worked (calendar or working days according to the sites), per thousand hours worked.

In spite of our efforts, we saw a slight increase in work accidents in 2013. A closer study of the data showed that the increase in accidents is related to several factors:

- An improvement in accident reporting, resulting in an increase in the number of accidents reported by subsidiaries;

- A drop in vigilance and an increase in dangerous behavior, which may be caused by an increased perception of safety resulting from visible safety investments;
- An increase in the temporary workforce at some of our sites. This population is particularly vulnerable because they only

have a short period of time to adapt to their job post, understanding the risks and taking on board the safety measures. In 2014 we will strengthen the Behavior Based Safety training for temporary staff.

No fatal accident was recorded in 2013.

In 2013, we strengthened the Have a Safe Trip! program aimed at travelers and expatriates.

(see Focus page 113).

In 2013, more than 3,400 safety behavior visits were carried out. We will be carrying out more in 2014.

After France, Belgium, and Spain, this approach was extended to the Netherlands and Poland in 2013. Also in 2013,

nearly 360 employees received training on Safety Behavior Visits (SPV) and more than 3,400 visits were carried out. We have

set a target of a minimum of 75% of the Group's factories to have rolled out the Safety Behavior Visits by the end of 2014.

In 2014 we will analyze the noise pollution at all our French factories to identify areas for improvement.

In 2014 we will extend the road safety training to all relevant Group subsidiaries.

In 2014 we will provide health and safety support to our partner distributors in Sub-Saharan Africa.

We believe that it is our responsibility to share our health and safety expertise with our business partners. As a result, we have placed health and safety at the center of a responsible partnership project started in 2013 with distributors in Sub-Saharan Africa who we will supply with tools (training, communication tools) to improve their personnel safety practices.



We developed awareness tools that will be put at the disposal ▲ of our distributors in Sub-Saharan Africa.



7.4 Enjoy our workplace



Employees' positive perception of "Enjoy our workplace"

2013

56%

Evolution compared to 2011

=



We ensure that the working environment within the Group is conducive to the well-being of each of our employees worldwide. Well-being at work is difficult to measure because it is based on many factors: material conditions, job content, employee relations (managers, colleagues), organization of work, etc. More than one in two employees has a positive view on the topics covered by the axis "Enjoy our workplace", according to the global opinion survey conducted in 2013.

Our principles

We adhere to the United Nations Global Compact and give particular importance to the principles of the Universal Declaration of Human Rights and to the fundamental conventions of the International Labour Organisation (ILO). It is our responsibility to ensure we are respecting current national laws and regulations concerning labor rights, including within all of subsidiaries.

Our performance indicators

Performance indicators

Stress at work

- Answers to the Global Opinion Survey questions

Private life-working life balance

- Answers to the Global Opinion Survey questions
- % of employees benefiting from at least three weeks paid annual leave
- Illness absenteeism

Employee benefits

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



Reduction of work stress

Management of work stress is an important point to monitor. The last opinion survey showed that the stress level is considered to be acceptable by less than one in two employees.

All managers have a direct influence on their teams, we ask them to be attentive to the workload and the organizational structures that they put in place to cope with it.

In addition, they must consider their own behavior as a fundamental factor in reducing the stress that their teams may feel. Work stress reduction measures were put in place in different subsidiaries, for example:

- In the **United States**, the Employee Assistance Program (EAP) for employees who are struggling, offers support and advice in different areas (psychology, finance, work stress, etc.).
- In **Portugal**, at Vale de Cambra, a psychologist comes to meet employees once a week for an hour and a half. At Ribeira Grande and Covoada, preferential rates were negotiated with a psychologist's practice to allow employees to access these services if needed.

Private life-working life balance

The last opinion survey showed that we must be vigilant with regard to our employees' private life-working life balance.

We believe that one way of reducing work stress is to allow employees to have sufficient time outside work to promote a better private life-working life balance.

We therefore encourage our subsidiaries, especially those in countries without working time legislation, to grant a minimum of three weeks paid annual leave to all their employees. This measure is being rolled out gradually: we want all our employees to benefit from it.

Some of our subsidiaries have implemented measures that provide a better private life-working life balance:

- **The Czech Republic subsidiary** grants its employees an extra five days of holiday in addition to the legal minimum;
- **The subsidiary Bel Nordics** allows its workers to work one to two hours less per day during August, with the hours being made up during the other months of the year;



Global opinion survey

“ My work-related stress is acceptable. ”

% of “Agree” and “Strongly agree” answers



“ The balance between my work and private life is right for me. ”

% of “Agree” and “Strongly agree” answers



Paid leave

Employees benefiting from at least three weeks paid annual leave





- In Slovakia, all managers who registered a sick leave benefit from an additional day of holiday every six months;
- In Italy, employees can take up to 4 days paid leave (in addition to paid holiday) to look after their children in case of sickness.

In addition, transportation is often a reason for fatigue. When the nature of the role allows, we encourage managers to support their teams in working from home (telecommuting) under certain conditions. Working from home has been implemented in France, Germany, the United Kingdom, Belgium, the Netherlands, Poland, and is in a trial phase in Italy and Spain.

Illness absenteeism

Absences cause organizational problems and have a significant impact on the employees present, as well as on the operation and performance of teams.

There are many causes of absenteeism. We ensure that working conditions do not become a factor in absenteeism.

We consider an illness absenteeism rate of 2.5% to be a warning threshold that we must not cross.

In France, all employees benefit from a return-to-work medical examination after

absence due to illness. This is obligatory after an absence of 30 days or more. In addition, all employees over 55 years and who so request may take a paid day of absence for a social security health check. At the Cléry-le-Petit and Pacy-sur-Eure sites, interviews are undertaken by managers following sick leave of more than 10 consecutive days. Employees also receive an interview following a third consecutive period or a prolonged period of sick leave. This initiative aims to support the employees' return to work and their continuing employment.

Employee benefits

All the employee benefits offered to employees contribute to their and their family's current and future well-being.

We want to ensure that all our employees worldwide receive employee benefits that match Group standards, beyond the minimum base set by international laws and regulations.

Our aim is that all our employees benefit from health, death, and disability coverage. This measure is being rolled out gradually: our target is that by the end of 2015 at least 95% of our employees will benefit from this coverage.



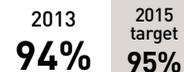
Illness absenteeism rate

Hours of absence due to illness/
theoretical working hours



Social protection

% of employees with health coverage*



% of employees with death and disability coverage*



*Employees with permanent contract and temporary contract

FOCUS

Belcare: our improvement program for the social protection offered to our employees

In 2013, we continued the Belcare initiative of monitoring and leading the employee benefits offered to our Group employees.

The aim for this year was to put in place a permanent database that compiles the additional insurance and healthcare expenses contracts. We also want ongoing implementation of coordination of these questions at Group level and to draft the management principles that will allow us to ensure that all our employees benefit from attractive employee benefits at all times.

A study was carried out in 37 entities (commercial subsidiaries and factories), spread over 32 countries.

This, for example, demonstrated that in addition to obligatory schemes, 26 entities offered a high risk supplementary insurance scheme (temporary or permanent incapacity, disability, death, state of dependency).

In 2014, in addition to our continued monitoring of contracts, we will move towards establishing a benchmark in our practices in comparison to other market practices, country by country. Governance of employee benefits will be strengthened and coordination will be improved in order to achieve our ambition of becoming a leading employer in terms of global employee benefits.



2013 Progress and outlook



Psychosocial risks

In France, a training day on psychosocial risk prevention was organized.

In 2013 in France, we have continued to raise awareness of psychosocial risks amongst our employees.

In order to detect and prevent psychosocial risks, we are putting in place group prevention initiatives (organization, working conditions) and, if applicable, providing care for the employees affected. In 2012, a leaflet was made available to all our employees to encourage them to talk about difficult situations at work and to inform them of who they could speak to if they found themselves in such a situation.

In 2013, a training day on psychosocial risk prevention was organized as part of the “Manager de Proximité” program for technicians and supervisors and the “Cadres et management” program for managers. This awareness raising has, in particular, provided the opportunity to explain the procedure that should be followed if it is noticed that an employee is having difficulties.



Health coverage

In France, we signed an agreement with all the trade unions in September 2013 to implement a harmonized healthcare expenses scheme for all employees.

In 2013, we signed an agreement for a harmonized healthcare expenses scheme for all employees in France.

In France, we signed an agreement with all the trade unions in September 2013 to implement a harmonized healthcare expenses scheme for all employees. This agreement falls within the regulatory framework that has recently developed and allows us to offer full fairness in our coverage for all employees and shows our desire to make employee benefits a major priority within our social policy.

Following six months of work and negotiations with the trade union organizations, the new scheme will be available to everyone from January 1, 2014. It is:

• **harmonized:** for all employees (non-managers, workers, technicians, and managers);

- **flexible:** it gives employees the choice between two levels of coverage and between two types of membership (single or family);
- **high-performance:** the level of cover chosen is offered at the best cost.

In addition, the insurance scheme covering risks linked to incapacity, disability, and death will be financed exclusively by Bel from January 1, 2014. The increased takeover of financing by Bel and by the governing committees is part of the desire for continual social progress.

In 2013, we conducted our first audit on the employee benefits in place in all of our subsidiaries. It will be renewed regularly.

The employee benefit schemes in place in our subsidiaries are compared to the minimum standards that we wish for all our employees throughout the Group (for example: putting in place a death and disability coverage providing at least twice the annual salary). The first audit took place in 2013. It will be completed in 2014 by comparison

of the employee benefits schemes of each subsidiary with the local practices in their market. It has been followed up by an action plan to improve the employee benefits offered to our employees in the different subsidiaries.



In 2013 in France, we organized the Management Foundations (“Assises du Management”) to identify areas of progress in our factories.

The results from the first opinion survey allowed us to identify an expectation of recognition from our employees. The Human Resources Department and the France Industrial Department wanted to give factory managers and technicians the opportunity to have their say within the Management Foundations in order to provide a roadmap that meets employees' expectations.

Intersite roundtables were organized and the participants worked on four questions:

- What external conditions impact Bel?
- What are our strengths?
- What are our weaknesses and points for improvement?
- What are our future areas for action?

These discussions led us to identify four priority themes for French factories: Communication and sharing, Line management and skill management, Recognition, promotion and remuneration, and Well-being at work. The material collected and the priorities defined were shared with management during feedback meetings held at each factory. This occasion was used to draw up a report on all actions already taken and to define concrete, immediate, or future actions. For example, on the topic of communication and sharing, the sharing meetings of industrial strategy and HR for each site were instigated. On the topic of line management and skills management, a skills reference for the production technicians was developed.



The Human Resources Department and the France Industrial Department wanted to give factory managers and technicians the opportunity to have their say within the Management Foundations (“Assises du Management”). ▲



We have set up an activities program at the headquarters for sharing good times.

The Cheese up! Activity program at headquarters offers employees activities every week: presentation and tasting of products, themed meetings with the teams, theatre courses, etc.



Cheese up!

Le programme d'animation du siège



7.5 Empower everyone

Employees' positive perception of "Empower everyone"



2013
52%

Evolution compared to 2011
+ 4%



Global opinion survey

“ I can take initiative in my work. ”

% of "Agree" and "Strongly agree" answers

2011 **44%** → 2013 **60%**

It is important that each employee has a defined space of action in which they can count on the trust of their superiors to be able to act and contribute to the Group performance in an autonomous, responsible, and committed way.

Trust – without which empowerment is impossible – is achieved through human relationships. In addition to team involvement, we believe that “*Empowering everyone*” has a direct impact on our capacity for innovation by encouraging our employees to put their ideas into practice. In 2013, the global opinion survey revealed that 65% of our employees felt they made a significant contribution to Bel’s success, up four points from 2011.

To strengthen this empowerment, we are developing a top-down communication culture so that our employees clearly understand their missions and the

objectives associated with them, as well as a bottom-up communication culture that allows them to express themselves and to share their ideas.

During the last two years, we have reviewed our organization, paying particular attention to empowering employees: clear roles and responsibilities, delegation in decision-making processes, a suitable number of managerial levels, short communication channels, etc.

“*Empower everyone*” is the area in which employees perceived the most significant improvement between 2011 and 2013. The role of management in performance management was emphasized as a strong point. However, the survey also revealed that employees felt their opinion was not taken into consideration in the decision-making process.



Our performance indicators

Performance indicators

- Answers to the Global Opinion Survey questions

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-yearly basis)

Staff representation

- % of employees with access to a personnel representation system

Performance review

We want all our employees to benefit from clear and constructive feedback on their performance and areas for improvement, and to understand their career development options.

Performance reviews are ideal for listening and exchanging ideas between employee and manager, and provide a good opportunity for discussing these topics. We ensure that both managers and non-managers benefit from these reviews. Some entities, such as Bel Germany and Bel France, decided to expand this initiative with the start of mid-year reviews. These reviews provides an opportunity to take stock of the achievements and highlights of the first half of the year by

measuring the progress towards the targets set for the current year. They are a chance for the manager and the employee to discuss how they work together and for mutual improvement on the effectiveness of their collaboration.

We believe that discussions between employees are also a means of progress. Furthermore, since 2012, we have trained all managers and supervisory staff on how to give and receive effective feedback not only to their teams but also to other employees, customers, and partners. We offer all grade 1 to grade 4 managers (496 employees) personnel development training based on an assessment of their managerial skills, not only by their managers but also by their peers and their direct reports.



Global opinion survey

“ My manager provides me with qualitative feedback which helps me to improve myself. ”

% of “Agree” and “Strongly agree” answers

2011 47% → 2013 47%

FOCUS

Portugal: “Bel Done” or how to bring positive leadership alive in an entertaining way

 Since 2011, in order to encourage positive feedback, all of Bel’s Portuguese sites have encouraged their 524 employees – whatever their position – to give positive feedback in a concrete way by sending a specific object to another employee when they consider this employee to have done good work. The aim is not only to recognize the commitment of employees but also to encourage a chain reaction. The employee receiving the object is in effect invited to quickly pass it on by, in turn, giving positive feedback. In addition, each month, the managers collect the “Bel Done’s”, which are then published in an internal newsletter. This initiative was approved by the human resources teams during a best practice discussion organized during their annual seminar.





91%
of employees have access
to a personnel
representation system.

Social dialogue

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

In our Code of Best Business Practices, we recognize our employees' right to be represented – within the framework of the laws and regulations that apply to them – by their trade union(s) within collective bargaining on working conditions. The employee representative body in the company, elected or designated by the employees, can take different forms according to the country: Works Council, workforce delegates, Committee for Health and Safety at Work (CHSW), etc. For example:

- in Belgium, there are two personnel representative bodies, for which members are elected for four years by all employees (employees and workers): a Committee for Health and Safety at Work and a Works Council;
- in Poland, the Works Council represents all workers. This body meets the Factory Director as well as the Human Resources Manager each quarter to discuss current topics;
- in Portugal, there are trade unions that are consulted as part of company-wide agreements and which have decision-making power at industry-wide agreement level;

- in the United States, workers at the Little Chute factory are represented by the Teamsters Union;
- in Egypt, since 2012, all workers are represented by a union;
- in Iran, there is an employee committee made up of two workers representatives, one supervisor representative, and two management representatives. This body is responsible for studying employees' questions and comments. In 2013, 91% of employees had access to a personnel representation system.

Sharing information within the Group

We ensure that information and key decisions are shared to promote better understanding of these by our employees throughout the world and at all levels.

A dedicated department steers the central internal communication process in coordination with all entities which have their own communication tools. Various channels provide dissemination of information:

- service meetings between employees and managers;
- a Group intranet, a quarterly internal magazine translated into 13 languages for all our employees, a two-monthly e-newsletter in French and in English for all our employees with a computer;
- almost 40 topical and/or local in-house newsletters and magazines;
- a company social network that allows employees with a computer to build and encourage communities. Everyone can have their say, whether by posting information, a document, a video, a photo, etc., or by commenting on posts;
- an Internet platform dedicated to top-management, with the aim of building links within this community;
- an annual international convention for top-management.



Our internal magazine is translated into 13 languages.



2013 Progress and outlook

In 2013 we reviewed our skills assessment model for managers.

This new model specifies what we expect from our managers for optimum management of performance, increased efficiency, and the best listening to their teams. We

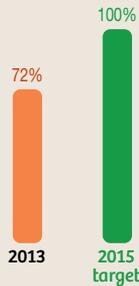
expect our teams to work with a broad vision, required for taking into consideration not only the financial challenges but also the social, societal and environmental

challenges involved in every managerial decision.

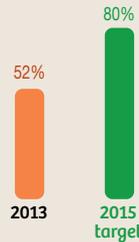
In 2014, this assessment grid will underpin individual performance reviews.

Individual performance review

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



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



* The eligible managers are the managers with permanent contract who are part of the workforce and present within the Group for the full year 2012 or who entered before July 1, 2012 and left after July 1, 2013.

In 2013, nearly three fourths of managers (annual basis) and more than half of non-managers (two-yearly basis) benefited from an individual performance review.

We have continued to roll out the “Give and receive effective feedback” training course.



At the end of 2013, 52% of the 2,000 employees concerned had taken the “give and receive effective feedback” training course.

All supervisory staff will have taken it by the end of 2014.

In 2013, we signed collective bargaining agreements with our labor-management partners in three countries.

In France, the Group signed 12 agreements with labor-management partners, including two agreements for compulsory annual pay negotiations (employees/workers and management), three training agreement protocols with personnel representative bodies as part of the exercise of their mandate, a profit-sharing agreement,

a health-care expenses agreement, an insurance agreement, a Works Council budget agreement, and a production contract.

In the United States, a collective bargaining agreement covering work, remuneration, and employee benefit conditions was signed in October 2013.

Germany signed three agreements in 2013: an agreement relating to the new rules on working hours for managers and non-managers, a profit-sharing agreement, and an agreement relating to allocations for childcare expenses for children from 0 to 3 years of age.



7.6 Grow further together

Employees' positive perception of "Grow further together"



2013

38%

Evolution compared to 2011

+ 1%



"Grow further together", above all, aims to develop our employees' skills with suitable training programs.

It also offers them attractive career opportunities, in a fair and equitable manner, which satisfies their aspirations for development as well as our need for skills.

"Together" implies that diversity of teams,

gender equality, and the mixture of talents are some of the keys to our success.

These ambitions are not recognized by our employees as much as we would like. In effect, the opinion survey revealed a lack of communication and transparency on career development within the Group.

Our performance indicators

Performance indicators

Training

- % of employees who attended at least one training course during the year
- Average number of training hours per employee
- Answers to the Global Opinion Survey questions

Internal mobility

- Answers to the Global Opinion Survey questions

Equal opportunities

- Pay parity: average ratio of women's salary to men's salary (at equivalent country and grade)
- Employment rate of people with disabilities (Indicator limited to certain countries)



Training

To allow all our employees to progress, we offer both Group programs and local actions (group or individual).

The training programs are designed according to the needs identified during performance reviews. The training offered enables better mastery of a task or development of skills for a new role. Therefore, we not only train our employees for the requirements of their current positions, but for their future career development as well. All group training provides an opportunity to share the company culture, its values and its commitments. In addition, a three-day induction seminar including a factory visit is proposed to new managers.

The company's University "Campus" offers managers a selection of training programs.



Created to support development and to allow us to obtain medium-term strategic objectives, these customized programs are

carried out in partnership with business experts as well as service providers who have been rigorously selected. They are based on four areas:

- Business culture, commitments and basics;
- Interpersonal and managerial skills;
- Business knowledge and expertise.

Some Group training courses are obligatory for their target population.

We support General Managers and Plant Managers with training programs called "Be GM@Bel" (currently rolled-out) and "Be PM@Bel" (to be rolled-out in 2014). The content is designed to expand their knowledge of the organization and the Group's strategic challenges, with an important focus on the industrial sector for General Managers and on the business sector for Plant Managers. Finally, individual and group coaching sessions complete this training schedule. It develops the leadership of these managers, according to the skills model we have established.

In addition, employees equipped with a computer can create their own individual training program based on the topics that interest them and the skills that they

Micro-training



In Spain, short-term in-house training sessions known as Micro-training allow the sharing of knowledge and expertise in IT and finance.

These weekly training sessions can be followed by videoconference.

At the end of 2013, around 40 micro-training courses had been given to nearly 300 participants.



◀ The B.E.S.T program is carried out in the Netherlands.

wish to develop, by accessing the Group's e-learning platform launched in 2013.

The Group adds local actions to these initiatives.

In our factories, employees receive continuous on-the-job training called "workstation training".

In addition, training modules for tasks linked to production and industry are rolled out through suitable courses using simple and informative communication via a dedicated website. For example, the six informative modules of the B.E.S.T. (Bel Employee Shopfloor Training) program deal with the technical and social realities of an agri-food industrial site: from cheese production to good environmental practice including quality, hygiene, safety at work, Group knowledge and communication. B.E.S.T. was rolled out in **France** in the six factories as well as in **Spain, the Netherlands, and Portugal**. In these four countries in 2013, 222 people received the in-house B.E.S.T. diploma certifying completion of the six modules. The program will be rolled out in **Morocco** in 2014.



Global opinion survey

“ I have access to the training I need for my professional development. ”

% of "Agree" and "Strongly agree" answers

2011 **38%** → 2013 **41%**



Global opinion survey

“ I have sufficient opportunities for development and for professional mobility to enhance my career. ”

% of “Agree” and “Strongly agree” answers



Internal mobility

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, and also allows skills transfer.

Therefore, we try to match available vacancies with each employee’s skills and aspirations.

The organizational structure and tools are in place to improve the visibility of career development policy:

- a Mobility Committee, covering all businesses and geographic regions and bringing together the regional and Group human resources managers, meets every three months. In addition, there is a monthly Mobility Committee in France;
- annual individual reviews that form part of the annual report from the Human Resources Department and help to identify mobility ambitions;
- notification of the positions to be posted on our intranet platform;
- communication tools that strengthen the visibility of our career pathways within the Group (see below).

From 2014, we will measure the rate of managers’ internal mobility. Our aim is to maintain an internal mobility rate for managers above 15% – i.e. one move every six years on average.

Equal opportunities

Through the signing of the United Nations Global Compact in 2003, our Code of Best Business Practices, and our People First Social Charter, we have formalized our commitment to non-discrimination.

There is no process dedicated to diversity because equality of opportunity is an integral part of our managerial approach: equality of treatment is promoted by performance assessment and professional development processes, which are based on objective and fair criteria (see above).

For us, the policy of non-discrimination starts at recruitment and continues throughout the employee’s career in the company.

In employee recruitment for 2013, 28% were women.

FOCUS

Bel Germany facilitates young mothers returning to work



Since January 2013 in Germany, the Bel Family Engagement Program allows female employees returning to work for 25 hours a week in the 6 to 18 months following the birth of their baby to receive a financial subsidy to pay for a crèche or mother’s help. In Germany, where childcare structures for very young children (0 to 3 years)

are rare, average parental leave lasts two years – a significant break in a woman’s professional life that damages her promotion.

This initiative is a means of promoting male/female equality within the Group and facilitating reintegration of female employees within the company.



We note that we have a lower rate of female employees, particularly in management posts. We ask each entity to set objectives in terms of male/female distribution of their workforce, according to the cultural contexts in which we operate and the diversity of our businesses. However, the salary fairness objective between men and women is shared by all entities.

A European Union (1) report published in December 2013 mentioned an average salary gap between men and women of 16.2% in the European Union. At Bel, we take 5% as the threshold that should not be exceeded.



Average ratio of women's salary to men's salary

(at equivalent countries and grade)*

2013
0.96

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

Maintaining employment of seniors and allowing them to add value and share their experience is an opportunity to capitalize on our expertise. In **Spain** for example, an Innovation and Seniority Committee was put in place: it holds an annual meeting that brings together all employees with over 10 and 25 years of service, during which the best innovations are rewarded and made known to all employees in the subsidiary.

Disability

Promoting access to the world of work for people with disabilities is one of our priorities.

We restrict monitoring of the employment rate of people with disabilities to certain countries (France, Turkey, the Czech Republic, Germany, Slovakia, Ukraine, and Spain) where we are currently monitoring this indicator.

Our reporting scope therefore does not reflect the voluntary approaches taken in all our subsidiaries to integrate employees with disabilities. For example, in the Netherlands, a collective bargaining agreement concerning employment of people with disabilities was signed.

France

In France, for over six years we have promoted direct employment of people with disabilities and subcontracting to the protected sector. In 2013, 25 Work Aid Establishments and Services (ESAT) worked for us.

Five of our seven French industrial sites have an employment rate of over 6% for people with disabilities.

In compliance with French legislation which imposes an employment rate of 6% for people with disabilities – via direct employment or subcontracting –, we contribute to the AGEFIPH (2) to compensate for the fact that we have not yet reached 6% on two of our industrial sites, our Research and Development site and at Group Head Office.



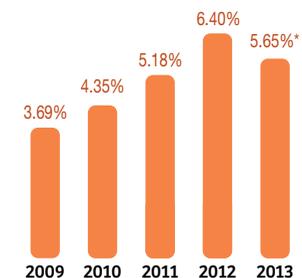
Internal poster campaign about disability. ▲



25

Work Aid Establishments and Services (ESAT) worked for us in 2013 in France.

Employment rate of people with disabilities in France



* 2013 estimation.

(1) Report on the application of Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation.

(2) French association managing the funds for the professional integration of people with disabilities.



2013 Progress and outlook

In 2013, we created a platform that brings together all the Group's online training courses.

The BE-Learning platform allows employees to receive distance training at all times. Alongside the training courses, our employees can freely and autonomously access over 50 different resources (not counted as training): videos, virtual library, etc. The variety of topics covered by the resources – leadership, diversity, emotion management, innovation, etc. – allows each employee to create their own individualized program, according to the topics

that interest them and the skills that they want to develop.

Since the launch of the platform in April 2013, more than 430 hours of online training have been undertaken.

Having been reserved for employees enrolled on a specific training course in 2013, in 2014 the BE-Learning platform will be open to 4,500 Group employees who have a computer and an internet connection.



Training of employees

% of employees who attended at least one training course during the year*



Average number of training hours per employee



* The number of employees who attended at least one training course during the year can include employees who had left the Group before 12/31/2013.

We will progressively extend the Career Paths tool to new functions.

In 2011, the first opinion survey showed that only 30% of employees were satisfied with their career opportunities within the Group. To respond to their request for transparency, we have progressively put in place Career Paths, an informative tool that shows the possible pathways between the posts of a sector, as well as examples of career pathways within the Group. This tool – aimed at managers – allows them to understand the way in which careers are

constructed at Bel. Therefore, employees with the support of their managers and HR supervisors have available the resources to best manage their career development. After implementing a pilot in 2012 for the Bel France sales and marketing teams, we rolled out the project at the Group Supply Chain function level at the end of 2013. In 2014 we expect to extend Career Paths to the Group industrial and marketing functions.



"Career Path" tool for managers. ▲

In October 2013, Bel Poland received Human Resources Professional Management certification.

 The Polish Labor and Social Affairs Ministry awarded Bel Poland the Human Resources Professional Management certification. This special prize aims to recognize corporate human resources management and in particular the contribution to employees' personal development and opportunity creation.





At the end of 2013, the grade 1 to 2 manager population included 21% women.

Improving women's access to senior positions was identified as a priority for progress.

In spite of our ambitions, we did not make progress on this point in 2013. The drop observed corresponded to one employee retiring and two employees choosing to leave the company. However, our target remains at 30% of grade 1 and 2 managerial positions to be filled by women by 2015.

10 employees, including eight women, took part in the EVE management seminar in 2013 on the topic of female leadership. Following this event, the participants

worked together to identify paths of progress based on three key priorities:

- raising employee awareness: in order to complete the resources already available (four 45-minute sessions are dedicated to diversity on our e-learning platform), the internal and external good practices will be shared and awareness raising actions on gender equality will be implemented, in offices and in factories;
- identify the major obstacles to women accessing certain senior positions;
- adapt our HR process from 2014: for example, ensuring that women candidates are systematically identified in employee succession plans.



Managers

Proportion of female managers (grade 1 and 2)



At the end of 2013, the employment rate for people with disabilities in France is 5.65%.



Florian Decaux, as he receives the third prize at the inter-company photography competition "Objectif Handicap".

Since signing the partnership agreement with AGEFIPH in 2011, we have implemented many actions in France to promote employment of people with disabilities. Therefore, a disability network was

created. Their role is to support the people concerned and to raise awareness among employees of the reality of disabilities. This can be seen by the events organized within our factories and at Group Head Office: poster campaigns, awareness raising workshops led by the disability network or by people with disabilities from outside the company, a photography exhibition, a tombola in partnership with the French Handisport Federation as part of the Paralympic Games in London, quizzes and entertainment, etc.

Our communication actions are also directed towards candidates with disabilities: since November 2011, we have participated in more than 10 employment

forums, disability cafes, or jobdating events following which we have recruited two people with disabilities.

We are also building a network of partnerships with local organizations such as CAP EMPLOI, with whom we have put in place the integration initiative "one day, one job", which involves presenting our professions to people with disabilities seeking employment. We also work with the Work Aid Establishments and Services (ESAT). For example, in 2013, a cafeteria service, a cheese shop and a concierge service reopened their doors at Head Office with four people with disabilities employed.

Other countries

For the first time in 2013, we have extended our reporting scope of the employment rate for people with disabilities to six countries in addition to France. For example, in Slovakia, 20 people with disabilities work in the packaging department of the Michalovce factory.

Employment rate of people with disabilities*	
Ukraine	5.28%
Turkey	2.72%
Germany	2.50%
Czech Republic	2.10%
Spain	1.60%
Slovakia	1.35%

* The definition of disability varies according to local legislation. The rates are calculated on full-time equivalent.



7.7 Share success



Employees' positive perception of "Share success"

2013

38%

Evolution compared to 2011

+ 2%

We wish to acknowledge and reward our employees for the value they create, firstly by providing them with fair, equitable and transparent compensation, and secondly, by giving them a range of employee benefits (paid holidays, social-security cover, etc.) detailed in the "Enjoy our workplace" section.

The Group's salary policy is set by the Human Resources Department, with the support of the Appointments and Compensation Committee dependent on the Board of Directors.

Providing better visibility on the fairness of our pay system was again identified as a point for improvement during the global opinion survey.

Our reference guides and performance indicators

External reference guide

- Market surveys conducted by outside firms

Performance indicators*

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

* We do not believe that the average salary per employee indicator is representative of our salary policy. Indeed, its fluctuations can be solely due to the geographical development of our workforce.

Our compensation policy

Our compensation policy is based on five principles:

- external competitiveness (fixed and variable salaries and employee benefits)
- internal fairness
- recognition of individual and group performance
- transparency
- employee benefits (see "Enjoy our workplace").



External competitiveness

To attract and retain talent, we must fundamentally align ourselves with the compensation conditions of different markets ensuring competitive salary positioning and social benefits offered to our employees.

We therefore ask all our subsidiaries with more than 15 managers to carry out a salary survey at least every two years in order to have the average data of the market by grades.

Internal fairness

We want to ensure consistency within the company and to guarantee non-discrimination in terms of compensation, particularly between women and men (see *Average ratio of women's salary to men's salary*).

This consistency also means that we must ensure comparable wages for comparable responsibilities.

Human resources teams from all the entities are responsible for ensuring non-discriminatory salary practices.

Recognition of individual and group performance

The recognition of individual performance is based on merit. The variable compensation for grade 1 to 6 managers (81% of managers) represents between 8% and 30% of their fixed compensation.

For non-managers, we strive to practice a fair salary policy comparable to the high standards of the profession in the countries where we operate.

FOCUS

Guide to Compensation and Individual Social Report



All employees in France, Germany, and the United Kingdom having at least one year of seniority, received in 2013 a Guide to Compensation, with the addition of an Individual Social Report in France. This document is personal and individual and gives each employee their fixed, additional, and group (profit-sharing, gain-sharing) compensation, as well as other benefits. The Individual Social Report aims to respond to employees' wishes expressed in the last opinion survey: to have more information and transparency on the rules and structure of our compensation. In addition in France, since 2013, each manager is informed on an annual basis of the position of their salary in comparison to the compensation scale for their level.

In addition, we believe that recognizing group performance reinforces the feeling of belonging and of pride within teams. We would like our subsidiaries to progressively adopt compensation systems taking into account their overall performance or that of the Group.

Finally we encourage the implementation of specific actions: prizes, celebrations, etc. For example, in **the Netherlands**, employees can nominate teams who have carried out particularly impressive work. Non-financial rewards such as participation in additional training are therefore linked to the value of the team's work. In addition, most regions and functions award prizes every year to recognize teams' initiatives.



Number of Group subsidiaries whose pay scale is supported by market surveys*

2013
100%

* Scope: 23 subsidiaries of more than 15 managers.



Compensation system

% of employees having a compensation system based on the overall performance of the subsidiary or the Group

2013
59%

2015 target
65%

2013 Progress and outlook

We have implemented an initiative to allow employees to better understand the components of their compensation (see *Focus below*).

In 2014, during the annual top-managers convention we will reward remarkable actions led by the teams.

The awarding of the internal Bel Awards will take place during the annual Group top-managers convention. This initiative, already carried out in 2013, aims to

recognize and share remarkable actions that contribute to the Group's success. All employees are invited to participate – individually or in a team – in the seven

categories proposed, among which two fit into the CSR program: "People First" and "Growth with Purpose".



Appendices

- ▶ **Cross reference tables**
- ▶ **Note on methodology**
- ▶ **Report of the Statutory Auditors, designated independent third-party entities, on the review of environmental, social and societal information published in the Group management report**





Cross reference tables

Grenelle II LAW/ INDEX of GRI content/ CSR report

This report 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 contains information from the GRI guidelines on sustainable development reporting.

The table below shows the location of the information in the report.

		GRI G4 ⁽¹⁾	Bel Group CSR report
Social information			
a) Employment	Total workforce	G4-9	p. 105 Bel employees: key figures
	Breakdown of employees by gender, by age, and by geographical region	G4-10 LA1 LA12	p. 106 Bel employees: key figures
	Hires and dismissals	LA1	p. 107 Bel employees: key figures
	Compensation and its development	G4-52	p. 132 Share success p. 9 Sharing the value created by our business model (payroll) ⁽²⁾
b) Organization of work	Organization of working time	G4-10	p. 107 Bel employees: key figures (rate of job insecurity) p. 118 Enjoy our workplace (paid annual leave)
	Absenteeism	LA6	p. 119 Illness absenteeism ⁽³⁾
c) Labor-management relations	Social dialogue organization rules and procedures for information, consultation, and negotiation with personnel		p. 124 Social dialogue
	Collective agreements report		p. 125 Empower everyone
d) Health and safety	Health and safety conditions	LA2	p. 112 Guarantee health and safety of everyone p. 119 Employees benefits
	Report on the agreements signed with trade unions or staff representatives regarding health and safety at work	LA8	p. 125 Empower everyone
	The frequency rate and severity rate of work accidents and recognition of occupational illnesses	LA6 LA7	p. 114 Occupational illnesses and uncomfortable working conditions p. 116 Guarantee health and safety of everyone
e) Training	Training policies implemented	LA10 LA11	p. 127 Training p. 123 Performance review
	Total number of training hours	LA9	p. 130 Training

(1) Treated in full or partially.

(2) We do not believe that the average salary per employee indicator is representative of salary policy. In effect, its fluctuations can be solely due to the geographical development of our workforce.

(3) We have made the choice to monitor illness absenteeism as a key performance indicator of our People First policy. We ensure that working conditions do not become a factor in absenteeism. We consider a sickness absenteeism rate of 2.5% to be a warning threshold that we must not cross.

		GRI G4 ⁽¹⁾	Bel Group CSR report	
f) Equal treatment	Measures favoring gender equality	LA12 LA13	p. 128	Equal Opportunities
	Measures favoring the employment and integration of disabled	LA12	p. 129	Disability
	The anti-discrimination policy	LA12	p. 128	Equal Opportunities
g) Promotion of and compliance with the ILO fundamental conventions	Respect for the freedom of association and the right to collectively		p. 12 p. 124	Respect for human rights Social dialogue
	Elimination of employment discrimination and discrimination at Elimination of forced and compulsory labor		p. 12 p. 128	Respect for human rights Equal Opportunities
	Elimination of forced and obligatory labor		p. 12 p. 34	Respect for human rights Our Sustainable Purchasing policy
	Effective abolition of child labor		p. 12 p. 11 p. 34	Respect for human rights Our corporate social responsibility principles Our Sustainable Purchasing policy
Environmental information				
a) General environmental policy	Organization of the company to deal with environmental issues and environmental assessment or certification measures	G4-DMA	p. 45	Our Environmental policy
	Training and informing employees on environmental protection		p. 21	Mobilizing all of our employees
	Resources devoted to preventing environmental risks and pollution	EN31	p. 49	Investments dedicated to protecting the environment
	Amount of provisions and guarantees for environmental risks	EN29	p. 49	Investments dedicated to protecting the environment
b) Pollution and waste	Measures to prevent, reduce or redress emissions into the air, water and soil with serious environmental impacts	EN21 EN22 EN24	p. 63	Reduce waste and discharge, and managing environmental damage and hazards
	Measures to prevent, recycle and eliminate waste	EN23 EN24 EN25 EN27	p. 63 p. 79	Reduce waste and discharge, and managing environmental damage and hazards Developing more responsible packaging
	Dealing with noise pollution and any other form of pollution specific to an activity	SO2	p. 64	Noise pollution
c) Sustainable use of resources	Water consumption and water supply according to local constraints	EN8	p. 51	Using natural resources more responsibly: water
	Raw material consumption and measures to improve their efficiency in use	EN1 EN2	p. 50 p. 79	Using natural resources more responsibly: dairy raw materials Developing more responsible packaging
	Energy consumption and measures taken to improve energy efficiency and use of renewable energies	EN3 EN5 EN6	p. 55	Using natural resources more responsibly: energy
	Land use	–	–	N/A ⁽²⁾

(1) Treated in full or partially.

(2) Use of soil has not been identified as a relevant subject for the Group due to the fact that the area occupied by factories is very limited.



		GRI G4 ⁽¹⁾	Bel Group CSR report
d) Climate change	Greenhouse gas (GHG) emissions	EN15 EN16 EN18 EN19 EN30	p. 58 Reducing our greenhouse gas emissions
	Adaption to the effects of climate change	EC2	p. 60 Adaption to the effects of climate change
e) Protection of biodiversity	Measures taken to safeguard or develop biodiversity	EN11 EN12	p. 61 Taking the protection of biodiversity into account
Information on societal commitments in favor of sustainable development			
a) Territorial, economic and social impact of the company's	regarding employment and regional development	EC1 EC8	p. 8 Sharing the value created by our business model p. 40 Economic and social impact of our activities in the 33 countries in which we operate
	on neighboring or local populations	EC8	p. 40 Economic and social impact of our activities in the 33 countries in which we operate
b) Dealings with people or organizations benefiting from the company's activity	The conditions for dialogue with stakeholders	G4-24 G4-25 G4-26 G2-27	p. 23 Relationships with our stakeholders
	Partnership or philanthropic actions	G3-FP2	p. 41 Our philanthropic actions: the Bel Foundation p. 42 Other philanthropic projects supported by Bel and its various entities p. 100 Involving our brands in actions of good citizenship and solidarity
c) Subcontracting and suppliers	Factoring social and environmental challenges into the purchasing	LA14 LA15 EN33 HR10	p. 27 Promoting more sustainable dairy production p. 34 Our Sustainable Purchasing policy
	The significance of subcontracting and social and environmental responsibility in dealings with suppliers and subcontractors	LA14 LA15 G4-12 EN32 EN33 HR10 S09 S010	p. 34 Our Sustainable Purchasing policy
d) Fair operating practices	Actions to prevent corruption	G4-56 G4-57 G4-58 S03 S04	p. 11 Our corporate social responsibility principles
	Measures to protect the health and safety of consumers	PR1 G3-FP5 PR3 G3-FP8 EN27	p. 67 Ensuring the quality, safety and traceability of our products p. 74 Improving the nutritional quality of our products p. 93 Making information more accessible for our consumers p. 97 Developing responsible advertising and promotional campaigns
	Other actions in favor of human rights	HR10 G3-FP2	p. 87 Innovating to make our products more accessible

(1) Treated in full or partially.

Other GRI indicators: general information sections

GRI G4 ⁽¹⁾	Bel Group CSR report
Strategy and analysis: G4-1, G4-2	p. 1 A message from the Chairman and Chief Executive Officer p. 5 Trends and challenges facing Bel
Organization profile: G4-3, G4-4, (G5-5), G4-6, G4-7, G4-8, G4-9, G4-10, (G4-12), G4-15	p. 4 The Bel Group's CSR program - introduction p. 20 Our reference guides p. 26 Partnerships and society
Relevant aspects and areas identified: G4-17, G4-18, G4-19, G4-20, G4-21, G4-22, G4-23	p. 139 Note on methodology p. 7 The five pillars of our CSR program
Report profile: G4-28, G4-29, G4-30, (G4-31)	p. 139 Note on methodology
Corporate governance: G4-33, G4-34, G4-35, G4-36, G4-39	p. 17 Our governance

(1) Treated in full or partially.



Note on methodology

Choice of indicators

Our CSR key performance indicators were defined by the CSR Leaders 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 that we have established 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 contains information from the GRI guidelines on sustainable development reporting (see cross-reference table on the preceding pages) and is also based on the 10 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 protocol is given to all employees involved in CSR reporting.

It 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 Leaders 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 CSR Leaders 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 Leaders 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 2013, the data was reported and consolidated using several collection systems under the responsibility of the CSR Leaders who coordinate them. The environmental indicators from the industrial sites and the social indicators, which constitute the majority of indicators, are reported using an Excel tool during annual reporting campaigns (monthly for certain indicators). Some data comes from the Information Systems ruled out in the group (e.g.: SAP, Magdalena) or dedicated software (e.g.: EcoVadis tool, Acciline, MySponsorTool).

Reporting period

The data collected covers the period from January 1 to December 31, 2013.

Depending on the indicators, this involves:

- annual consolidation of data from January 1, 2013 to December 31, 2013;
- data measured at December 31, 2013.

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 2013, more specifically, the Group's entities consolidated in the annual financial report.

Specific features of the scope for the 2013 reporting

The reporting of ISO 14001 and OHSAS 18001 certifications concerning all the Group's industrial and research sites with the exception of Iran, i.e. 27 sites. Cléry and the Bar-le-Duc manufacturing workshop are considered as the same single site.

Reporting of certifications according to GFSI standards involves all the Group's industrial and research sites with the exception of Iran. Cléry-le-Petit plant and Bar-le-Duc production unit are counted as two distinct sites as they have both their own certification: thus, the reporting scope includes 28 sites. Subcontractors manufacturing the products within our brands are also included in the scope.

Environmental reporting covers all of the Bel Group's industrial and research sites, with the exception of Iran, i.e. 27 sites, its collection centers, warehouses, and the Group's headquarters. Water and energy consumption and waste production of the exclusively tertiary sites (offices) 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 direct impacts of on-site activities of subcontractors and suppliers are counted by the site. The impacts of off-site activities

of subcontractors and suppliers are not counted by the sites.

Subcontracted production activities are not counted.

When sites are excluded from the scope because there is no data available, this is mentioned in the document. Indicators about volumes of wastewater, discharges into water and waste sent to landfill are published on limited scopes. The indicator of byproducts valorization excludes Chorzele plant (Poland).

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 Leader 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 metric tonnages delivered in 2013, 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 packaging used between January 1, 2013 and December 31, 2013. All packaging materials consumed by the Group are included in the indicator except the packaging for factories in Syria, Iran, Turkey, Portugal and Ukraine. Packaging consumed by subcontractor manufacturers is not included in the indicator.

The verification operation for our packing reporting has allowed us to specify the 2012 data in retrospect.

The social reporting involves all the Bel Group subsidiaries with the exception of Vietnam (165 persons) and Syria (9 people), i.e. 31 subsidiaries. One person present in Argentina (subsidiary undergoing liquidation at December 31, 2013) is also reported in the social data. 2012 was our first social reporting published on a Group scale. 2013 allowed us to make significant improvements in reliability and robustness of our reporting. We have chosen not to publish the information for 2012 because the compatibility of figures did not seem to us to be sufficient; many developments were explained by an increase of data reliability.

Concerning the indicator "number of employees who attended at least one training course during the year", the 2013 data can include employees who had left the Group before 12/31/2013.

Reporting on work accidents covers all the Group's industrial and tertiary sites apart from Vietnam (165 persons) and Syria (9 persons).

- TF Bel: this indicator, evidence of our commitment to take all our 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 they were not recognized as work accident by local health insurance.





Report of the Statutory Auditors, designated independent third-party entities, on the review of environmental, social and societal information published in the Group management report

Year ended December 31, 2013

This is a free translation into English of the original 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.

For the attention of the Shareholders,

In our capacity as Statutory Auditors of Fromageries Bel SA and designated as independent third-party entities, whose certification request has been approved by the French National Accreditation Body (COFRAC), we hereby present you with our report on the social, environmental and societal information presented in the management report prepared for the year ended December 31, 2013 (hereinafter the "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the company

The Board of Directors of Fromageries Bel SA is responsible for preparing a management report including the CSR Information provided by Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting criteria used by Fromageries Bel SA (the "Reporting Criteria"), some of which are presented throughout the management report and which are available on request from the

CSR Department at the company's headquarters.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditors

Based on our work, our responsibility is:

- to attest that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR information);

- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Criteria (conclusion on the fair presentation of the CSR Information).

Our work was carried out by a team of eight people between November 2013 and February 2014, i.e. a period of around eight weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, with regard to the conclusion on the fair presentation of the Information, with the ISAE (International Standard on Assurance Engagements) 3000⁽¹⁾.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. Attestation of completeness of the CSR Information

Based on interviews with the management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, any resulting actions or programs. We have compared the CSR Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we have verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We have verified that the CSR Information covered the consolidated scope, i.e., the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in the methodological note available in

the paragraph 8 of the "Corporate Social Responsibility" section presented in the management report and on page 139 of the present document.

Based on our work and considering the limitations mentioned above, we attest that the required CSR Information is presented in the management report.

2. Conclusion on the fair presentation of the CSR Information

Nature and scope of procedures

We conducted around twenty interviews with the people responsible for preparing the CSR Information in the departments in charge of the CSR Information collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Reporting Criteria with respect to its relevance, completeness, reliability, neutrality and clarity, taking into consideration, when relevant, the sector's best practices;
- verify the set-up of a process to collect, compile, and check the CSR Information with regard to its completeness and

consistency and familiarize ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR information that we have considered to be most important⁽²⁾:

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the management report;
- for a representative sample of entities and sites that we have selected⁽³⁾ according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify

(2) Information selected as the most important is:

- Quantitative indicators:
 - Workforce – total and by operational region and by status
 - Male/female distribution of managers by grade
 - TF1 accident frequency rate
 - TF Bel accident frequency rate
 - Severity rate of accidents
 - Illness absenteeism rate
 - % of employees who attended at least one training course during the year
 - Average number of training hours per employee
 - Number of people employed and number of redundancies
 - Volume of dairy by-products valorized / Volume of finished products sold (%)
 - Drinking water consumption – total and per metric ton produced
 - Water consumption in regions affected by water vulnerability, stress and shortage according to the Food and Agriculture Organization and Water Risk Filter criteria (verified at the Headquarters level)
 - Electricity consumption
 - Consumption of renewable energies for heat production
 - Greenhouse gas emissions scopes 1 and 2 (verified at the Headquarters level)
 - Quality of purified water (COD, suspended matter, total nitrogen and total phosphorous discharged)
 - Total waste production
 - Proportion of waste sent to landfill
- Qualitative information available in the following paragraphs:
 - Certifications according to international standards
 - Our sustainable purchasing policy
 - Developing more responsible packaging
 - Innovating to make our products more accessible: Bel Access, an incubator for innovative projects targeting low-income populations, and Sharing Cities
 - Ensuring the quality, safety and traceability of our products
 - Social charter and global employee opinion survey

(3) For social and health & safety data, our work was conducted in the following countries' entities: France, United States, Slovakia, Poland, Egypt, Algeria and the Netherlands. For environmental data, our work was conducted in the following industrial sites: Cléry-le-Petit (France), Lons-le-Saunier (France), Leitchfield (United-States), Michalovce (Slovakia), Chorzele (Poland), Cairo (Egypt), Kolea (Algeria), Schoonrewoerd (the Netherlands).



the correct application of the procedures and implemented substantive tests on a sampling basis, consisting in verifying the calculations performed and reconciling the data with supporting evidence. The selected sample represented on average 66% of the Group headcount and between 21% and 100% of the environmental quantitative information.

Regarding the other consolidated CSR Information, we have assessed its consistency in relation to our understanding of the Group.

Finally, we have assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more

in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Information cannot be totally eliminated.

Qualification expressed

During our verification work, we noted that a significant part of subsidiaries were reporting number of days lost due to work accidents in calendar days, and not in working days as specified in the Reporting Criteria. This resulted in some heterogeneity in the method of calculation of the severity rate between entities. We have not been able to evaluate the impact on the value published by the Group.

Conclusion

Based on our work, and subject to this qualification, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Reporting Criteria.

Observation

Without qualifying the above conclusion, we draw your attention on the chapter 7.6, which specifies that the number of employees that participated to at least one training action during the year can include employees who already left the group at Dec. 31st 2013, contrary to what is specified in the Reporting Criteria. The ratio average number of training hours per employee can thus also include training hours of employees who already left the company.

Neuilly-sur-Seine, April 2, 2014

The Statutory Auditors,

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Bel thanks all employees who participated in the realisation of this CSR report.

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