

A photograph of a man and a baby sitting at a wooden table. The man, on the right, is wearing a red and white striped shirt and is looking at the baby. The baby, on the left, is also wearing a red and white striped shirt and is looking at the man. On the table, there is a wooden board with a wheel of cheese, some of which has been cut and is on a small plate. The background is a white brick wall with a grey pendant light hanging above the table.

2013 Annual Report

Activity and Sustainable Development



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*“The future should be not merely
forecast but forged by will.”*
Saint-Exupéry

Committed!

Innovate to provide better food for mankind, place the accent on quality and respect for nature, develop in tandem our business and our staff, invest to ensure lasting growth within the Group, contribute to the general good: these commitments are at the heart of the responsible and sustainable strategy which has guided Bongrain SA ever since its foundation.

**N°1 WORLDWIDE
FOR SPECIALTY CHEESES**

**4,2 BILLION
LITERS OF MILK
TRANSFORMED**

**19,301
EMPLOYEES
IN 29 COUNTRIES**

**PRODUCTS SOLD
IN 120 COUNTRIES**

**NET SALES FOR 2013
4.408 BILLION
EURO**

**BONGRAIN SA
CHEESES, CREAM, BUTTER, INGREDIENTS: THE BEST OF CHEESE
AND MILK**

Bongrain SA is one of the world's main transformers of milk, the 2nd largest cheese group in France and the 5th worldwide. Focused on cheese and other dairy specialties, as well as on dairy ingredients with added value, the Group produces and distributes products of superior quality that are adapted to modern habits of consumption and backed by strong brands.

The Group's development is supported by intimate knowledge of local tastes and culinary practices, rich cheese-making know-how and cutting edge research into milk's constituents.

Bongrain SA is a family-owned group listed with Euronext Paris.



*As a signatory of
the UN's Global
Compact, the Group
has undertaken to
comply with its ten
universal principles
in the areas of
human rights,
working conditions,
the environment and
the fight against
corruption. It reports
thereon each year.*

Message from management

2013 has seen steep increases in raw material costs, great monetary volatility and contrasting economic trends worldwide. Within that demanding environment, the Group has pursued the development of its activities with growth in both net sales and current operating profit. Net income has fallen mainly as a result of increased taxation.

Cheese products have performed well and we have comforted our market shares thanks to the strength of our brands and our commercial dynamism. In a world subject to crisis, branded products provide consumers with the assurance of quality. Cheese epitomizes a healthy, natural and convivial source of pleasure, taking many forms and suitable for all occasions. France has nevertheless been marked by pressure on our margins reflecting the difficulty of recouping, both rapidly and adequately, the steep increases in the price of the milk supplied by our producers which rose by 9% in 2013 and is now at an historical high.

Other dairy products have also had a good year thanks to sustained worldwide demand and high world prices. As a result, milk ingredients, and whey in particular, were at a premium. Our established butter, cream and sauce brands pursued their development.

We continued investing for the future, all the more so that for several years we have been broadening the scope of our activities in several ways, e.g. in Brazil, in response to the developing market, and in the area of protein-based ingredients where we have made significant capital outlays in order to improve the added value of our product portfolio.

In France, on October 1, 2013 we signed a partnership with Terra Lacta, a major goat's cheese operator with significant market share based at the heart of the Charentes-Poitou region famous for its eponymous protected designation of origin, the Appellation d'Origine Protégée Charentes-Poitou. The partnership will allow us to take advantage of developing markets in France and internationally, and to reinforce our capacities both for dairy ingredients, butter and cream.

ROBERT BRZUSZAK

Executive Vice-President
Deputy Managing Director
59 years old
Managing Director of Compagnie
Laitière Européenne

FRANÇOIS WOLFOVSKI

Deputy Managing Director
55 years old
Financial Director

JEAN-PAUL TORRIS

Executive Vice-President
Deputy Managing Director
61 years old
Director of cheese operations

At the end of 2013 we purchased Sodilac, a company specialized in infantile milk products which complements our own manufacture of ingredients for such products.

All these developments, associated with the results achieved in 2013, have comforted our will to pursue the Group's development in line with our strategies consisting in:

- Continuing to aim for diversity and differentiation: diversity in our products, activities and markets, differentiation in terms of quality, innovation and the continuous adaptation of our product portfolios in each of our markets;
- Counting on the strength of our established brands to inspire consumer confidence;
- Pursuing with determination our projects for international growth;
- Continuing to invest in industrial competitiveness;
- Amplifying our progress in the area of sustainable development.

2014 will not be exempt of challenges.

In France, the ongoing retail price war continues to hamper the scope for reflecting raw material price increases in the price of our own products. Given that branded products embody the best promise of value for all players in the industry, it appears more than ever desirable that all stakeholders measure the significance of the issues at stake and of their respective responsibilities.

In Europe, the economic environment is still morose albeit slight improvement may be expected. Many countries will however require increasing vigilance. Within that environment, supported by a clear long-term strategic vision and by a stable family shareholding base, we intend to continue our efforts for profitable growth, the prerequisite for our own sustainability, with the help, at all levels and in all our companies, of capable and committed teams.

Providing, worldwide, the best of cheese and dairy products



In each of the countries in which the Group is present, we are committed to offering consumers products designed for their needs, backed up by premium brands in which they have confidence and which are often part of their national heritage. Our international development is founded in our local approach and in proximity with our distributor, professional and industrial customers.

MASS DISTRIBUTION

As a branded cheese specialist and number 1 worldwide for cheese specialties, our product portfolio extends to all cheese families, formats, uses and expectations whether in terms of pleasure, variety, ease of use, wellbeing or health.

We also produce and distribute butters, creams, sauces, desserts and milk-based dessert preparations.

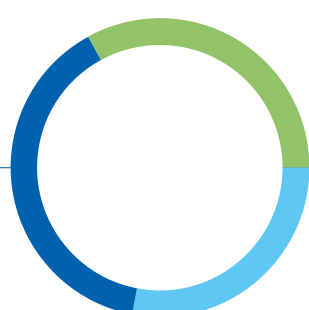
FOOD SERVICE AND INDUSTRY

We design products and ingredients to facilitate the work of all food service professionals.

As a specialist producer of nutritional and functional ingredients extracted from milk, we use cutting edge research and advanced technologies to meet the specific requirements of food, dietary and health product manufacturers.

19,301 persons

EMPLOYEES IN 2013



39%

France

33%

Rest of Europe

28%

by geographical zone

North America

N°1 IMPORTER AND
DISTRIBUTOR
OF FINE FOREIGN
CHEESES

Manufacturer of
American cheese
specialties

South America

N°1 IN BRAZIL
FOR SOFT
CHEESES

Producer in Argentina
and Uruguay, and
importer to Chile



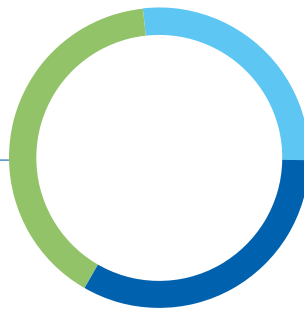
Chavrie®



€ 4,408 M

NET SALES FOR 2013

by geographical zone



27.5%

Rest of the world

40%

Rest of Europe

32.5%

France



Commitment, the vector of our humanistic and entrepreneurial culture



Our Group consists of companies of human scale, most often located within their milk producing areas, united by a strong humanistic, family and entrepreneurial culture. It favors decentralized management placing operating subsidiaries at the heart of its development.

Shared service entities are responsible for providing administrative, industrial and commercial synergies, developing high-performance information systems, sharing innovation and best practices, selecting projects and optimizing our brand and product portfolios.

Our shared Total Quality Management approach focuses on satisfying our customers and all other stakeholders. Economic and social development, respect for people and preservation of natural resources: Bongrain and its staff are committed to balanced performance and have a long-term perspective on decision-taking.

Our action principles and rules of conduct are included in an Ethical Charter, “*The Group and its culture*”, available in nineteen languages and a copy of which is provided to all employees.

OUR VALUES

Tolerance: accepting and understanding others.

Courage: exercising responsibilities fully and recognizing errors.

Honesty: respecting the truth and not masking it.

Loyalty: being loyal to the Group, that in turn supports its employees.

OUR GOALS

Innovate constantly in order to manufacture and sell products and services of very high quality, perfectly meeting consumers’ and customers’ expectations.

Encourage the professional and personal wellbeing of the men and women working in and for the Group.

Secure and reward the capital employed in the Group and preserve its independence and autonomy of decision.

Participate in the economic and social development of the countries in which the Group is established, and serve the common good.

OUR ACTION PRINCIPLES

Subsidiarity: not doing at a higher level what can be satisfactorily accomplished at a lower level.

Collegiality: sharing information and preparing decisions with others, in order to obtain the best advice.

Autonomy: fully exercising responsibilities within the framework of a clear and precise delegation of authority.

OUR STRATEGIC ORIENTATIONS

Differentiate on quality and aim for product superiority by ensuring that product benefits are clearly perceived and appreciated by consumers and professional customers alike.

Reinforce efficiency in all areas by disseminating best practices, standardizing processes, pooling resources and consolidating purchases.

Encourage individual and collective commitment by recognizing personal and team contributions and allowing each and everyone to develop their full potential.



2013 Highlights

FEBRUARY

TOP EMPLOYER EUROPE FOR 2013



Top Employer France for the fifth consecutive year and Top Employer Spain for the fourth, Bongrain went one step further in achieving recognition for the quality of its human resources policy by achieving Top Employers Europe certification. The certification associates France and Spain with Germany, Benelux and Poland.

MARCH

IN THE TOP 15 FOR OUR CUSTOMER RELATIONSHIPS



With a score in excess of 16/20, Bongrain took 14th place out of the 200 French organizations considered for the 2013 Roll of Honor prepared by Human Consulting Group⁽¹⁾, and 1st place for fresh food manufacturers.

APRIL

FIRST WORLDWIDE HEALTH AND SAFETY WEEK

For the first time, the Group involved all its subsidiaries and entities in 19 countries, for a week, in initiatives on the theme of health and safety in the workplace. The event, which will be renewed in 2014, underlined the Group's commitment to employee safety and wellbeing.



ACQUISITION OF THE BERTHAUT CHEESE MANUFACTURER

Based in the Burgundy village of Époisses, Berthaut is the n° 1 manufacturer of Époisses AOP (protected designation of origin), a cheese variety enriching the Group's heritage cheese portfolio which includes, amongst others, Fauquet's maroilles, another cow's milk soft cheese with a washed rind, equally n° 1 for its AOP designation, and Etorki, the n° 1 Basque cheese distributed in supermarkets and hypermarkets.



⁽¹⁾ Based on mystery tests of phone reception, letters and emails, the internet, Facebook and Twitter.

JUNE

N° 1 SALES FORCE FOR CHEESE

For the 3rd year running, Alliance Fromagère was recognized as the N°1 sales force for cheese in France, and N°2 for dairy products as a whole, in the framework of the authoritative assessment of thirteen companies by Advantage Group. The assessment is based on 22 criteria scored by point-of-sale staff ranging from the store director to the cheese department manager.

OCTOBER

PARTNERSHIP WITH TERRA LACTA

Bongrain SA signed a partnership with the Terra Lacta cooperative, which collects and processes a quarter of the goat's milk produced in France as well as cow's milk produced in the Poitou-Charentes and Vendée regions.

- The production and sale of Terra Lacta's goat's cheeses and cow's milk cheese specialties have been taken over by Fromageries Lescure, a joint venture possessing three plants in Saint-Michel-en-l'Herm, Saint-Loup-sur-Thouet and Caussade. Its main brands are Saint-Loup, Le Platane, Chavroux and Le Mottin Charentais.

- The production and sale of butter (including the AOP Charentes-Poitou protected designation of origin), cream, cow's milk cheeses and milk ingredients have been taken over by CLE of which Terra Lacta has become a shareholder. CLE will operate four plants: Saint-Anne-de-Claix, Surgères, Champdeniers (photo above) and Saint-Saviol.



The agreement will provide marketing, commercial and industrial synergies, ensure the retention of a local milk processing industry and secure outlets for Terra Lacta's 2,000 producers with whom long-term supply contracts have been signed.

DECEMBER

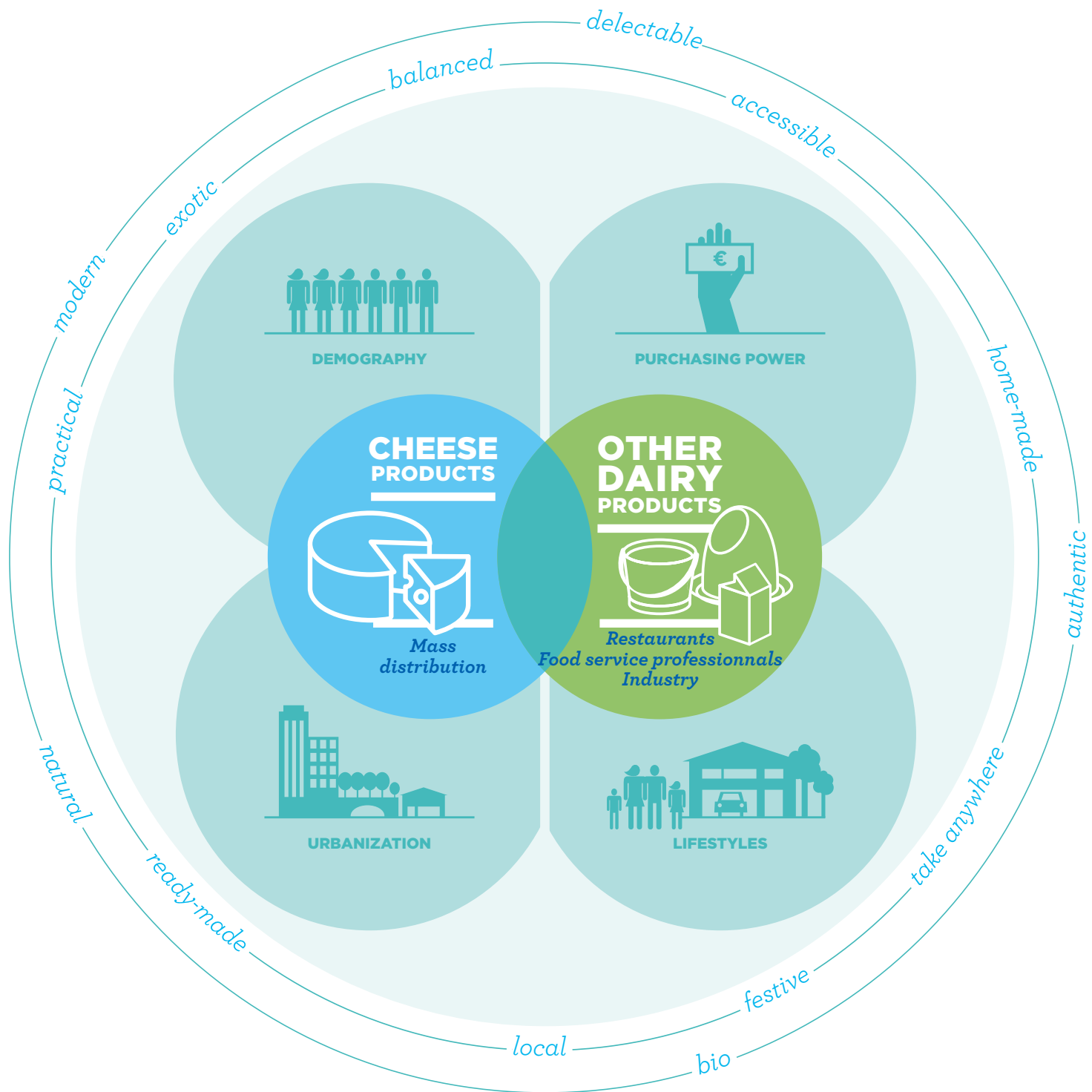
ACQUISITION OF SODILAC

Sodilac is present in France in the market for infantile milk distributed under the Modilac brand. Via its Armor Protéines subsidiary, the Group is already a producer of ingredients for specific formulas.





Committed to satisfying diversity



The quest for variety and diversity of tastes, and habits of consumption are the defining features of consumer demand for cheese and other dairy products. Attentive to consumers and to the evolution of their lifestyles and habits, Bongrain never ceases reinventing cheese in every country to satisfy each and every consumer.

Cheese products in Europe

Bongrain enjoys significant market share in all the segments it has chosen to serve. It has cheese plants in ten European countries and distribution subsidiaries in all the main markets. In a difficult economic environment, cheese figures as the antidote to crisis thanks to its dimension of pleasure, its accessibility and its multiple uses.

IN FRANCE: A PORTFOLIO OF LEADING BRANDS

The Group develops a unique portfolio of leading branded cheeses in all product families and for all uses: soft ripenned cheeses with Caprice des Dieux, Coeur de Lion, Le Rustique and Saint Albray, blue cheeses with Saint Agur and Bresse Bleu, fresh cheeses with St-Morêt, Tartare, Carré Frais and Chavroux, aperitif bites with Apérivrais, raclette cheeses with RichesMonts...

Our range was further enriched in 2013 with goat's milk cheeses, cow's milk specialties and Dutch cheeses. Branded product sales rose in volume, albeit at contrasting rhythms from one product to another, but margins were depleted by the distributor price war and by inadequate adjustment for the increased price of milk.

"PROUD OF OUR CHEESES"

This national promotion of our deli counter brands for cutting was a clear success.



THE ART OF HOME ENTERTAINING

Fine performances for Saint Albray whether on the cheeseboard or for spreading and cooking, for our RichesMonts *raclette* cheeses – in several flavors for those big winter reunions – and for Apérivrais stimulated throughout the year by limited editions.

THE YEAR OF PORTIONS

6 portions for Saint Albray and Saint Agur, 8 for Le Rustique and 16 for Tartare in its family pack.

OUR MEDALS AT THE 2014 CONCOURS GÉNÉRAL AGRICOLE AGRICULTURAL FAIR

3 GOLD MEDALS

Soumantrain Berthaut, Maroilles Fauquet AOP Mignon, Raclette RichesMonts in a 6.3kg cylinder.

4 SILVER MEDALS

Chaumes for cutting, Le Paillé, Époisses Berthaut, Esquirou AOC Ossau Iraty.

3 BRONZE MEDALS

Brique Vieux Pané, Saint Agur for cutting, O'Bouchon.

OUR MEDALS AT RUSSIA'S PRODEXO FOOD FAIR

4 GOLD MEDALS

Fol Epi DUO 140g, Chavroux 150g, Saint Agur 125g, Milkana Islos with herbs.

4 BRONZE MEDALS

Milkana Kidz strawberry Milky Snack, Milkana Kidz vanilla Milky Snack, camembert Milkana Le Crémier 200g, Milkana Montaver Light 150g.



Wait until you taste it.



Born of the Auvergne

Sinfully
Delicious
Blue



OUR MARKETS

IN OTHER EUROPEAN COUNTRIES: CONTRASTED SITUATIONS

- Sales were down in volume in Spain, still in crisis, but grew slightly in the other countries of Western Europe with positive trends for Passendale in Belgium, Tartare in Switzerland and Camoscio d'Oro in Italy.
- In the countries of Central and Eastern Europe, sales rose in volume overall but several of our brands suffered from competition by private label within an environment that was not conducive to growth in consumption, particularly in the Czech Republic, Slovakia and Serbia.
- In Russia, the Group launched new soft cheese specialties, but imports nevertheless remain dependent on the state of diplomatic relationships and as a result, borders may at any time be closed at short notice.

CHEESE CONSUMPTION

In kg per person and per year (and population in millions)

| | |
|---------------------|------|
| France (66) | 26.2 |
| Germany (80) | 24.3 |
| Italy (61) | 20.9 |
| Switzerland (8) | 21.1 |
| Netherlands (17) | 19.4 |
| Czech Republic (11) | 16.6 |
| Belgium (11) | 15.3 |
| Poland (39) | 11.4 |
| Hungary (10) | 11.5 |
| United Kingdom (63) | 11.2 |
| Slovakia (5) | 10.1 |
| Spain (46) | 9.3 |
| Russia (143) | 6.6 |
| Ukraine (46) | 4.2 |

Sources: IDF data for 2012 and Cniel

IN GERMANY: N° 1 FOR BRANDED CHEESES

The Group pursued robust growth in Europe's largest market for cheese. Its portfolio includes Germany's premier cheese brands:

- Gérardont, Saint Albray and Fol Epi, three French brands manufactured in France for German consumers;
- Bresso and Milkana, n° 1 for spreadable processed cheese, a growing sector, and Brunch – which has been successfully relaunched – three German brands produced in Germany.

SUSTAINED GROWTH in

Germany for Le Rustique with its specific thin slices.

SAINT ALBRAY rewarded in Germany by silver and bronze medals for Products of the Year.

IN ITALY

Camosciare: a new verb synonymous with pleasure.



COMMITTED TO SATISFYING THE TASTES OF GERMAN CONSUMERS

In 2013, the cheese brand preferred by Germans celebrated 40 years of success using the theme of the French picnic. Produced in France, the brand benefits from the image of French gastronomy. In slices, as cream cheese, as snacks or in mini portions, Gérardont has spawned a large family with multiple savors, consistencies and flavorings for all types of consumption. In common: consistent high quality and closeness to consumers. Gérardont has 250,000 friends on Facebook, invited to choose the recipe for next summer.

In 2013, Gérardont received a new Gold Medal for its Sündhaft Cremig cheese.



Čistá chuť přírody

Cheese products internationally

The Group produces cheeses adapted to local tastes and culinary habits in the USA, South America and Asia, as well as engaging in worldwide distribution of cheeses manufactured by its subsidiaries or selected from partners.

A PREMIUM PRODUCT OFFERING IN THE USA

Our manufacturing units are dedicated to cream cheese and cheese specialties distributed under the Alouette, Ile-de-France and Chavrie brands. The Group is also a major importer of premium cheeses for selective distribution such as Saint Agur and Saint André. Sales are subject to a very competitive environment.

BRAZILIANS' FAVORITE CHEESES

In Brazil, the Group has pursued its growth with a portfolio of products for all consumers and all types of occasion: fresh cheeses, cheese spreads, cheeses for cooking and specialties. After developing the awareness of Polenghi in portions, now the family brand of reference, the middle classes and young people are building the success of Polenguinho: two encased portions of processed cheese that can be taken anywhere, available in nine flavors.

CHEESE CONSUMPTION

In kg per person and per year (and population in millions)

| | |
|----------------|------|
| USA (316) | 15.2 |
| Argentina (40) | 11.2 |
| Brazil (201) | 3.6 |
| Chile (17) | 7.2 |
| Japan (128) | 2.1 |

Sources: IDF data for 2012 and Cniel



MILKANA: THE GLOBE-TROTTER BRAND

In numerous countries, Milkana's signature is on locally manufactured consumer cheeses, or on long-life products designed to reach the most distant consumers in perfect condition.



PREMIUM SERVICE FOR PREMIUM FOOD

Such is the promise of Bongrain Export Overseas (BEO) which serves importers and specialized distributors worldwide. BEO offers selections of cheeses adapted to the consumer tastes and specific regulations of each importing country.



COMMITTED TO SUCCESS EVEN IN TIMES OF CRISIS

In Argentina, the difficult economic situation has acted as a catalyst for all energies. Milkaut's teams made impressive efforts to ensure a successful launch of Adler Original in accordance with the planned timing and budget. A resolutely new product for the Argentinean market, it has been presented to all customers as a testimony to the whole company's commitment to quality.



Até os invernos mais rigorosos
já se derreteram por ele.




POLENGHI[®]
Selection
Fondue


POLENGHI[®]
Selection

O QUEIJO
EM SEU MELHOR MOMENTO

Other dairy products for mass distribution

The Group pursues a policy of sustained innovation in the markets for cream, butter, sauces and dessert preparations. It exports cream, drinks and long-life dessert preparations throughout the world.

DAIRY RESOURCES OF QUALITY

In France, Elle & Vire cream and butter are produced in Normandy in a manufacturing facility that is among the largest in Europe. In Belgium, Corman produces butter under the Balade and Carlsbourg brands. In Spain, Arias produces modern butter under its own brand. In Argentina, Milkaut makes the most of its dairy resources by manufacturing a broad range of consumer products: dulce de leche, butter, cream, yogurt, milk for drinking.

ELLE & VIRE INTERNATIONAL: DAIRY DYNAMITE

Elle & Vire International signs a broad range of desserts and other dairy products for consumers in Africa, the Antilles, the Middle East and Asia. They are long-life products that may be stored several months at room temperature, and shipped and distributed very locally to consumers in countries often not equipped with an effective cold chain. Thanks to our teams' expertise in the area of importing countries' regulatory requirements and international logistics, the activity is subject to strong demand in many markets.



COMMITTED TO BALANCED PLEASURE

As the world leader for milk fat fractionation, the Group's Belgian subsidiary Corman has placed its expertise in fat reduction, and extraction of food cholesterol for the benefit of Balade, Belgium's n° 1 brand for butter and cream. Its So Light range of products is unmatched for lightness while the physical process applied retains its full savor.

Launched in 2013, Balade's Vital range goes still further with a saturated fat reduction of 80% compared to traditional butter, based on an innovative process that has been patented.

IN THE MARKET FOR CREAM

Elle & Vire has pursued its strategy of segmentation with the launch of its first semi-thick long-life full cream and of four other creams derived from professional uses: 35% liquid cream, 33% thick fresh cream, fluid whipping cream with mascarpone and a subtly dosed cottage cheese with cream.

CARLSBOURG: BUTTER FROM THE ARDENNES REGION

Prepared with cow's milk from the Ardennes region, this savory butter is the only holder of a Belgian protected designation of origin for butter: *AOP Beurre d'Ardenne*.

ELLE & VIRE: DEFINITELY NORMAN

Within a French market for butter focused on authenticity and regional origins, Elle & Vire has pride of place in the molded butter segment with the butter it manufactures at its Condé-sur-Vire, 100% Norman, dairy, a gold medal winner at the 2013 edition of the *Concours général agricole* agricultural fair. Elle & Vire's *Beurre Tendre demi-sel* was a silver medal winner at the 2014 edition.



Other dairy products for food service

Acting as a partner for food service professionals, the Group mobilizes the best of its know-how to help them succeed and express their talent.

CORMAN PROFESSIONAL MAKES WORK EASIER

Corman, the world leader for functional butters, has developed the first butter dedicated to croissants and flaky pastries. Its *Artisans & Professionnels* department now offers bakers, cake-makers and cooks a comprehensive range of high quality easy-to-use butters and fats: puff pastry butter, other butters for baking and cooking, combinations of dairy and vegetable fats or margarines offering new qualities in terms of taste and ease of use.

With the benefit of solid market positions in Belgium, France and Italy, Corman *Artisans & Professionnels* is currently pursuing its international development in Asia in particular with high quality clarified butters or butterghees both standard and light (with regard to food cholesterol).

ADVANCED FOOD PRODUCTS: ASEPTIC PRODUCTS ON DEMAND

In the USA, Bongrain is in a partnership with the Land O'Lakes Group in Advanced Food Products (AFP), one of the foremost North American producers of cheese sauces, desserts, puddings and nutritional drinks. AFP provides its major customers – restaurant chains, caterers, store chains and industrial companies – with tailored recipes and packaging for their requirements, countrywide.



GOURMET CUISINE

Elle & Vire Professionnel celebrates the grand return of “mille feuille”, cream puffs and Saint-Honorés with the first ever ready-to-use UHT pastry cream, to be flavored according to your inspiration.



A PARTNER FOR FAST FOOD

Our commitment to providing the best quality and the best service at the best price has allowed us to form long-term relationships with international and local fast food chains in several countries.



ELLE & VIRE PROFESSIONNEL: ACHIEVING EXCELLENCE TOGETHER

Elle & Vire Excellence cream has subjugated starred chefs by its quality, in France and throughout the world. From the *Bocuse d'Or* to the *Coupe du Monde de la Pâtisserie*, via the Asian Pastry Cup and the *Championnat de France du Dessert*, the most talented professionals have confidence in Elle & Vire when competing at the highest level. The same is true of the most renowned cooking and patisserie schools. Not to mention the silver medal for Elle & Vire's thick fresh cream at the 2014 edition of the *Concours Général Agricole* agricultural fair.

Today, Excellence cream is Elle & Vire Professionnel's standard-bearer and chefs' brand of choice for creams, butter, cream cheeses and dessert preparations.

Elle & Vire is advised by major chefs so as to understand new culinary tendencies and develop new products. In 2013, its range of dessert preparations changed its look and was extended by new recipes including the first ever UHT pastry cream. Elle & Vire Professionnel also extended its range of cream cheeses by adding a third "made in France" reference in a re-sealable box.



COMMITTED TO PROFESSIONAL CUSTOMERS' SUCCESS

We use our in-depth knowledge of our customers' businesses and constraints to design ingredients and preparations capable of facilitating their tasks, reducing their costs, enriching and securing their own offerings. Our center for training and culinary discovery enables products to be tested in a professional environment and new ideas to be experimented. Our products are complemented by numerous services designed to help professionals succeed, ranging from seasonal recipes to refresher training.

Other dairy products for industry

The Group offers the agro-food, health food and health industries a broad range of functional and nutritional solutions. Its know-how and technologies enable it to meet their specific requirements with high quality ingredients.

THE GREATEST VARIETY OF CHEESE-BASED INGREDIENTS

Bongrain Cheese Ingredients offers cheeses for sandwiches, snacks, biscuits, sauces and ready-made dishes: Emmental and mozzarella, processed and fresh cheeses. The great variety of the Group's products enables it to provide a precise response to its customers' requirements, with recipes tailored to each of their specifications in terms both of taste and functionality, and easy to use packaging.

WORLD LEADER FOR TECHNICAL BUTTERS

Corman produces and sells butters, cream and dairy fats with physical, organoleptic or dietary properties specifically adapted to their use: dry butters for the manufacture of Viennese pastries, cooking butters for restaurants, butter that can be spread straight out of the refrigerator, light or cholesterol-free butters and cream.

Corman's cutting edge technologies enable it to master such products exclusively via natural physical transformation designed to regulate their melting curve, color, food cholesterol level and functionality.

The company also supplies anhydrous butters and cream to manufacturers in countries with scarce local dairy production, who are thus able to offer consumers products of quality adapted to local tastes and consumption habits.

HAMBURGERS, CHEESE ON TOAST OR CHICKEN AND CHEESE

Bongrain Cheese Ingredients designs original cheese-based recipes for its customers.





A SPECIALIST IN NUTRITIONAL FORMULATION

The Sofivo Food Ingredients division, a specialist in nutritional formulation, produces powdered milk ingredients and preparations designed to replace milk in whole or in part, for manufacturers of cheese, yogurt and milk-based drinks and other preparations.

Under the Elvor brand, Sofivo manufactures and distributes, both in France and abroad, products used for feeding calves, lambs and goat kids.

ADDED VALUE DAIRY INGREDIENTS

Armor Protéines is a specialist in extraction technology for producing milk-based functional and nutritional ingredients as well as whey derivatives.

Among the functional ingredients available, some contribute to keeping breads and pastries “soft”, while others allow lightened recipes to keep their unctuousness. Nutritional proteins are used in health food and hyper-protein formulations. Mineral concentrates are used to increase calcium content or make it possible to retain full flavor for low salt recipes. The company’s specialists in ingredient formulation and industrial processes are at the service of its customers to help them derive maximum benefit from the countless properties of milk extracts.

ELVOR LITTLE RUMINANTS:

A new range of six products reflecting the specific composition of animal breastfeeding milk and the requirements of lambs and goat kids.

ELVOR ENERGETIC:

a milk feed specially formulated for calves bred in rigorous climates.

ELVOR ADAPTO:

a complete milk feed designed to secure and facilitate calves’ first days of life.



COMMITTED TO RESEARCH INTO NUTRITION AND HEALTH

Milk contains numerous nutrients which reinforce the organism’s defenses and regulate functions such as children’s growth, the lifelong assimilation of calcium and the appearance of osteoporosis in old age. The research engaged in by our ingredients division contributes to improving our knowledge of these mechanisms and to placing milk’s active principles at the service of nutrition and health, two sectors growing fast, thanks to our exclusive extraction techniques and highly effective product formulations.



Committed to sustainable performance



Committed to our consumers whom we wish to satisfy and gain their loyalty. Committed with our customers, distributors, food service professionals and manufacturers to be sure we, all together, provide the best response to our consumers' expectations. Committed with our producers so as to dispose of quality milk and ensure better preservation of the environment. Committed with our suppliers to innovate and develop our mutual competitive advantages. Committed with our teams to progress, succeed together, pursue useful and cohesive development and serve the common good.

...Committed to satisfying our consumers and commercial partners





COMMITTED TO OVERALL QUALITY

Providing consumers with superior and recognized quality is a commitment shared by all Bongrain's teams who produce all types of cheeses, in all their forms, for all types of use and all desires. Pleasure, consistency, ease of use, nutritional value, shelf life... our brands pay attention to all quality's dimensions in order to meet consumer expectations and accompany changes in lifestyles and habits of consumption.

FOOD SAFETY: AN ABSOLUTE PRIORITY

From milk collection to release of the finished product, each production batch is subject to several dozen controls. The Group's quality assurance policy extends to purchasing, production and distribution. The Group applies the ISA 22000 framework and has developed standard manufacturing processes including the use of ultrafiltration and thermization equipment to ensure bacteriological and organoleptic control.

Audits of best hygiene and safety practices, are regularly performed by a specialized team, at our manufacturing locations.

At point of sale, we continue to develop best hygiene practices with regard to hypermarket, supermarket and cheese shop cutting tables by providing specialized training. Supply chain management takes account of "best before" dates. Supply chain traceability means that product recalls may be performed rapidly in case of need. A network organized for rapid mobilization and communication allows our procedures to remain effective globally.

LISTENING TO CONSUMERS

Consumers are consulted from the product design stage on. Products are regularly assessed both by staff at manufacturing facilities trained in sensorial analysis and by consumer panels who grade every aspect.

Listening to consumers' comments and complaints helps improve quality and provides input for new product development.

ALLERGENS

We have developed a specific program, and apply rigorous procedures, to control allergen risk.



ELLE & VIRE IN PARTNERSHIP WITH MASTER CHEF,

France's favorite cookery program,
since the show was launched.



CAPRICE DES DIEUX
500,000
FACEBOOK FANS,
3.5 times more committed than
the average cheese page fan.



CONGENIAL AND INTERACTIVE COMMUNICATION

The Group is at the forefront of cheese advertisers in its major markets. Its strategic brands enjoy the benefit of powerful media support complemented by a very dynamic strategy of internet and social network communication and animation.

The quiveutdufromage.com website in France, and the ich-liebe-käse.de website in Germany, offer consumers advice, recipes, information on cheeses and their nutritional properties, games, competitions and price reduction vouchers.

Brands also engage in congenial events', in particular via the social networks, in order to create new links of confidence and complicity, in line with products' positioning.

By whatever channel they arrive, consumers' requests and comments are always examined attentively, in a timely manner, and we provide a personal response to each one.



INNOVATION, DIALOGUE, DISCOVERY

Attentive to consumers, we innovate in order to satisfy their desire for discovery with new tastes, textures and ingredients, and to satisfy their desire for authenticity with traditional cheeses. We support their culinary creativity with cheese slices, cubes, sauces and grated cheeses, and with cream and other preparations for entrées and desserts. Our recipes are often local but certain concepts gain wide international followings, as is the case for "crèmes de fromage" or take-anywhere snacks.

Transversal marketing and innovation teams stimulate dialogue and make the most of the Group's exceptional portfolio of technologies and know-how.

A DYNAMIC APPROACH TO CHEESE MARKETING

Our category management approach is designed to sell more and sell better, together with our partners, all along the value chain. The richness of our cheese portfolio means that our teams have in-depth knowledge of the category as a whole. They put that knowledge to good use by offering recognized expertise in improving the overall performance of both the self-service and deli counters.

Based on panels and other surveys in purchasing situations, we offer our customers comprehensive sales solutions which are adapted to their distribution networks and distribution profiles including local stores and “drive” facilities. We engage in innovation to attract to the cheese counter, stimulate impulse purchasing and build loyalty.

MODULAR COUNTERS THAT GENERATE SALES

For self-service, our visio-modular counter is arranged laterally by type of use and vertically by segment to assist consumer choice. A patented system of mobile shelving makes it simple to modulate the use of space. Implementation of this innovative concept, rewarded by a *Janus du Commerce*, by the French Institute of Design, provides a very significant boost to sales.



EFFECTIVE OPERATIONS MANAGEMENT

In France, the pooling of our sales forces has made it possible to visit stores more frequently and provide better service in the field.

The development of a shared approach to managing data and supplying stores reduces stock-outs, facilitates sales promotions and helps satisfy consumers by ensuring that products displayed are at the peak of their quality.



**IN THE TOP RANK
FOR ADVERTISERS
OF OUR CATEGORY
BOTH IN MAJOR MEDIA
AND IN STORES.**

OUR NEW CUTTING CHEESE FACILITIES

For cutting, our counter reconciles liberty of choice and fast service. All cut cheeses are presented freshly cut and wrapped in wicker baskets. The cutting table is also a focus with opportunities to taste products and view demonstrations of recipes. The concept, which is also very adaptable in terms of size and positioning, can generate two figure increases in sales.

...Committed to sustainable farming and responsible purchasing

- **BEST FARMING PRACTICES**
- **BEST PRACTICES FOR CUSTOMERS AND VENDORS**
- **COOPERATION**
- **INNOVATION**



SUSTAINABLE MILK SOURCING

4 CHALLENGES

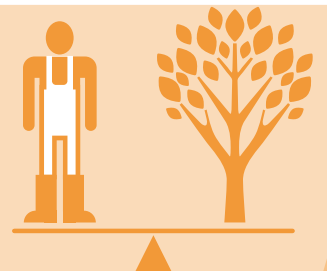
Management combining economic performance and naturalness



Long-term relationships with producers and vendors



Vendor assessment integrating corporate social responsibility

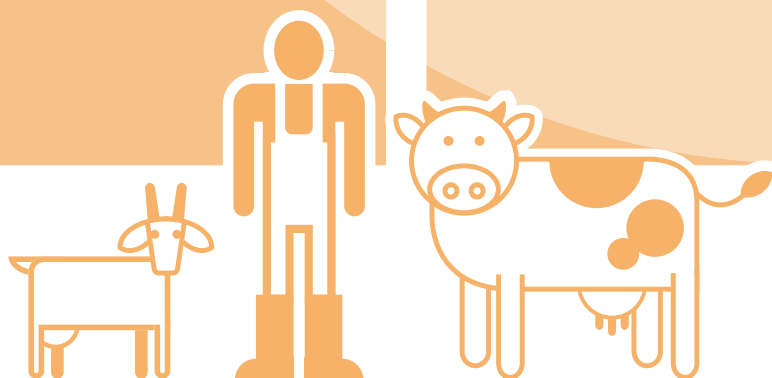


AVAILABILITY OF HIGH QUALITY MILK RESOURCES

PROMOTE SUSTAINABLE FARMING

INNOVATE AND REINFORCE COMPETITIVENESS TOGETHER WITH OUR VENDORS

DEVELOP SOCIALLY RESPONSIBLE PURCHASING



QUALITY MILK

Consumer confidence in our brands requires irreproachable raw materials. Our partnerships with milk producers include the provision of advice and assistance in deploying best farming practices, improving milk quality and enhancing farm performance. Technicians trained by the Group perform audits of producers. In the field, our dairy advisors provide advice on animal feeding and care and on milking and milk collection equipment maintenance. They also verify that the milk produced meets our quality criteria. In France, all our producers have signed a charter of best farming practices which provides quality assurance focusing equally on traceability, food safety, animal wellbeing and respect for the environment.

In several countries, Group companies help modernize farms by installing on-farm cooling tanks and training producers in best livestock and maintenance practices.



LONG-TERM RELATIONSHIPS WITH MILK PRODUCERS

In France, the Group's foremost country for milk collection, Bongrain has continued to develop long-term relationships with producer organizations.

The price paid to milk producers increased by 9% in 2013 and has reached a historical high with a baseline price in excess of €340 per 1,000 liters. It was possible only to pass part of that increase on to distributors, but the Group has nevertheless respected all its contractual commitments and even granted its producers additional rights of production, increasing its milk collection in France by 1.8% (like-for-like) compared with a drop of about 0.5% for total collection in France.

GETTING THE BEST VALUE FROM MILK COLLECTED

Bongrain seeks, via its products, its brands and its market knowledge, the best value from the milk it collects. It helps its producers engage in sustainable farming by improving their economic performance whilst at the same time reducing their environmental footprint.

4.2 BILLION LITERS OF MILK

The Group purchases and processes the cow's, goat's and ewe's milk of its producers in each country where it has a manufacturing presence.

65% OF THE FARMS FROM WHICH WE COLLECT MILK IN FRANCE HAVE ALREADY SUBSCRIBED TO OUR SAFETY POLICY.

SAFE MILK COLLECTION

To ensure safety of persons and equipment, we perform regular behavioral safety visits to farms designed to identify and prevent risks of accident by improving traffic flows and access for milk tankers. The approach has been structured by the signature of Transport Protocols between our plants and farmers.



COMMITMENT

RESPONSIBLE DAIRY SOURCING: TANGIBLE RESULTS

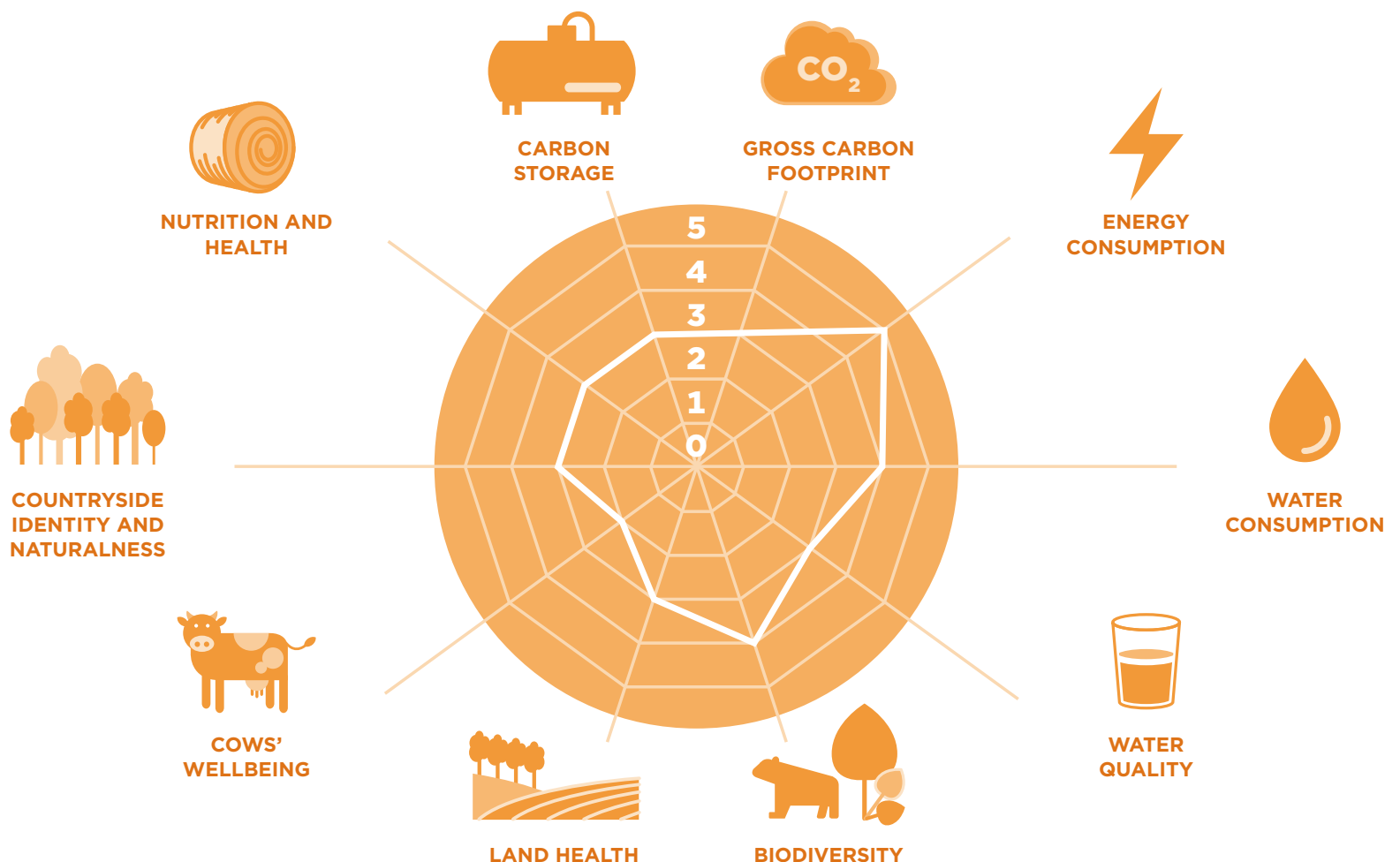
Via its Responsible Dairy Sourcing program, the Group supports its milk producers in the sustainable development of their farms, with the aim of reducing their carbon emissions and environmental footprint whilst at the same time improving the economic performance of farms and the naturalness of milk.

To that end, we offer milk producers who so desire a complete diagnosis of their farms with ten focuses. Following the diagnosis conducted in partnership with the French *Institut de l'Élevage* (Breeding

Institute), *Institut de l'Agriculture Durable* (Institute for Sustainable Agriculture) and *Filière Conseil Ingénierie* (an organization providing advisory and consultative agronomic services), action plans are submitted to the producers who are free to choose those they wish to implement.

Following two years of testing on pilot farms in France, the approach is now being extended to several hundred farms.

THE TEN KEY FOCUSES OF THE DIAGNOSIS



COMBINING ECONOMIC PERFORMANCE AND NATURALNESS

Developing pasture and natural herd feeding are at the heart of the Responsible Dairy Sourcing program. Grass is excellent for milk quality, herd health, the environment and farming economy.

Pastures stock carbon, prevent soil erosion, filter water, encourage biodiversity and enable natural recycling of cowpats. Properly managed, they require virtually no use of pesticides or fertilizers, thereby rendering farms self-sustaining and so reducing their exposure to rising prices for farm inputs.

Alfalfa grass, for example, is economic and drought-resistant, improves milk's nutritional profile and taste, and can be easily stored as hay, in silos or dehydrated. Responsible Dairy Sourcing is also a matter of promoting best watering and cleaning practices in order to improve animal wellbeing whilst at the same time reducing farms' water consumption.

TRANSFORMING PURCHASES INTO COMPETITIVE STRENGTHS

With its major suppliers, the Group develops long-term collaborative relationships. It selects its vendors on criteria of quality, security, service and competitiveness, but also on their ability to accompany the Group for the long term and with a perspective of continuous progress and innovation.

INNOVATING IN PURCHASING

Functional analysis of requirements and the search for innovative solutions are at the heart of the Group's purchasing policy. By reasoning in terms of total lifetime cost, the emergence of competitive and sustainable solutions can be stimulated.

In 2013, the Group organized a new Forum for Innovation, the occasion for invited suppliers to present their offerings in selected areas to the Group's decision-makers.

Our close relationships with equipment manufacturers allow us access to the most recent innovations and the opportunity to engage in joint developments in the framework of long-term partnerships.

THE GROUP HAS SIGNED THE CHARTER OF INTER-ENTERPRISE RELATIONS

which sets out best practices for relations between customers and vendors, and is attentive to the economic sustainability of its SME and technologically innovative vendors. Buyers at subsidiaries encourage dialogue and close collaboration.



THE PURCHASING CODE OF CONDUCT

The code of conduct sets out commitments for our buyers, in their relations with vendors, covering four main areas: integrity and ethics, communication and collaboration, progress and performance, responsibility and sustainable purchasing.

THE CHARTER FOR SUSTAINABLE AND INCLUSIVE PURCHASING

The charter defines the Group's policies in the area of sustainable purchasing. It is communicated to our major vendors and is the subject of specific training for new buyers and managers (more than a hundred participants in 2013).

Major vendors are evaluated by an independent organization on the basis of criteria of corporate social responsibility. In 2013, the scope of that evaluation was extended over the coming two years. Areas for progress identified are and shall be shared with the suppliers concerned.

INCLUSIVE PURCHASING IS ON THE INCREASE

Buyers identify, in their region, businesses promoting professional integration and capable of supplying the products or services they require. In 2013, new contracts were signed for outside/garden upkeep.

...Committed to a better-preserved environment





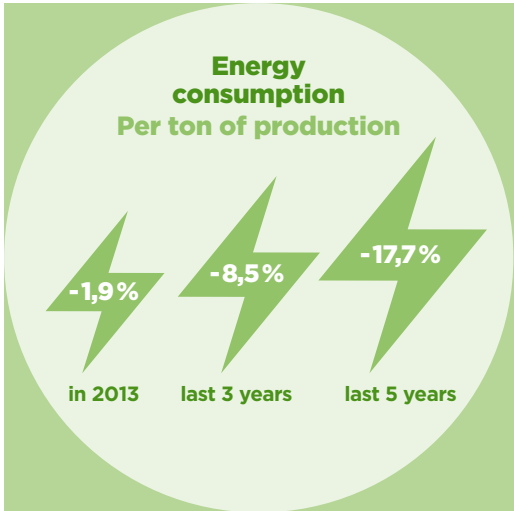
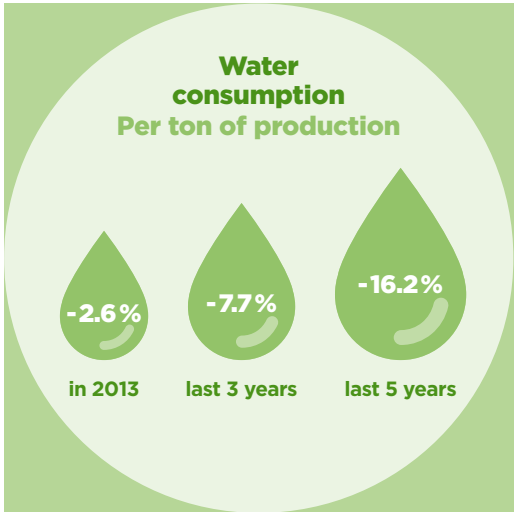
CONTINUOUS IMPROVEMENT ON THE GO

Protecting the environment is a natural part of the Group's industrial policy, since our plants are located at the heart of their milk collection zones.

The Group seeks to reduce its consumption and limit its footprint at each stage of its operations. Our industrial management supports subsidiaries in the operating deployment of environmental protection measures and monitors their improvement programs. Standardization of processes and methods, extensive use of the most efficient equipment and the deployment of best practices help reduce consumption, manufacturing waste, emissions and discharges.



**EACH GROUP LOCATION
MAKES AN ANNUAL
COMMITMENT TO LIMITATION
OF ITS WATER AND ENERGY
CONSUMPTION.**



CONSUMPTION UNDER CONTROL

Optimizing the use of raw materials is an objective of our Group-wide Total Performance Management program. Specific software deployed at all our dairy locations enables detailed daily monitoring of our use of dairy resources and of the composition of each production batch. The feedback provided to our operating teams enables them to quickly correct any variances from our standards.

COMMITMENT

A WOOD-FIRED BOILER FOR RICHESMONTS RACLETTE CHEESE

Our Besse manufacturing facility, located at the heart of the Auvergne Volcanoes regional nature park, is devoted to producing and ripening RichesMonts raclette cheese. Since 2013, steam for the plant is produced by a dual combustion high-yield wood-fired boiler built in Auvergne and fired using wood pellets produced in the region, which has replaced a heavy fuel oil boiler and reduced the plant's CO₂ emissions by several thousand tons per annum.

In 2012 the Group's Illoud cheese factory in the Haute-Marne department of France had already introduced a wood-fired boiler cutting CO₂ emissions by 7,000 tons per annum.

But Brazil was the pioneer: for many years, our plants' heating requirements have been met using wood from forests managed for that purpose.

7,000 TONS OF CO₂ SAVED BY OUR ILLOUD PLANT

A BLUEPRINT FOR REFRIGERATION

The energy performance of our refrigeration equipment is systematically assessed and the equipment is progressively renovated to eliminate the use of R22 - a greenhouse gas - and reduce our consumption of ammonia.



SUSTAINABLE TECHNOLOGIES

Inverse osmosis, cool ultrafiltration or nanofiltration: the Group uses technologies that simultaneously reduce losses of milk or whey, save water and energy and reduce wastewater discharges. Inverse osmosis is a technique enabling milk or whey to be concentrated by removal of all water molecules. The very pure water obtained in the process can be reused on site, thereby reducing use of water from other sources. The resulting milk and whey can be processed, transported and dried at lower energy cost.



MORE THAN 40 PURIFYING STATIONS

The biodegradable sludge from wastewater and processing of whey and milk is treated by our purifying stations and transformed into fertilizer in liaison with local farmers. The installation of consumption meters, of turbidity meters to assess wastewater concentration, of degreasing equipment and of buffer tanks, helps limit chemical oxygen demand.

OPTIMAL MANAGEMENT OF COLLECTION, STORAGE AND DISTRIBUTION

Our fleets of vehicles for milk collection, inter-plant transfer and delivery are equipped with robust traction units that are spare on fuel. Our drivers are trained in eco-driving. Electronic monitoring of fuel consumption and scheduled maintenance help improve environmental and economic performance. Milk collection and delivery rounds have been optimized and the Group's tankers have been equipped with specially designed large capacity tanks. In the same way, grouped deliveries of finished products have made it possible to optimize truck loading and increase the frequency of deliveries: better service and lower CO₂ emissions.



AN HEQ PLATFORM

The Normandy logistics platform of Messageries Laitières has been extended and rendered fully compliant with HEQ (high environmental quality) standards.



THE CIRCULAR ECONOMY AND BIOGAS

In 2014, the Group's Perreault cheese factory, in Azé in the Mayenne department of France, will supply its sludge to a neighboring cogeneration biomethanation plant and reuse part of the heat produced in the process.

60 TONS OF RECYCLED PACKAGING

Our Pacé facility, in the Orne département of France, has introduced selective sorting and has leased a bundling press. As a result, more than 30 tons of plastic and 30 tons of cardboard are recycled.

CO² EQUIVALENT EMISSIONS PER TON OF PRODUCTION:

-3.8% in 2013

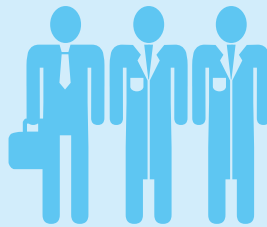
-11.4% over 3 years

THE GROUP HQ ECOPRINT PROGRAM:

The number of printers has been reduced and reconfigured so as to reduce consumption of ink cartridges and paper.

...Committed to shared success with our employees

- APPRENTICESHIP
- PROFESSIONAL TRAINING
- IN-HOUSE PROMOTION
- MOBILITY
- CAREER DEVELOPMENT



**THE BONGRAIN
ACADEMY**
THE SCHOOL OF CHEESE
**THE COMPANY OF
MASTER CHEESEMAKERS**
**PROFESSIONAL
CERTIFICATION**

4
CHALLENGES

*Behavioral safety
inspections*



*TOP Employer France
TOP Employer Europe*



*The “Better
Nourishment for
Mankind” endowment
fund*

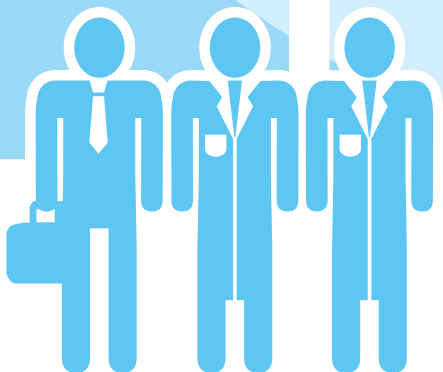


**ENSURE
HEALTH AND
SAFETY IN THE
WORKPLACE**

**DEVELOP
SKILLS AND
NURTURE
TALENT**

**ENCOURAGE
INITIATIVE AND
ENTREPRE-
NEURSHIP**

**PROMOTE
AND SUPPORT
SHARED
CHARITABLE
ENDEAVORS**



RICH AND VARIED CAREERS

The Group has a decentralized organization which provides subsidiaries with maximum capacity for action and encourages entrepreneurship and personal responsibility. With subsidiaries in about thirty countries, there are numerous and varied opportunities for professional development.



Talent is nurtured, enabling each employee to build a career within the Group. In-house promotions are preferred and there is mobility between subsidiaries, divisions and activities. All job offers are published on our intranet. More than 50% of vacant management positions were filled by means of internal mobility in 2013.

HELPING EACH EMPLOYEE PROGRESS

Training helps each employee, regardless of age or level, improve his or her performance, and enrich his or her skills, with a view to personal development, contributing to the Group's success and maintaining employability. A jobs and skills database helps optimize the management of training and individual career paths.

TRAINING LEADING TO DIPLOMAS, materialized in France in the form of Certificates of Professional Qualification, is encouraged. In 2013, it was being undertaken by about a hundred employees in a total of eighteen subsidiaries.



STAFF'S TRUST IN MANAGEMENT, their pride in belonging and the atmosphere of equity and congeniality are regularly assessed at our entities

which are thereby able to benchmark, identify best practices and improve.



THE BONGRAIN ACADEMY IS ALREADY FIVE YEARS OLD.

It welcomes manufacturing managers from all over the world for a course focused on cheese and dairy know-how.



OLDER EMPLOYEES

Employees over 55 have the benefit of a career period during which they can transmit their knowledge and give value to their experience in particular via tutoring.

HANDICAPS

Bongrain is committed to the integration and continuing employment of handicapped persons. In Spain, our Arias subsidiary received an award in 2013 for the insertion of intellectually handicapped persons.

230,800 HOURS OF TRAINING AND 70% OF EMPLOYEES TRAINED IN 2013.

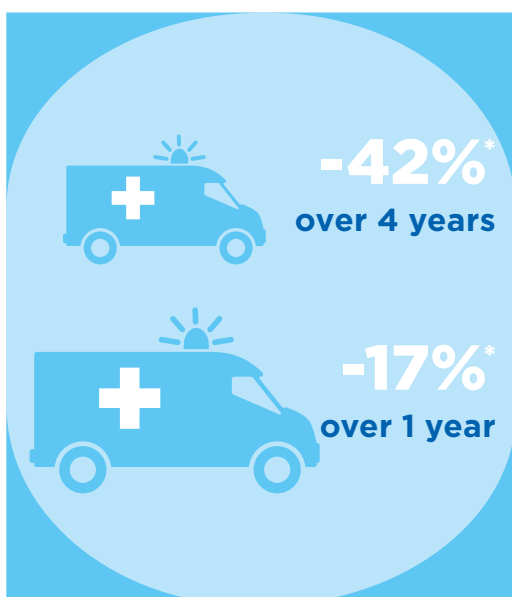
51% OF PERMANENT EMPLOYEES HAVE MORE THAN 10 YEARS OF SERVICE.

COMMITMENT

15,000 SAFETY VESTS HAVE BEEN DISTRIBUTED



SAFETY IN FIGURES



**frequency of accidents*

TRAINING IN FIRST AID IS PROVIDED AT NUMEROUS LOCATIONS.

PREVENTION OF PSYCHOSOCIAL RISKS: A LISTENING LINE IS AVAILABLE TO HQ EMPLOYEES 24X7.

SAFETY IS MY BUSINESS

Bongrain has undertaken a major program of mobilization, training and management to achieve decisive and lasting improvement in safety at work. The program is anchored in individual commitment to taking personal safety, and that of others, fully into account. Golden rules have been established for each type of job. A guide has been provided to all our units worldwide.

Situations of risk are systematically evaluated. Directors, managers and operatives then mobilize together to eradicate them thanks to our behavioral safety inspections deployed Group-wide.

All our subsidiaries have defined and implemented action plans with quantified targets against which actual performance is regularly assessed.



THE FIRST WORLDWIDE WEEK FOR HEALTH AND SAFETY AT WORK

Between April 22 and 28, the event mobilized all our employees at all the Group's locations in nineteen countries, thereby materializing our commitment to ensuring our employees' safety and wellbeing.

Inauguration of site entrance displays indicating the number of accidents at work during the year and the number of accident-free days, display of safety data at all locations, explanatory meetings, workshops, education on road safety and dangerous driving, presentations by firemen, first aid workers, doctors, nutritionists and ergonomists... a very busy worldwide week which will be repeated in 2014.



CENTS THAT COUNT

In France, the Group supports *Arrondi Solidaire*, a micro-gift system in which our employees can participate by gifting the cents of their monthly paycheck to which Bongrain adds an equal amount. The money raised is paid to two non for profit organizations, Adie (Association for the Right to Economic Initiative) and PlaNet Finance, which redistribute it as micro-credit to persons wishing to realize projects and create employment.

A similar program has been launched in Germany under the name of Restcent-Aktion. It finances actions for the benefit of children suffering from incurable illnesses or undergoing hospitalization.



LEARNING TO PRESERVE MILK

At the initiative of retired employees, From'Alliance Afrique helps Fulani women in Senegal transform surplus milk from the rainy season into storable cheese. Many women have already been trained and now, in turn, train others. The program continued in 2013.



PREVENTING INFANTILE OBESITY

Using taste as a means of learning to eat well from infancy, and preventing infantile obesity, is the vocation of the *Sapere les Classes du Goût* non for profit organization we support via our "Better Nourishment for Mankind" endowment fund, and which provides primary school teachers in several European countries with the requisite learning tools.



UNITED IN FIGHTING NOMA DISEASE

In 2013 a group of French Bongrain employees created the Vaincre Noma association which has joined forces with Germany's Gegen Noma association, supported by Edelweiss, to provide support for preventing the terrible Noma disease which afflicts young children in Africa suffering from malnutrition and dental problems.



BETTER NOURISHMENT FOR MANKIND

The Group's endowment fund contributes to human development via the improvement of health and nutrition, research into nutrition and food safety, sharing of knowledge, assistance in developing milk production and processing in developing regions, and food aid in situations of emergency. It gives priority to projects originating in France and proposed or piloted by employees. In 2013, it thus supported domestic crop growing in the Central African Republic, the construction of a well in Niger and the development of goat farming in Morocco.

SCHOOL ACHIEVEMENT AND SOCIALIZATION

Bongrain Germany finances extra private lessons for the benefit of disadvantaged children and adolescents. In parallel, staff members act as tutors and engage in extra-curricular activities with their referees.

Governance and results

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Corporate governance

The Board of Directors

The Board of Directors is made up of ten members. They are appointed for a one year renewable term. Five directors are independent on the basis of the criteria set by France's Viénot-Bouton report. The Board sets

its schedule of meetings, which are held every two months unless additional urgent or necessary meetings are called in the interest of the Company.

The specialist committees

The Board is assisted by three specialist committees. Bongrain SA provides them with the means necessary for carrying out their task, when necessary with the help of the various departments concerned, and authorizes them to take outside advice. Each of these committees meets several times a year and whenever its opinion is deemed necessary by the Chairman of the Board, the Board or by the Chairman of the committee.

The Audit and Risks Committee

This Committee is made up of at least three members of the Board of Directors and carries out its task in the fields of external statutory audit, internal control and the Group's half-yearly and annual financial statements and financial announcements. In each of these fields, it assesses the Group's requirements, the technical and human resources employed and their suitability. It informs the Board of Directors of any observations or recommendations that it considers useful.

Members

Jean-Michel Strasser, Chairman,
Dominique Damon, Bernard Houlot,
Martine Liautaud.

The Management and Remunerations Committee

It is made up of at least three members of the Board of Directors other than the Chairman. It assists the Board in respect of the organization and structures of the Group, the appointment and evolution of executive directors, the selection of new Board directors, pay policy for executive directors and any ethical questions with which managers may be confronted.

Members

Bernard Houlot, Chairman,
Armand Bongrain, Dominique Damon, Ignacio Osborne.

The Strategy Committee

It consists of at least three members. Its task is to inform the Board of Directors about the long-term orientations proposed by the executive directors and to analyze the most important divestiture and acquisition proposals submitted for decision to the Board of Directors.

Members

Élisabeth Lulin, Chairperson,
Martine Liautaud, Xavier Paul-Renard,
Thomas Swartele.

COMPOSITION OF THE BOARD OF DIRECTORS

Alex Bongrain

Chairman

Armand Bongrain

Director

Member of the Management and Remuneration Committee

Dominique Damon

Independent director

Member of the Management and Remuneration Committee

Member of the Audit and Risks Committee

Bernard Houlot

Director

Chairman of the Management and Remuneration Committee

Member of the Audit and Risks Committee

Martine Liautaud

Independent director

Member of the Audit and Risks Committee
Member of the Strategy Committee

Élisabeth Lulin

Independent director

Chairperson of the Strategy Committee

Ignacio Osborne

Independent director

Member of the Management and Remuneration Committee

Xavier Paul-Renard

Director

Member of the Strategy Committee

Jean-Michel Strasser

Independent director

Chairman of the Audit and Risks Committee

Thomas Swartele

Director

Member of the Strategy Committee

Key figures

Net sales for 2013

In millions of euro



Net sales increased by 7.9%. Organic growth had an impact of +7.6% and acquisitions, an impact of +2.8% reflecting the consolidation of Berthaut in April, Söbbeke in August and Terra Lacta's operations during the final quarter of 2013. Foreign exchange had an impact of -2.5%. 67.5% of net sales were achieved outside France.

Current operating profit

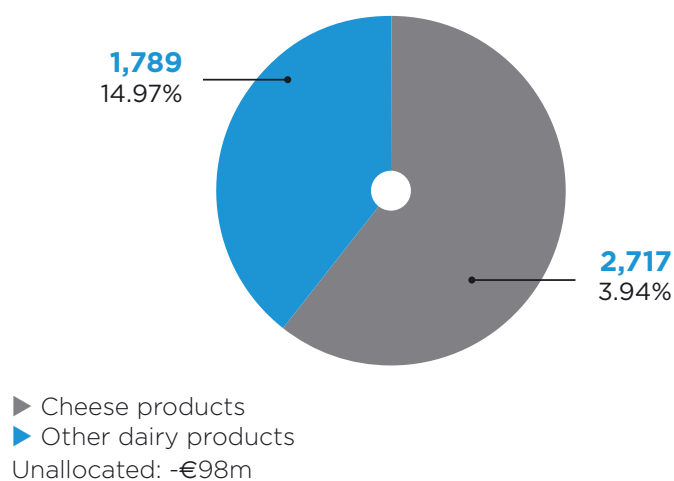
In millions of euro
and operating margin as a % of net sales



Current operating profit rose by 2.3%, an increase limited by high raw material costs and by the impact of integrating Terra Lacta's operations.

Net sales for 2013 and 2012-2013 change

By business and in millions of euro

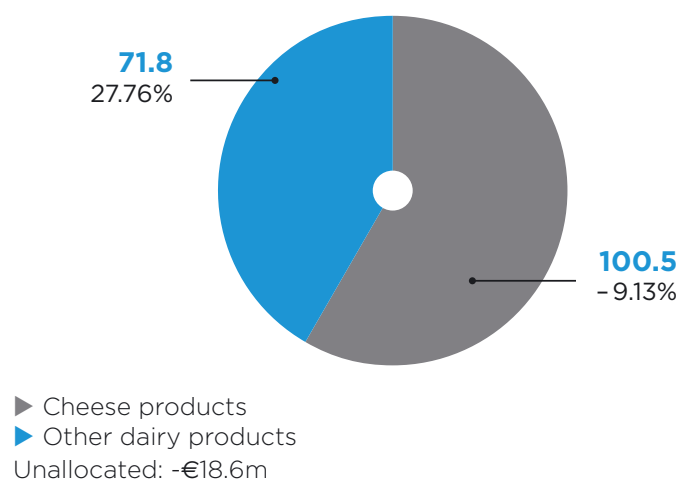


■ Cheese products accounted for 61.6% of consolidated net sales, with organic growth of +3.4%, a foreign exchange impact of -2% and acquisitions generating an impact of +2.6%.

■ Other dairy products accounted for 40.6% of consolidated net sales, with organic growth of +14.7%, a foreign exchange impact of -3.1% and acquisitions generating an impact of +3.3%.

Operating profit for 2013 and 2012-2013 change

By business and in millions of euro



■ Current operating profit for cheese products fell by 9.1%. Current operating margin fell from 4.2% to 3.7%, mainly as a result of the difficulty of recovering the significant increase in the cost of milk via our selling prices.

■ Current operating profit for other dairy products gained 27.8% thanks to a positive volume-mix trend and to increased world prices for industrial products.

Group share of net income

In millions of euro



The Group's share of net income fell by 23% including an increase of €2.9 million in non-recurring expenses and €2.6 million in net borrowing costs. The Group's share of results of associates fell by €2.6 million and its corporate income tax rose by €14.7 million.

Net debt/equity

In percent



Investment in tangible and intangible assets amounted to €183.1 million, up by 26%, and company acquisitions to €74.3 million compared with €8.9 million in 2012.

Net borrowings rose by €161.6 million to €490.9 million. Equity increased by €26.4 million over 2012 (restated).

Employees

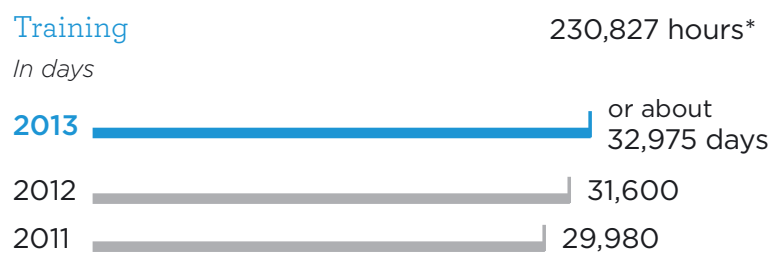
Average total employees including temporary staff



Average employees rose by 2.3% (0.9% like-for-like). Half our employees have more than ten years' past service, and more than a quarter more than twenty, thus bearing witness to their attachment to the business.

Training

In days



* In 2013, change of unit in compliance with France's Grenelle 2 environmental requirements.

68.8% of employees attended at least one training course. Training leading to a diploma is encouraged.

Safety

Number of accidents requiring time off work per million hours worked



* 16 like-for-like

The Group's accident frequency rate fell by 17%. The severity rate fell to 0.5 from 0.6 in 2012.

Water consumption

(Like-for-like/all sites) in millions of m³



Water consumption per ton of production fell by 2.6% like-for-like. 95.1% of wastewater is treated before release into the environment.

Energy consumption

In GJ/ton produced



Direct energy consumption per ton of production fell by 1.89%. In 2013, total energy consumption amounted to 7,835 GJ, up 0.21% like-for-like over 2012.

Non-dangerous industrial waste

In thousands of tons



Non-dangerous industrial waste tonnage at our manufacturing locations, which account for almost all waste produced, increased by 7.6% like-for-like.

Stock market activity in 2013

- Euronext Paris - Eurolist Compartment B
- ISIN code FR0000120107
- Par value: €1
- Number of shares: 14,032,930
- Market capitalization at 12.31.2012: €706.80 million
- Euronext closing market price on 12.31.2013: €56.30
- Market capitalization at 12.31.2013: €790.05 million

Bongrain SA is one of 70 companies selected for inclusion in the GAIA socially responsible enterprise index developed by the non-financial rating agency Ethifinance.

Data per share

| in euro | 2013 | 2012 | 2011 | 2010 | 2009 |
|-----------------------------|------------------|-------|-------|-------|-------|
| Equity | 85.59 | 78.20 | 76.53 | 75.34 | 71.08 |
| Net income | 3.49 | 4.49 | 3.07 | 5.68 | 3.15 |
| Net dividend | 1 ⁽¹⁾ | 1.3 | 1.2 | 1.6 | 1.2 |
| Global yield ⁽²⁾ | 1.78% | 2.84% | 2.48% | 2.66% | 2.27% |

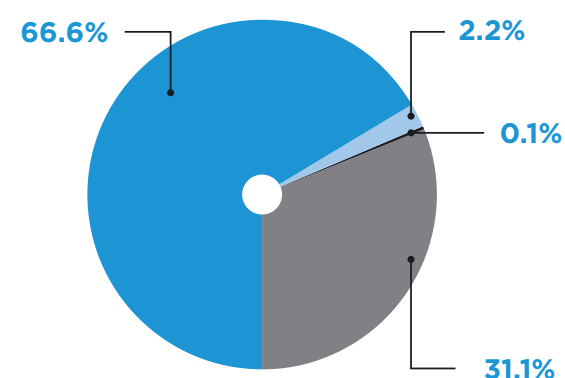
(1) Proposed at the AGM held on April 24, 2014

(2) Based on the share price at December 31.

Market data

| in euro | 2013 | 2012 | 2011 | 2010 | 2009 |
|--------------------------------------------------------------------|--------|--------|--------|--------|--------|
| Highest adjusted price | 58.3 | 53.5 | 70 | 61.6 | 54.9 |
| Lowest adjusted price | 45.8 | 42 | 44 | 50 | 32.07 |
| Price at December | 56.3 | 45.8 | 48.41 | 60.25 | 52.95 |
| Market capitalization at December 31 <i>In millions of euro</i> | 790.05 | 706.80 | 747.07 | 929.79 | 817.14 |

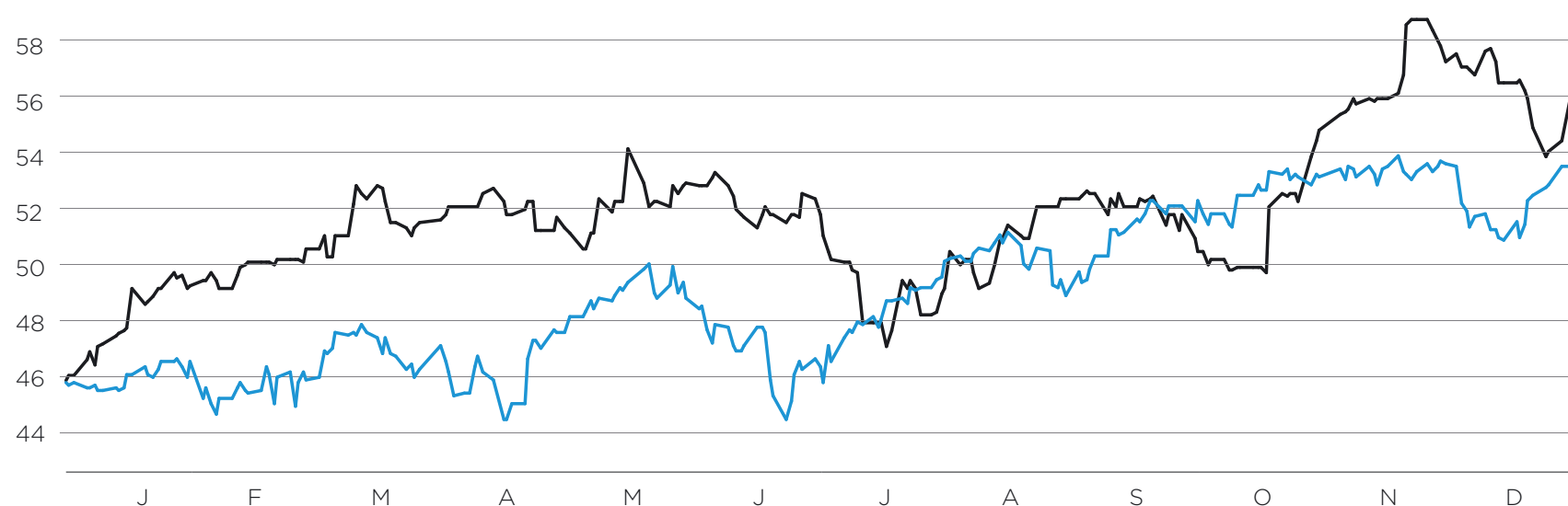
Composition of the share capital in 2013



- ▶ Soparind SCA
- ▶ Employee savings plan
- ▶ Employee savings plan
- ▶ Other shareholders

Adjusted share price in 2013

in euro



Shareholders' agenda

| | |
|------------------------|----------------|
| Annual general meeting | April 24, 2014 |
| Dividend payment | May 14, 2014 |

Financial information

| | |
|----------------------------------|---------------|
| Annual net sales | February 2014 |
| 1st quarter net sales | April 2014 |
| Half-yearly financial statements | August 2014 |
| 3rd quarter net sales | October 2014 |
| Annual results | March 2015 |

Management report

During 2013, Bongrain SA pursued the development of its activities and grew its net sales and current operating profit. The improvement reflected strong resistance by our major brands despite rising milk prices and a difficult economic environment more generally. The reinforcement of other dairy products was helped by improving world prices for industrial products and by sustained demand.

ACCOUNTING STANDARDS

Bongrain SA's consolidated financial statements have been prepared in accordance with IFRSs as adopted by the European Union. The Group has applied the amendments applicable with effect from January 1, 2013, in particular the amendments to IAS1 (Presentation of Items of Other Comprehensive Income), IAS19 (Employee Benefits) and IFRS13 (Fair Value Measurement).

CONSOLIDATION SCOPE

The Group's consolidation scope includes Dutch Cheese Masters since January 2013 and Fromagerie Berthaut since March 19, 2013. In July 2013, the Group exercised its purchase options for 55.1% of Söbbeke GmbH and 67.6% of Rogge KG, thereby obtaining exclusive control with respectively 90% and 92.49% of the companies' equity. In the framework of a partnership with the Terra Lacta cooperative, Fromageries Lescure was incorporated on October 1, 2013; the company, in which the Group has a stake of 51%, is specialized in the manufacture and distribution of goat's milk cheeses as well as of certain cow's milk specialties. In addition, with effect from October 1, 2013 Terra Lacta contributed to Compagnie Laitière Européenne, a Bongrain SA subsidiary, its activities of manufacture and distribution of butter, cream, other cow's milk cheeses and milk ingredients, in return for which it received a 4.35% shareholding in CLE. Finally, in December the Group acquired Sodilac, a company specializing in special milk powders.

ACTIVITY AND RESULTS

The diversity of its businesses and markets allows Bongrain SA to surmount temporary difficulties in both consumer demand and in the Group's various cost components. Consumer demand does not evolve in identical fashion in our mature markets and in developing regions. It is equally affected in different degrees for different mass consumption products and depending on the intensity of the marketing efforts deployed. Changes in the world prices for industrial products are unlikely to have the same impact on cheese products and other dairy products, whether in terms of timing, intensity or even the direction of change. The selling price absorption of cost price increases may be bolstered by the strength of our brands and the recurrently innovative nature of our consumer offerings.

Bongrain SA's consolidated net sales for 2013 amounted to €4,407.5 million, compared with €4,084.1 million for 2012, an improvement of 7.9% reflecting organic growth of 7.6%, acquisitions for 2.8% and an unfavorable foreign exchange impact of 2.5%.

The growth in net sales mainly reflected the continuous progress of our specialty brands which was nevertheless attenuated by falling consumption in certain markets exposed to economic crisis. The product mix for our industrial activities improved and the market for fats also evolved positively.

Net sales achieved outside France fell from 68.6% of our total sales in 2012 to 67.5% in 2013.

Current operating profit rose by 2.9% to €153.7 million. Current operating margin amounted to 3.5% of net sales, compared to 3.7% in 2012, reflecting:

- The strong volume resistance of our strategic brands, as well as sustained demand for milk ingredients;
- Favorable world prices for whey, milk powders and fat throughout the year;
- The pursuit of rationalization initiatives.

The above favorable impacts were however countered by:

- A difficult economic context affecting numerous markets;

- The significant increase in raw material costs;
- Continuous pressure on sales prices for mass distribution products in particular in France.

The evolution during 2013 of the Group's two business segments was thus contrasted with:

- A fall of 1.6% in current operating profit (like-for-like) for cheese products, and a correlative contraction of current operating margin from 4.2% to 3.7%;
- An increase of 38.6% (like-for-like) in current operating profit for other dairy products, and a correlative expansion of current operating margin from 3.6% to 4%.

Cheese products

Cheese product net sales rose 3.9% compared with 2012, to €2,717 million or 61.6% of Bongrain SA's total consolidated net sales. The proportion amounted to 64% in 2012. The change mainly reflected a positive volume trend for our main brands despite the difficulties encountered in certain countries more particularly exposed to the economic crisis. It breaks down as to:

- Organic growth of 3.4%;
- A 2% unfavorable foreign exchange impact mainly reflecting the decrease against the euro of the Argentinian peso, the Brazilian real and the American dollar;
- A 2.6% favorable scope of consolidation impact.

In France, net sales evolved moderately and displayed positive resistance on the part of our strategic brands.

In the other countries of Western Europe, net sales grew overall but contrasts were perceptible, in particular in Spain where volumes continued to bear the brunt of a difficult economic environment.

Net sales in Central and Eastern Europe evolved positively, mainly as a result of growth in volumes since gains in pricing were largely offset by unfavorable currency impacts. Beyond Europe, sales were penalized by a very unfavorable foreign exchange impact. Like-for-like, gains in both price and volume were made particularly in the South America and Asia-Pacific regions.

Current operating profit amounted to €100.5 million, €10.1 million less than in 2012 (€110.6 million), and current operating margin thus fell from 4.2% to 3.7%, reflecting:

- The dilutive short-term impact of acquisitions;
- The significant increase in raw material costs, not fully reflected in our selling prices;
- Constant pressure on the selling prices for mass consumption products;
- Only moderate growth in volumes.

Other dairy products

Other dairy product net sales amounted to €1,788.5 million, 14.9% more than in 2012 with:

- Growth of 14.7% reflecting a combination of high world prices for industrial products and dynamic volumes;
- A positive impact of 3.3% from acquisitions;
- An unfavorable foreign exchange impact of 3.1% mainly reflecting the depreciation against the euro of the Argentinian peso and US dollar.

Current operating profit for other dairy products rose to €71.8 million, compared with €56.1 million in 2012, given the positive demand and pricing for milk ingredients as well as strong volumes for mass consumption products despite high raw material prices.

Unallocated items

Unallocated items depleted current operating profit by €18.6 million compared with €17.3 million 2012. They mainly comprised holding company costs.

Non-recurring items amounted to -€20.2 million compared with -€17.3 million in 2012. They mainly comprised impairment of certain operating assets in the countries of Central and Eastern Europe, reflecting economic difficulties, costs (including provisions) associated with performance improvement plan restructuring, and the settlement of disputes.

Operating profit amounted to €133.5 million, up 1.1% over 2012.

Net financial expense amounted to €24.7 million compared with €22.1 million in 2012.

The Group's share of results of associates amounted to €1.6 million, compared with €5.1 million in 2012, following reorganization within the two entities concerned.

Corporate income tax amounted to €57.7 million, up €14.7 million over 2012 and reflecting an effective tax rate of 51.1% compared with 36.9% in 2012, in turn reflecting the impairment of certain deferred tax assets and the impact of non-deductible expenses.

Net income for continuing operations amounted to €55.1 million compared with €73.6 million in 2012.

Net income from operations discontinued, sold or in process of sale was insignificant in amount.

Bongrain SA's consolidated net income for the year amounted to €48.9 million, compared with €63.6 million in 2012.

EMPLOYEES

The Group employed on average (including temporary staff and at fully consolidated entities) 19,301 employees in 2013 compared with 18,870 in 2012, a rise of 2.3%. Headcount rose by 0.9% on a like-for-like basis.

Their deployment by business segment was as follows:

- Cheese products: 74.9%
- Other dairy products: 21.5%
- Unallocated employees: 3.6%.

CAPITAL EXPENDITURE

The Group's investment in tangible and intangible fixed assets increased by 37% in 2013, rising to €183.1 million compared to €145.3 million in 2012. Its deployment by business segment was as follows:

- Cheese products: 61.6%;
- Other dairy products: 23.6%;
- Unallocated investment: 14.8%.

Acquisitions of subsidiaries amounted to €74.4 million in 2013 compared with €8.9 million in 2012.

RESEARCH AND DEVELOPMENT

Bongrain SA has always considered research and development expenditure as key to innovation and thereby to growth of its businesses. Consistently with our business culture and operating principles, development activities remain decentralized to local operating entities in order to adapt to specific market conditions, but developments of a transversal nature are coordinated and focus on balanced diet and the exploitation of milk's nutritional qualities. All research and development expenditure is classified by nature and charged to profit or loss as incurred.

FINANCIAL POSITION

The Group's balance sheet continues to reflect a satisfactory financial position.

Equity fell by €1.5 million, compared with the previously published figure for 2012, to €1.205.3 million.

Net borrowings increased by €161.5 million to €490.9 million and represent 40.7% of equity compared to 27.3% as of December 31, 2012.

The financial ratios imposed by the Group's covenants have been respected.

Bongrain SA has no significant exposure to financial market risks. As in the past, its foreign exchange risks are limited by the policy of locating production units close to their commercial markets. Interest rate risks are limited by a policy of prudent hedging.

EVENTS AFTER THE YEAR-END

No material event has occurred since the year-end.

OUTLOOK

Within an economic environment complicated by crises directly impacting consumers' purchasing power, by our distributors' strategies, by raw material price volatility and by increasing competition between manufacturers, Bongrain SA will continue throughout 2014 to unroll its strategy based on the strength of its brands and its know-how related to cheese and other dairy specialties. It will thus pursue and secure the development of each of its markets, supported by new investment but without compromising its sound financial position. The Group's longstanding action plans aimed at improving operating performance will equally be pursued.

Our issues, responses and ways forward

| CONSUMERS | OUR COMMERCIAL PARTNERS AND SUPPLIERS | MILK PRODUCERS |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ISSUES | | |
| <ul style="list-style-type: none"> ■ Enhancing the value of our brands by faultless quality. ■ Providing clear information on the nutritional qualities and environmental impact of products. ■ Promoting sound and balanced diet. | <ul style="list-style-type: none"> ■ Building up loyal and mutually profitable relationships. ■ Contributing to customers' operational performance. ■ Linking our customers and suppliers to our performance targets. | <ul style="list-style-type: none"> ■ Sharing our goals of quality, naturalness and responsibility. ■ Helping producers progress in know-how for their activity. ■ Ensuring the best added value possible for the milk that we buy. |
| OUR RESPONSES | | |
| <ul style="list-style-type: none"> ■ Rigorously selecting raw materials. ■ Deploying quality policy based on ISO 9001 and food safety policy based on ISO 22000; in addition, depending on the market, BRC ⁽¹⁾ or IFS ⁽²⁾ type certifications complementing our established quality and safety arrangements. ■ Setting up panels of experts and consumers regularly monitoring products' organoleptic quality. ■ Placing consumer departments in close touch with customers. ■ Providing precise and detailed nutritional information on every product. ■ Providing advice on balanced diet. | <ul style="list-style-type: none"> ■ Deploying innovative category management to develop sales. ■ Engaging in point-of-sale behavioral review of consumers. ■ Performing regular business reviews with our customers. ■ Providing training for cutting table personnel. ■ Designing original and innovative merchandising solutions. ■ Providing information and training for food service professionals. ■ Engaging in a joint supply management approach with suppliers. ■ Applying a responsible purchasing charter. ■ Organizing verification by an independent organization of the due application by our vendors of corporate social responsibility criteria. | <ul style="list-style-type: none"> ■ Deploying Responsible Dairy Sourcing to reduce milk producers' environmental impact whilst at the same time improving farming performance. ■ Organizing workshops and Open Days to present our approach. ■ Deploying a processing policy focusing on high added value products. ■ Deploying active information and training policies on farming practices. ■ Ensuring full milk traceability based on rigorous and systematic controls and commitment well in excess of our regulatory obligations. ■ Undertaking pilot programs for more natural feeding and sustainable farming management. ■ Providing information on issues associated with the dairy industry. ■ Developing new contractual relationships with milk producers. |
| WAYS FORWARD | | |
| <ul style="list-style-type: none"> ■ Developing environmental labeling for all products. ■ Extending the use of responsible communication best practices. ■ Using new digital applications to develop qualitative information for consumers. | <ul style="list-style-type: none"> ■ Developing commercial innovation by being proactive. ■ Understanding the expectations and behavior of prospective buyers as a basis for optimizing commercial innovation. ■ Sharing our social and environmental responsibility criteria. | <ul style="list-style-type: none"> ■ Contributing ever more to the implementation of sustainable dairy farming. ■ Contributing to developing the production of milk of high nutritional quality. ■ Assisting farmers to adapt to the end of quotas in 2015. |

1 - BRC: British Retail Consortium
2 - IFS: International Food Standard

| THE ENVIRONMENT | OUR EMPLOYEES | SOCIETY AT LARGE |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ISSUES | | |
| <ul style="list-style-type: none"> ■ Intensifying our environmental management systems. ■ Continuing to reduce our water and energy consumption. ■ Reducing discharges at source and increasing waste recycling. ■ Reinforcing the protection of biodiversity. | <ul style="list-style-type: none"> ■ Ensuring safety at work. ■ Fostering employees' development and wellbeing. ■ Promoting diversity. ■ Developing the skills of our staff and furthering their employability in particular via training. ■ Encouraging initiative. ■ Rewarding performance and commitment. | <ul style="list-style-type: none"> ■ Encouraging employees' local and social commitment. ■ Raising awareness of the importance of a balanced diet. ■ Contributing to the economic and social development of the regions in which we operate. ■ Showing support for the community. |
| OUR RESPONSES | | |
| <ul style="list-style-type: none"> ■ Reducing water and energy consumption and manufacturing waste. ■ Monitoring the quality of wastewater treatment and that of air emissions. ■ Using less-polluting and renewable energy sources such as wood-fired boilers. ■ Performing carbon audits and product lifecycle analysis. ■ Engaging in detailed daily monitoring of manufacturing facilities' raw material usage. ■ Designing lighter packaging. ■ Optimizing collection and delivery rounds and providing training in eco-driving. ■ Implementing best practices such as subscription to the "Objective CO₂, carriers commit" charter. ■ Engaging in Responsible Dairy Sourcing. ■ Implementing new measures for preserving biodiversity. ■ Constructing BBC⁽³⁾ buildings and an HQE⁽⁴⁾ logistical platform. | <ul style="list-style-type: none"> ■ Obtaining Top Employers Europe certification in 2013. ■ Performing opinion surveys designed to identify progress achieved and areas for improvement. ■ Issuing a guide to best "diversity" practices and action plans defined by internal working parties (equality of men and women, older employees and handicapped persons). ■ Organizing the first worldwide health and safety week. ■ Using a skill database to support individual staff development plans. ■ Distributing a catalogue of best training practices. ■ Supporting and promoting internal mobility and skills development. ■ Organizing specific arrangements for psychological support for and listening to staff. ■ Signing an agreement improving the access to and cover provided by personal healthcare plans. ■ Engaging in management by objectives and rewards for all managers varying in accordance with individual performance and the Group's results. | <ul style="list-style-type: none"> ■ Offering our Arrondi Solidaire micro-gift program under which employees can gift the cents of their monthly paycheck to support humanitarian aid. ■ Setting up our "Nourishment for Mankind" fund supporting high added value nutritional, environmental or societal dairy initiatives. ■ Increasing staff involvement in the projects funded by our "Nourishment for Mankind" fund. ■ Supporting the Sapere association which helps to fight infantile obesity via training in taste. ■ Actively cooperating with local technical colleges and employing young people in the business. ■ Giving products to people in need. |
| WAYS FORWARD | | |
| <ul style="list-style-type: none"> ■ Pursuing environmental certifications. ■ Continuing to promote water and energy consumption reduction targets. ■ Making further reduction in waste at source and improving the quality of wastewater. ■ Generalizing green packaging. ■ Reducing unpleasant odors and noise. | <ul style="list-style-type: none"> ■ Improving safety at work to reach an accident frequency rate below five. ■ Continuing to focus subsidiaries on the themes of our worldwide health and safety week. ■ Developing our induction and integration programs for disabled employees. ■ Speeding up the deployment of vocational and skill development programs. | <ul style="list-style-type: none"> ■ Involving our employees in the "Nourishment for Mankind" program. ■ Encouraging the involvement of our subsidiaries and brands in solidarity initiatives. ■ Supporting subsidiaries' involvement in local life. |

3 - BBC: low energy consumption building

4 - HQE: high environmental quality

Environmental and social information

Bongrain SA is committed to a policy of excellence and continuing progress, taking into account the point of view of all interested parties: employees, consumers, producers, shareholders, customers, partners and civic society, and to respecting the environment. Its strategy is consistent with sustainable development defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (the Brundtland report).

Since 2003, those commitments have been confirmed by Bongrain’s adherence to the UN’s Global Compact and therefore to its ten fundamental principles in the areas of human rights, labor, the environment and anti-corruption.

In order to ensure the deployment of its policy and monitor the associated results, the Group makes use of a system of reporting shared by all its subsidiaries. Structured environmental and social reporting is thus ensured via a dedicated tool. An annual questionnaire is addressed to all subsidiaries worldwide as a means of collecting and consolidating information for analysis and commentary.

Since 2002, the process of consolidation of the information gathered has been subject to verification by the Group’s statutory auditors, KPMG Audit and PricewaterhouseCoopers Audit, thereby ensuring independent review of the data.

In 2013, all our environmental and social indicators have also been reviewed by our statutory auditors.

Our environmental and social reporting for 2013 does not reflect the Group’s acquisitions of the period with the exception of:

- Söbbeke, with effect from the company’s date of acquisition;
- Three ex-Terra Lacta sites included in existing legal entities, in respect of their social information from the date of acquisition.

Each indicator reported is headed by a mention of the applicable consolidation scope. The changes compared to 2012 have been calculated on a like-for-like basis, i.e. reflecting the data for those subsidiaries which were present in both years.

ENVIRONMENTAL REPORT

GENERAL POLICY AND ISSUES

Groupe Bongrain is a responsible industrial company attached to minimizing its footprint on the environment from procurement of raw materials to delivery of finished products.

Its approach begins with the establishment of long-term relationships with milk producers and the application of a protocol detailing good livestock husbandry practices, promoting sustainable farming practices designed to reduce farms’ carbon footprints and other environmental impacts, and improving the efficiency of milk collection.

As a manufacturer, the Group is committed to controlling the impact of the whole of its business on the environment. The main issues center on the use of water, energy, packaging and raw materials, as well as on monitoring and controlling discharges to the air and wastewater.

A system for assessing safety and regulatory compliance at industrial locations helps operational units implement appropriate prevention and protection policies. All subsidiaries are bound by the same environmental undertakings.

The Group has recognized no provisions and provided no guarantees in respect of environmental risks.

ENVIRONMENTAL MANAGEMENT

Organization

A manager is responsible for the operational deployment of environmental protection measures at every subsidiary. At sites coming under subsidiaries with several locations, the manager is generally in charge of Hygiene, Quality, Safety and the Environment (HQSE).

At head office, the Group’s industrial division supports subsidiaries in the operational implementation of environmental protection measures, supervises their improvement plans, promotes sharing of best practices and monitors changes in their environmental indicators.

Standards

The Group uses the ISO framework in managing its operations at subsidiaries, relying in particular on ISO 22000 and placing the accent on the issues at the heart of its activity i.e. hygiene and food safety of its products.

As a means of anchoring the development of control over their environmental impact, Group subsidiaries are equally encouraged to apply for ISO 14001 certification of their environmental management systems.

The Group has also developed internal Guides to Best Practices with regard to various issues with environmental impacts. The following guides have already been deployed at our manufacturing locations:

- *Guide to Best Practices for managing raw material yields;*
- *Guide to Best Practices for energy management;*
- *Guide to Best Practices for damage prevention.*

The guides are generally accompanied by self-diagnosis questionnaires enabling each entity to measure its progress.

Consumer health and safety

The essential part of the Group's production is performed using milk that the Group collects either directly or via associated cooperatives. Milk traceability is entire and subject to rigorous and systematic control. All suppliers of ingredients are subject to listing procedures including the joint signature of specifications ensuring compliance with all the applicable regulatory requirements.

Intrinsic quality is an integral component of our business culture. The Group devotes very significant resources to achieving excellence over Bongrain's five focuses of quality, namely food safety, health, know-how, consumer satisfaction and product superiority.

The Group believes that its commitment to food safety must be materialized continuously and always aim higher than the applicable regulatory requirements. All its action in this area is strongly supported by Group management and is the cornerstone of the Group's industrial policy.

To that end, on-site audits are regularly performed at all locations alongside systematic product testing prior to release and a specific procedure for approval of new products.

In addition external audits, performed by internationally recognized firms and focused on compliance with ISO 22000, are regularly undertaken at the same locations.

Quality as perceived by consumers is monitored via two tools in particular:

- The panel: a permanent panel of consumers assesses and grades all aspects of our products. Their observations, suggestions and complaints are examined attentively, summarized on a weekly basis and acted upon;
- Sensorial analysis: products are regularly assessed by staff trained in sensorial analysis. In 2013, significant training effort was also devoted to our plant juries.

With regard to product superiority, technical and marketing analysis is performed, placing the accent on improving products' relative quality with regard to their competitive environment.

Management of environmental incidents

A crisis management system is operational at all the Group's manufacturing, logistical and administrative locations. In the event of any environmental incident or accident, subsidiaries immediately apply the requisite procedures. Regular exercises are used to check the responsiveness of this organization and to fine-tune its operation.

There also exists a Guide to Best Practices for damage prevention, regularly updated and distributed to all locations. The document includes, in particular, best practices for preventing risks of fire, explosion, flooding or earthquake and reducing their impacts in the event of occurrence. The guide is prepared in partnership with the Group's insurer whose safety auditors conduct periodic audits, inspired by the guide, worldwide.

This preventive action is complemented by investment in prevention and protection including the provision of sprinklers and water tanks, the securing of electrical installations, the creation of retention ponds for detergents, the reconstruction of industrial effluent networks, the improvement of water purification stations etc.

Collating environmental data

The environmental data reported covers 100% of the Group's production including both manufacturing, supply chain and distribution locations, thereby illustrating the integration of environmental reporting within all subsidiaries' processes.

Training and awareness-raising for employees

Each year, each Group location makes commitments to limit its consumption of water and energy. In addition to the use of our Guides to Best Practices, in 2013 several locations engaged in environmental protection training and awareness-raising for employees including:

- Monitoring of indicators, poster campaigns;
- Employee meetings to explain results;
- Awareness-raising for new employees based on a slide presentation and a quality, health and environmental safety quiz;
- Training in waste management, energy saving etc. and for the purposes of specific projects.

In-house training is used to reinforce awareness-raising. Aimed at all supervisory personnel, it contributes to employees' personal and professional development and helps deploy a veritable culture of best practices within the Group.

SUSTAINABLE USE OF RESOURCES

Controlling consumption

The Group's commitment to limiting its environmental impact involves all management levels and all processes with potential impacts.

The deployment and monitoring of action plans are supported by cross-functional committees at each factory which facilitate the exchange of best practices, synergies and initiatives.

Optimizing consumption of raw materials

We engage in continuous review of processes in order to maximize transformation of the milk that constitutes the Group's essential raw material.

In this respect, a major project was deployed in 2013: daily exhaustive raw material reporting by each manufacturing location using dedicated software, enabling our operating teams in particular to identify and correct any malfunctioning very quickly.

Reducing water consumption

For this indicator, the 2013 scope represents 100% of production.

Evolution of consumption

In 2013, water consumption amounted to 15.3 million m³, down 0.5% like-for-like whilst production was up by 2.2%.

Consumption per ton of production thus fell by 2.6%, confirming the trend of the last three years.

Evolution of water consumption

(Like-for-like, all locations) in millions of m³



These results reflect both sites' commitment and the effectiveness of their actions:

- Elimination of open circuit use of water;
- Partial recovery of whey which is filtered then used for washing, thereby avoiding the use of new water;
- Improvement of metering and daily monitoring and definition of target consumption for each workshop;
- Optimization of cleaning processes: attachment of water pistols to hoses, recovery of water used to rinse tankers and cool pumps;
- Motivation of employees via training and continuous improvement.

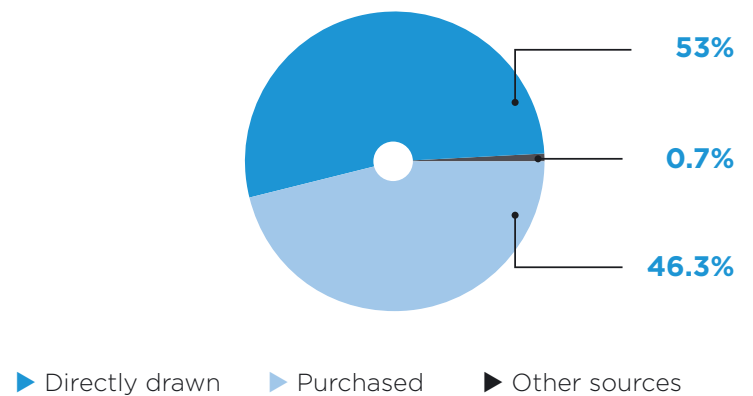
Structure of consumption

46.3% of the water consumed at sites in 2013 was purchased (on a like-for-like basis) whilst directly drawn water accounted for 53.7%, virtually identical levels to 2012.

Local water supply constraints are rare (only affecting 10% of the Group's locations and essentially seasonal in nature).

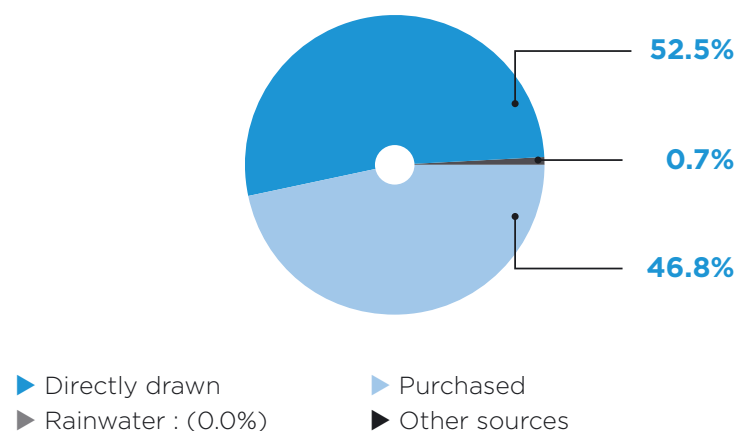
Structure of water supply in 2013

(Like-for-like, all locations)



Structure of water supply in 2012

(Like-for-like, all locations)



Reducing packaging and paper consumption

For this indicator, the 2013 scope represents 100% of production.

Evolution of consumption

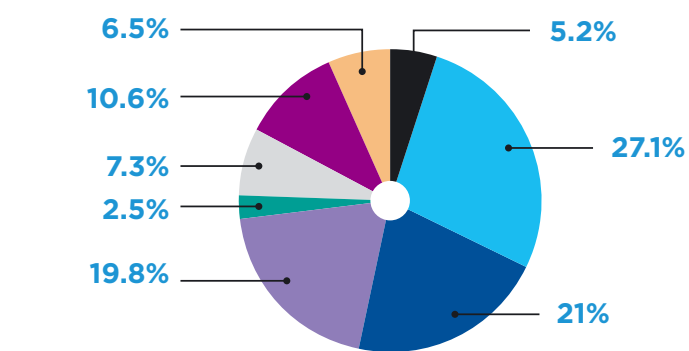
In 2013, packaging and paper consumption, all materials and all product types included, increased 5.4% on a like-for-like basis in response to increased production and the development of new products responsive to consumers' needs.

The proportion of recyclable packaging amounted to 21.0% compared with 22.0% in 2012.

The Group continues to focus on the eco-design of packaging and on optimizing the organization of production, as well as developing partnerships with the various national bodies responsible for collecting, sorting and recycling packaging.

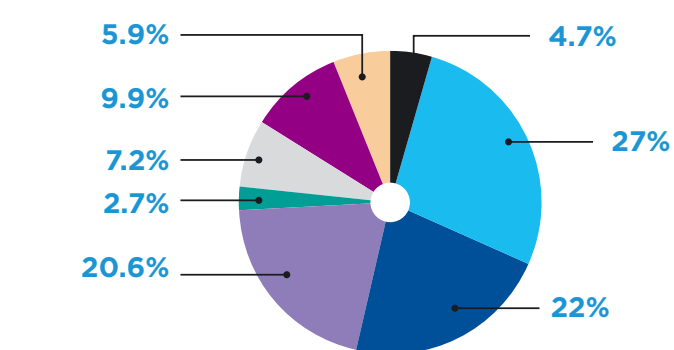
Structure of consumption

Structure of packaging and paper consumption in 2013
(Like-for-like, all locations)



- ▶ Paper
- ▶ Cardboard
- ▶ Recycled cardboard
- ▶ Plastics
- ▶ Aluminum
- ▶ Complex packaging
- ▶ Wood
- ▶ Leather : (0.0%)
- ▶ Glass : (0.0%)
- ▶ Steel
- ▶ Textiles : (0.0%)

Structure of packaging and paper consumption in 2012
(Like-for-like, all locations)



- ▶ Paper
- ▶ Cardboard
- ▶ Recycled cardboard
- ▶ Plastics
- ▶ Aluminum
- ▶ Complex packaging
- ▶ Wood
- ▶ Leather : (0.0%)
- ▶ Glass : (0.0%)
- ▶ Steel
- ▶ Textiles : (0.0%)

Improving energy efficiency

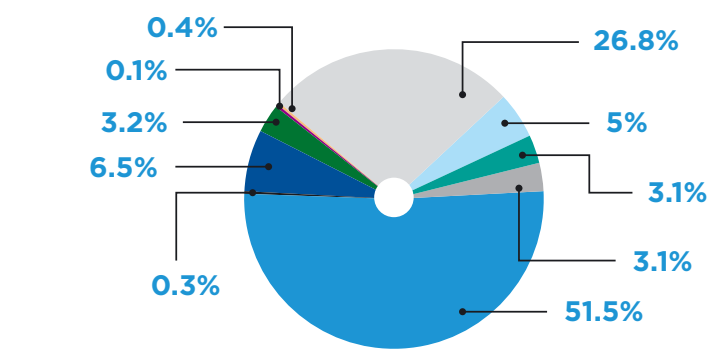
For this indicator, the 2013 scope represents 100% of production.

Evolution of consumption

In 2013, the Group's energy consumption amounted to 7,845 GJ, a rise of 0.2% like-for-like compared with 2012. Specific energy consumption per ton of production fell by 1.9% overall, confirming the trend of prior years.

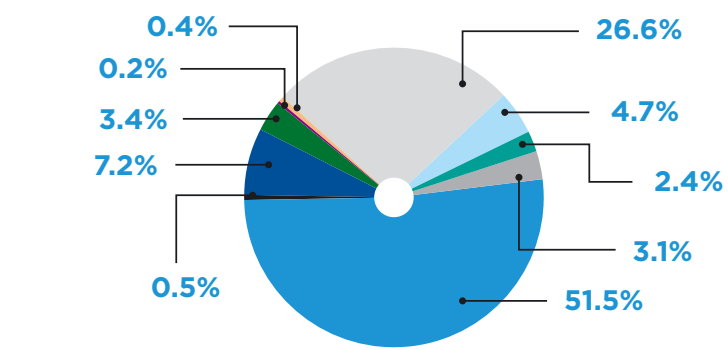
Structure of consumption

Structure of energy consumption in 2013 in GJ
(Like-for-like, all locations)



- ▶ Firewood
- ▶ Coal
- ▶ Town gas
- ▶ Butane - Propane
- ▶ Fuel oil
- ▶ Diesel fuel
- ▶ Petrol
- ▶ Heating oil
- ▶ Electricity
- ▶ Purchased steam
- ▶ Biofuel: (0.0%)

Structure of energy consumption in 2012 in GJ
(Like-for-like, all locations)



- ▶ Firewood
- ▶ Coal
- ▶ Town gas
- ▶ Butane - Propane
- ▶ Fuel oil
- ▶ Diesel fuel
- ▶ Petrol
- ▶ Heating oil
- ▶ Electricity
- ▶ Purchased steam
- ▶ Biofuel: (0.0%)

The main changes were that:

- Firewood consumption rose by 27.1% as a result of the use of a wood-fired boiler at one of our major locations in France;
- Fuel oil consumption fell by 9.8%.

Measures taken to improve energy efficiency

An energy steering committee gathers information on best energy practices with a view to their general deployment. Periodic review contributes to accelerating progress in the following three main areas:

Energy production and transformation

- Systematic measurement of boiler yields and periodic performance appraisal by a specialized consultant;
- Replacement of old boilers with new boilers providing higher yields;
- Renovation of ammonia-based cooling equipment to reduce the quantities of NH_3 used and increase performance;
- Appraisal of refrigeration equipment at virtually all our locations with support from outside consultants and implementation of action plans producing excellent results in many cases.

Energy consumption

Development of metering and monitoring of yields

Energy distribution

Improvement of distribution networks by lagging, systematically tracking compressed air leaks and installing variable speed pumps, ventilators and compressors and variable pressure settings for networks.

Development of renewable energies

In 2013, a major French manufacturing location completed its first year of operation of a new wood-fired boiler which provided more than two thirds of the site's energy requirements. The wood used is sourced from renewable forests managed by the Office National des Forêts and giving priority to local supply.

Another wood-fired boiler commenced operation at another location in France during the year. The process used is particularly innovative: a dual-combustion boiler equally capable of producing steam.

Use of land

A limited number of sites (8%) are implanted in protected zones such as natural parks, forests and Natura 2000 zones.

In order to preserve them, the action taken involves in particular limiting discharges to the atmosphere by installing biomass boilers and reforestation and preserving forest areas by planting native trees.

POLLUTION AND WASTE MANAGEMENT

Limiting air pollution

For this indicator, the 2013 scope represents 100% of production.

On a like-for-like basis, there was a fall of 1.6% in CO₂ linked to energy consumption at factories despite a 2.2% rise in production.

The improvement was achieved by means of best practices such as subscribing to the "Objective CO₂, Carriers Commit" charter which produced very positive impacts on the pollution associated with milk collection, inter-plant transfers and finished product distribution.

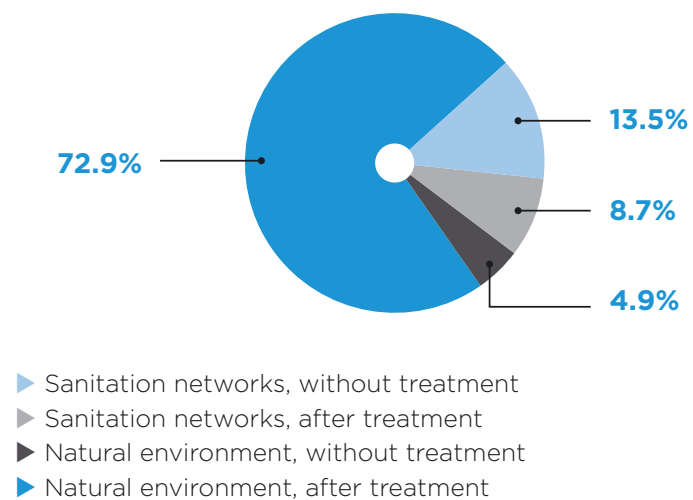
Reducing wastewater discharges and improving wastewater quality

For this indicator, the 2013 scope represents 100% of production.

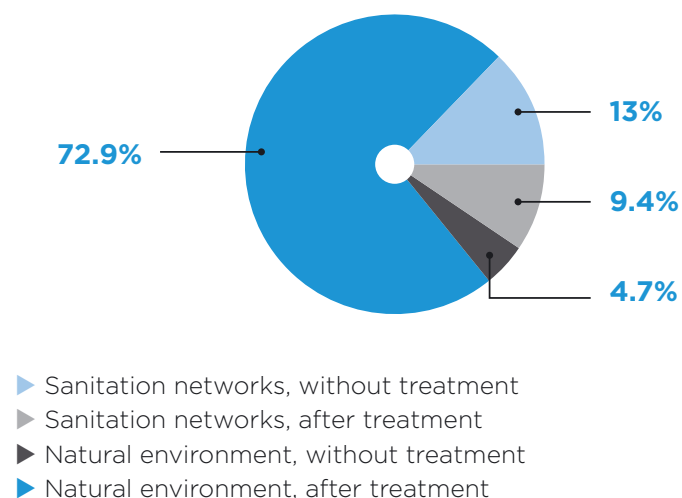
Total wastewater discharges amounted like-for-like to 13.9 million m³, up 1.8% over 2012 compared with a 2.2% increase in production. 95.1% of wastewater is purified before being discharged into the natural environment.

Destination of wastewater in 2013

(Like-for-like, all locations)

Destination of wastewater in 2012

(Like-for-like, all locations)



These results were mainly attributable to the following actions which are renewed and improved each year:

Manufacturing process control including:

- Reduction of water consumption, thus mechanically reducing the volume of wastewater;
- Reduction in the proportion of pollutants in water before it goes to the treatment plant, and reinforcement and systematization of controls;
- Installation of water meters and turbidity meters designed to provide rapid notification of changes in control parameters.

Control over purification by:

- Implementing proven best practices identified within the Group;
- Applying membrane-based procedures such as inverse osmosis to the treatment of whey and wastewater;
- Installing devices for measuring chemical oxygen demand;
- Implementing new solutions for optimizing the operation of purifying stations;
- Using new processes such as anaerobic digestion.

Reducing undesirable noise and smells

Several measures assist in reducing undesirable odors:

- The organization of appropriate testing procedures;
- Interruption of airing of sludge silos on hot days;
- Regular cleansing of locations' drainage networks;
- The use of remote optical camera control of piping cleanliness.

In 2013, workstation noise levels were measured at all the Group's locations and action plans are under development to reduce noise impact. Certain locations have already implemented practical noise control measures such as the installation of new quieter energy generators.

Reducing industrial waste

For these indicators, the 2013 scope represents 100% of production.

(The quantities indicated are those evacuated in 2013; sub-standard products are not included.)

Industrial waste produced by the Group is mainly non-dangerous waste arising as a by-product of industrial processes. Like-for-like, non-dangerous waste for our manufacturing facilities rose by 7.6%. 73.7% of non-dangerous waste is recycled.

The increase in non-dangerous waste is related to increased use of packaging. The measures taken to reduce waste include selective sorting and action with vendors to reduce packaging e.g. by introducing returnable containers.

Quantity of non-dangerous waste

(Like-for-like, all locations in thousands of tons)



Dangerous industrial waste for our manufacturing locations fell by 7.4%, like-for-like, following numerous waste disposals in 2012. In 2013, priority is given to buying the least dangerous products for a given level of quality and to recycling containers.

Quantity of dangerous waste

(Like-for-like, all locations in thousands of tons)



Ground preservation

Ground preservation is supported by measures such as:

- Installing retention basins;
- Renewing drainage networks;
- Recovering water from washing areas and parking lots;
- Paying attention to the timing of and techniques employed in spreading, thereby avoiding damage to cultivated land and reducing runoff.

ADAPTING TO AND COMBATING CLIMATE CHANGE

Carbon footprint and lifecycle analysis

In 2010, the Group performed lifecycle analysis of certain of its products in order to improve knowledge of the environmental impact of its operations and adapt its strategy. As 75% of that impact relates to milk sourcing, a Responsible Dairy Sourcing program, designed to improve our milk producers' environmental impact and reduce their carbon footprint, was deployed.

The diagnosis was performed over ten key indicators:

- Energy consumption;
- Water consumption;
- Water quality;
- Biodiversity;
- Land quality;
- Cows' wellbeing;
- Soil and naturalness;
- Herd nutrition and health;
- Carbon storage;
- Gross carbon footprint.

Focuses for progress are then proposed to farmers.

Partnerships have been concluded with several organizations (the French Institute for Sustainable Agriculture and Institute of Livestock Husbandry, as well as a consultancy firm specializing in the environmental impact of livestock feeding). We also provide Group technicians and bodies such as regional chambers of agriculture or milk testing laboratories with training on how to assist producers in this innovative approach.

Action plans have been deployed in various areas such as the improvement of vegetation, the reduction of phytosanitary treatments and the conservation of hedges.

After testing the approach on a panel of pilot farms in 2011, and then of farms of reference in 2012, full deployment of the improvement program commenced in 2013.

By the end of the year, several hundred French dairy farms supplying the Group were involved. The initial action plans deployed have already enabled a reduction of 9,000 tons of CO₂ equivalent compared with the starting point in 2011.

In addition, by participating in the work of professional bodies at both the national and regional levels, the Group helps improve the bases of calculation of environmental indicators for livestock farming and encourages the adoption of carbon footprint mapping by dairy farms.

Finally, certain of the Group's vehicle fleets performing milk collection and inter-plant transfer of dairy materials have subscribed to the "CO₂, Carriers Commit" charter.

In manufacturing

In parallel, the Group is attentive to reducing the emission of greenhouse gases associated with its manufacturing activities. Its main activities devoted to that end involve:

- Improving the energy efficiency of transport for milk collection, inter-plant transfers and product distribution: optimization of rounds and of the choice, equipment and maintenance of heavy vehicles, design of new milk tanks, training of drivers in eco-driving;
- Improving the energy efficiency of our manufacturing facilities;
- The generalization of inverse osmosis as a means of reducing the energy cost of evaporation and transport;
- The installation of nanofiltration equipment to reduce the cost of evaporation;
- The optimization of milk skimming to reduce energy impacts and waste.

Group-wide

To complement the carbon footprint audits performed at certain locations, the Group is currently developing a tool for measuring greenhouse gas emissions at two levels: scope 1 (direct emission by fixed and mobile sources) and scope 2 (indirect emissions associated with energy requirements). The tool is at the testing stage and will ultimately be deployed at all our locations.

At the level of the industry

The Group contributes actively to defining a shared framework for the dairy industry covering the calculation of lifecycle analysis data with regard to greenhouse gases and the provision of environmental data in respect of finished products.

The framework has been successfully presented to France's Afnor standards commission.

Protection of biodiversity

The Group is committed to the protection of biodiversity via its Responsible Dairy Sourcing program. Biodiversity is one of the ten focuses of the farming diagnosis proposed to our milk producers.

The development of pastures, the improvement of vegetation, the reduction of phytosanitary treatments and the conservation of hedges are amongst the focuses of improvement recommended on an individual basis following that diagnosis. They all assist in preserving biodiversity.

The effects of such measures are all the more favorable that well-managed pasture requires virtually no use of pesticides and fertilizers.

Responsible Dairy Sourcing also involves promoting best watering and cleaning practices so as to reduce farms' water consumption, thereby equally contributing to more balanced ecosystems.

Practical examples of the measures taken by our locations have included restocking a pond with fish or delaying haymaking of the natural pastures neighboring one of our facilities.

Preventive measures designed to reduce or limit the impact of our locations' operations on the natural environment and ecosystems include:

- Reducing the consumption of cleaning products: for example, delegation of an employee devoted to preparing the appropriate doses of products for use in production areas;
- The renovation of drainage networks.

We also regularly engage in landscaping improvement in particular by planting trees and hedges around our purifying stations and remodeling embankments to take account of the area's natural slopes.

OTHER MEASURES IN FAVOR OF THE ENVIRONMENT

Compliance and regulatory watch

The Group, our subsidiaries and individual locations pay great attention to their regulatory compliance.

A firm of outside consultants assists us in following the day-to-day changes in legislation. An ad hoc computer application, periodic bulletin and quarterly interviews are used to help our locations keep up to date with new requirements and their practical application.

Action programs and capital expenditure in 2013

- Reduction of energy consumption: 42 sites
- Reduction of water consumption: 37 sites
- Reduction of waste generation: 35 sites

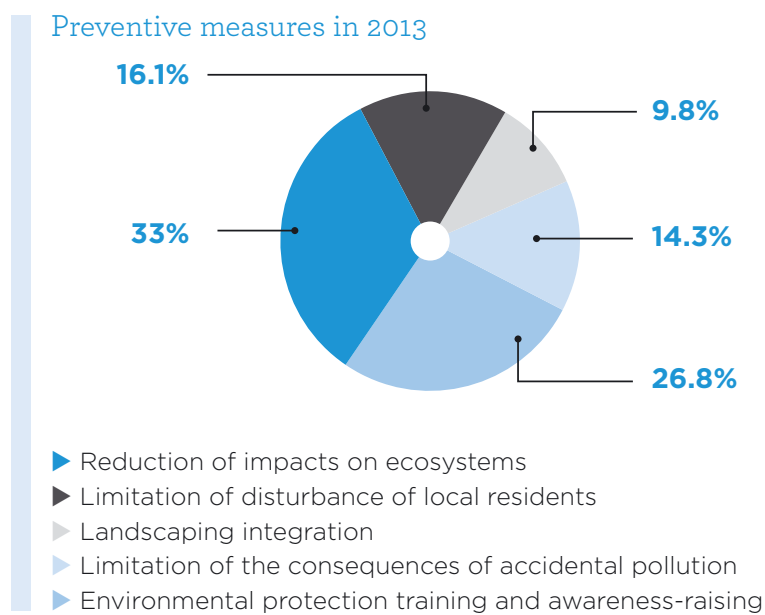
Capital expenditure:

- 38 sites invested in environmental protection: new heating and refrigeration equipment, measurement and control of consumptions and waste, equipment for prevention, optimization of drainage and treatment;
- 29 sites invested in damage limitation with regard in particular to fire risk: detection, electrical security and risk control.

Operating expenditure:

- 59 sites engaged in expenditure for environmental protection, in particular with regard to the verification and maintenance of installations, to spreading of sludge and to treatment of waste;
- 55 sites engaged in expenditure designed to reduce the risks of damage to assets.

Numerous preventive measures designed to limit risks, or the impact of their consequences, were also deployed in the following areas:



Relations with interested parties

Thirty-nine sites have identified their interested parties including consumers, employees, farmers, local residents, regulatory agencies, city halls and fire services the needs of all of whom are assessed via on-site meetings, satisfaction surveys and audits. Group locations strive to meet all their requirements by developing relationships of confidence and engaging in appropriate communication.

Specific preventive measures are also aimed at reducing and limiting any disturbance of local residents in two areas:

Noise disturbance:

- Modification of a shipping dock;
- Performance of acoustic surveys;
- Addition of an anti-noise cover to a ventilator's input vent.

Olfactory disturbance:

- Introduction of specific bacteria to purifying station basins in order to accelerate biodegradation and thus avoid the formation of smells;
- Limitation of the ventilation of purifying station sludge.

Relations with vendors

Transforming purchases into sources of competitiveness
The Group develops long-term collaborative relationships with its main suppliers.

Suppliers are selected on the basis both of criteria of quality, security, service and competitiveness, but equally in terms of their capacity to provide sustainable support for continuous progress and innovation. The Group is attentive to the economic equilibrium, for the long term, in particular of its SME and technologically innovative suppliers.

Competitiveness is reinforced by placing functional analysis of requirements and the search for innovative solutions at the heart of the Group's purchasing policy. By reasoning in terms of value in use, i.e. of total cost, the emergence of competitive and sustainable solutions is encouraged.

Management of supplier risk is a key preoccupation designed to ensure both quantitative and qualitative sustainability of our supply sources. Our purchasing strategy is designed to provide a continuous response to the risks identified in close partnership with both suppliers and users. By engaging in periodic audit of more than 100 major supplier production locations, the Group ensures the safety and continuous improvement of the products that enter our factories.

Innovation & communication at the heart of supplier partnerships

Following the success of its past initiatives, in 2013 the Group organized a new in-house forum for innovation. As previously, the vendors invited had the opportunity of presenting their expertise and know-how on selected subjects to a large audience of interested parties. Innovations, and other actions in favor of progress, are deployed over the Group's subsidiaries in collaboration with the vendors concerned and subject to due compliance with intellectual property rights. The location of purchasing functions at the level of subsidiaries encourages active listening and collaboration in the field.

Responsible procurement

The Group's purchasing policy is embodied in its Charter for Sustainable and Socially Inclusive Purchasing widely distributed to its major vendors in 2013. Specific training is used to raise buyers' and all new managers' awareness of the Group's requirements in this area. In 2013, the program extended to more than one hundred managers. More specifically, a code of conduct has been established under which buyers undertake to comply with requirements of principle in the following four main areas: integrity and ethics, communication and collaboration, progress and performance, responsible and sustainable procurement.

Numerous major suppliers have been subject to independent review on the basis of a range of social and environmental responsibility criteria. In 2013, the review program was extended to a large panel of vendors organized into three successive campaigns spread over the coming two years. Areas for progress identified are shared with the vendors concerned. The Group's social and environmental responsibility requirements are integrated in its selection process using an innovative scoring system. In France, the Group is a signatory of the *Charte de la médiation inter-entreprises*.

SOCIAL REPORT

Bongrain SA has daily commitment to all its stakeholders. The distribution in 2012 of the Group Ethical Charter has still further reinforced the Group's founding values and action principles with all its employees.

Consistent with Bongrain SA's values, the Group's human resources policy has three strategic focuses: Competitiveness, Competencies and Culture. It aims to support and accompany the development of the Group and its staff on the basis of reciprocal commitment.

For several years, internal opinion surveys have been regularly performed at subsidiaries based on a single questionnaire for every country. Among the subjects dealt with, the questions relating to pride in belonging, conviviality and sharing enable the assessment of employees' attachment to the Group.

For the first time in 2013, the Group organized a world-wide week devoted to health and safety at work. In each subsidiary, several events were designed to mobilize and federate employees with regard to those two themes.

The Group obtained Top Employers France certification for the fifth consecutive year, complemented in 2013 by Top Employers Europe certification, underlining our commitment to best human resource practices in respect notably of business culture, managerial practices, staff training and development, remuneration and benefits and working conditions.

Employees' wellbeing is at the heart of our processes and includes a strong policy of professional development. The Group's wide geographical presence and numerous businesses and functions make it possible to encourage career development and internal mobility based on tools and other resources that are accessible to all.

Significant social commitment is also shared by the Group and its staff, for example in the case of the *Arrondi Solidaire* program which allows employees to support the initiatives engaged in by two charitable associations.

THE GROUP AND ITS EMPLOYEES

The Group had 19,301 equivalent full-time employees (including temporary employees and reflecting the impact of acquisitions) in 2013 (18,870 in 2012).

All the information provided hereafter applies to the scope set out at the beginning of the chapter on "Environmental and social information".

18,457 persons were employed on the basis of indefinite or fixed term contracts of employment at December 31, 2013 (18,065 at the end of 2012). The change is mainly attributable to the integration of Söbbeke on July 26, 2013 and to the contribution of three Terra Lacta factories to Elvir (the Claix site), Armor Protéines (the Surgères site) and Sofivo (the Champdeniers site) with effect from October 1, 2013.

Analysis of employees on December 31, 2013

By geographic zone

For these indicators, the scope represents 100% of employees as of December 31, 2013.

As in 2012, the Group's employees are located as follows:

- 39% in France;
- 33% in the rest of Europe;
- 28% in the rest of the world.

By status

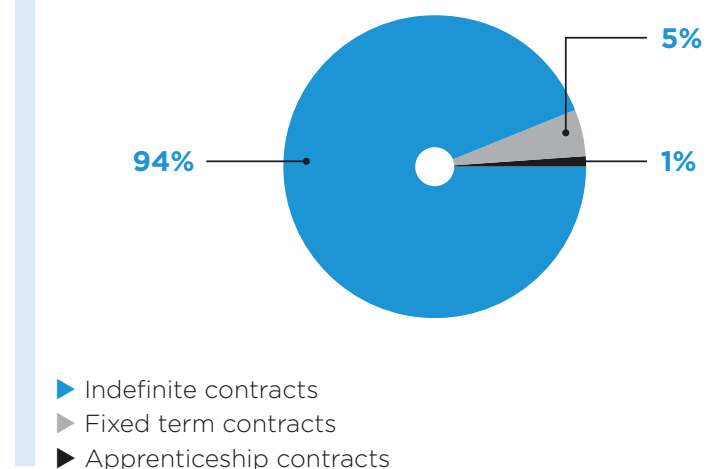
For these indicators, the scope represents 100% of employees as of December 31, 2013.

The number of managerial staff in the Group attained 2,707 at December 31, 2013 i.e. 14.7% of the total. On a like-for-like basis, managerial staff numbers fell by 1% compared to 2012. In France, the managerial staff ratio amounted to 16.7%.

By type of contract

For these indicators, the scope represents 100% of employees as of December 31, 2013.

Breakdown of employees by type of contract



On a like-for-like basis, the ratio of permanent contracts to total employees rose by 0.8% compared to 2012.

In France, permanent contracts represented 94.8% of total employees and their number rose by 2.8%.

At December 31, 2013 the Group had 1,408 temporary or similar employees, i.e. 7.2% of total employees.

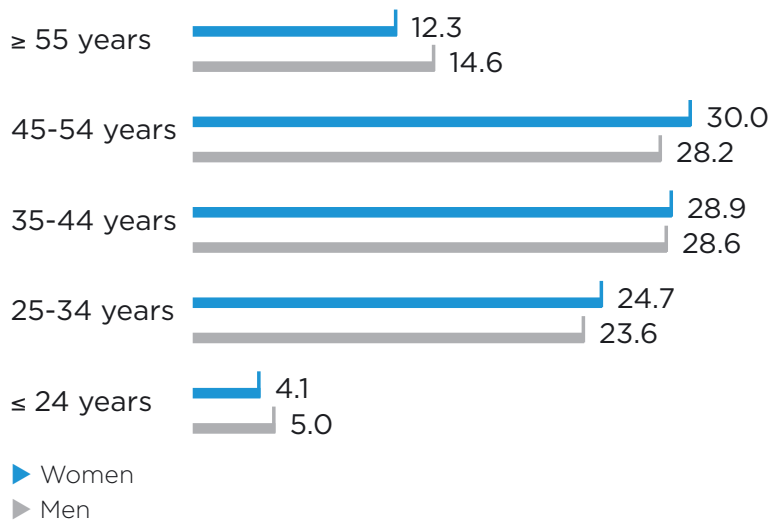
By age

For these indicators, the scope represents 100% of employees as of December 31, 2013.

The proportion of young (≤ 24) and older (≥ 55) employees rose by respectively 0.1 and 1 percentage points compared to 2012.

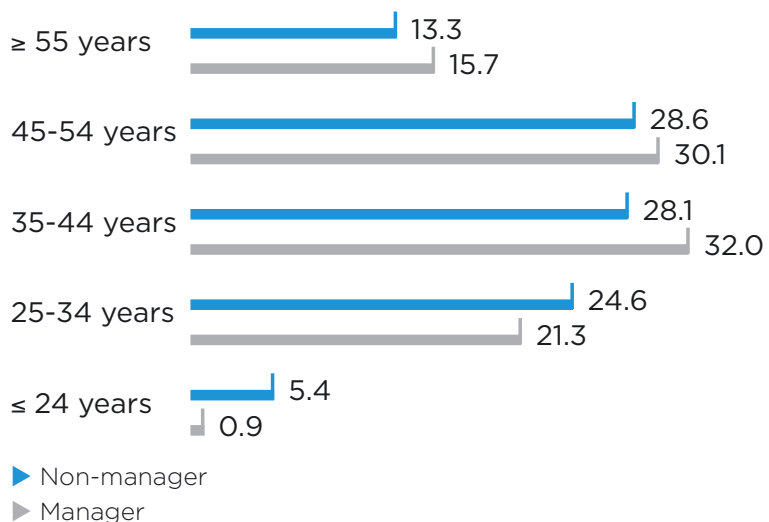
Breakdown of permanent employees by sex and by age

In percentage



Breakdown of permanent employees by status and by age

In percentage



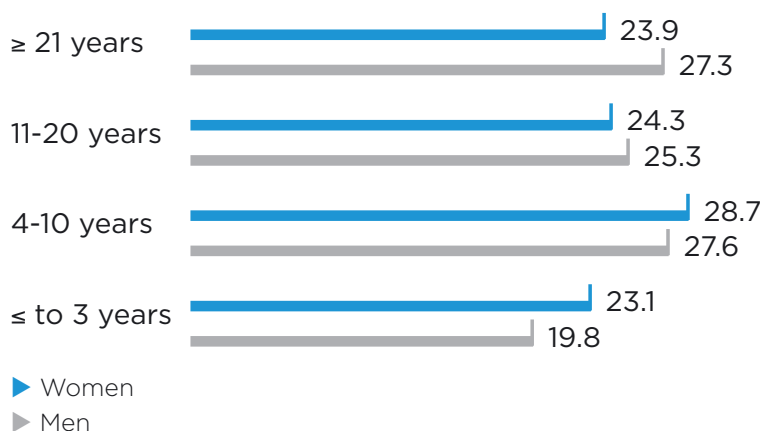
On a like-for-like basis, the number of employees aged over 55 rose by 8.6%.

By length of service

For these indicators, the scope represents 100% of employees as of December 31, 2013.

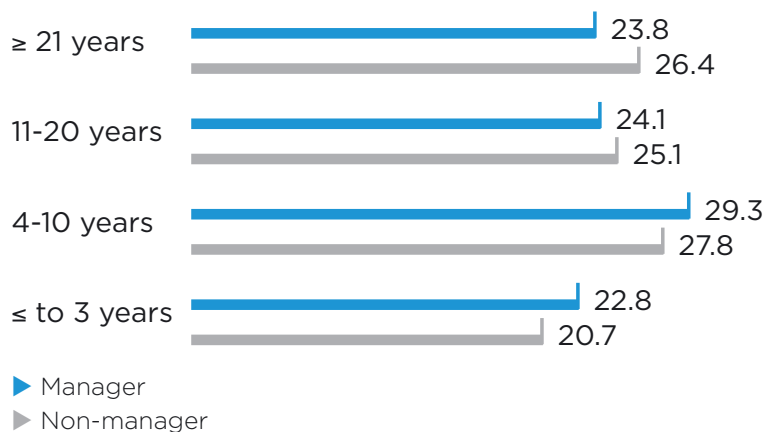
Breakdown of permanent employees by length of service and by sex

In percentage



Breakdown of permanent employees by length of service and by status

In percentage



ORGANIZATION OF WORKING HOURS

Hours worked

For these indicators, the scope represents 100% of employees as of December 31, 2013.

On average, a Group employee worked 1,681 hours in 2013.

Overtime hours in France

For these indicators, the scope represents 100% of employees as of December 31, 2013.

In France, employees worked an average of 15 overtime hours. 39.3% of employees worked some overtime in 2013. In France, an average employee worked 1,446 hours in total.

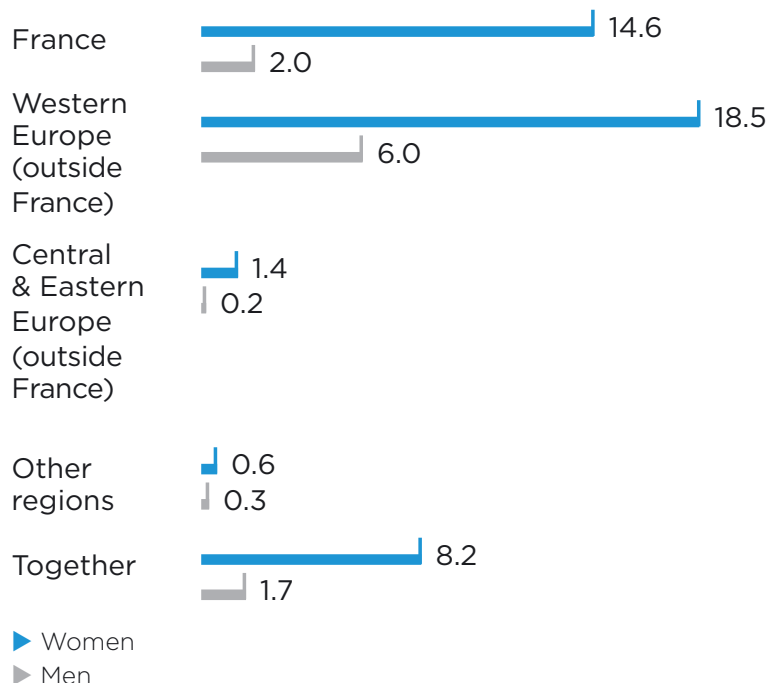
Part-time work

For these indicators, the scope represents 100% of employees as of December 31, 2013.

Part-time work applied to 4.2% of the Group's permanent employees.

Breakdown of part-time work by geographical zone and by sex

In percentage



More women than men worked part-time: 8.2% as opposed to 1.7% of permanent employees.

Part-time work is mostly chosen by employees to meet the balance between work and home life, a dimension to which the Group pays close attention.

Shift work and night work in France

For these indicators, the scope represents 100% of employees as of December 31, 2013.

In France, 50.1% of employees work shifts. Night work affects 20.6% of employees and has remained stable compared to 2012 (20.8%).

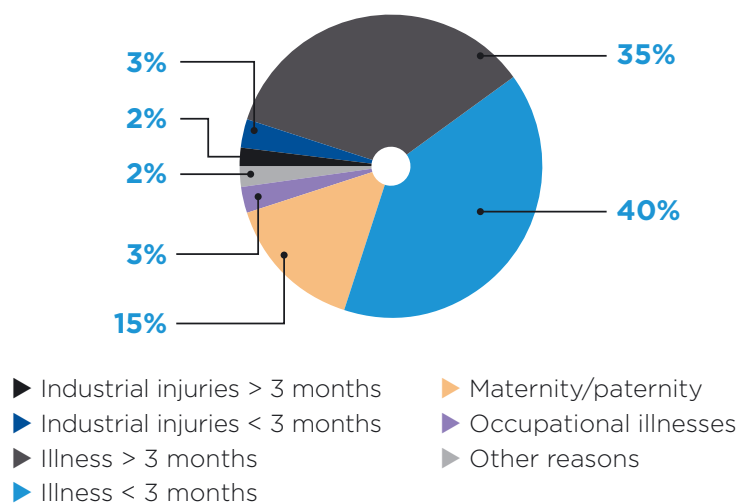
Absence*

For these indicators, the scope represents 100% of employees as of December 31, 2013.

On average, there are 17 calendar days of absence per employee and per year and on a like-for-like basis, these results are down 1.4% compared to 2012.

About three quarters of absences are due to illness including long-term afflictions.

Breakdown of reasons for absence



EMPLOYMENT AND EMPLOYEES' PERSONAL DEVELOPMENT

Staff development: a priority for the Group

For these indicators, the scope represents 96.4% of employees as of December 31, 2013 since two subsidiaries did not possess the requisite information at the year-end.

Training

Bongrain SA is committed to the development of all its employees in order to facilitate their career paths within the Group. The Group develops new training programs every year. It makes use of innovative training tools and has set up an e-learning platform offering numerous training modules.

In 2013, the Group issued a catalogue of best training practices designed to provide all our subsidiaries with knowledge of the training initiatives available.

Production personnel have access to our Certificate of Professional Qualification program which enables competencies acquired via professional experience to be recognized by a diploma.

The in-house university created by the Group as a means of improving its core business competencies is the occasion for industrial managers to reinforce their know-how in the areas of production, quality and research.

The Group equally supports new entrants by proposing specific training. Certain subsidiaries have introduced a tutoring system which enables new recruits to be integrated as rapidly and as well as possible within their new working environment.

In 2013, 230,827 hours of training were dispensed, equating in financial terms with 2.0% of total payroll. The 3,971 training sessions which took place in 2013 were directed at 68.8% of the Group's employees.

The increases in training hours and costs (respectively 4.2% and 10.2% compared with 2012) reflect the Group's commitment to training.

Job training and apprenticeship

The Group offers job experience in several areas and for all levels of educational achievement. In the area of dairy operations, it develops apprenticeship classes in partnership with training centers. Apprenticeship is often followed by employment.

In France, apprenticeship contracts apply to 1.5% of employees and other training contracts account for 1.1% of total numbers. The Group sees apprenticeship, which establishes a direct link between education and professional training, as an effective way of identifying future staff members.

Internal mobility

The career development process supported by the Group enables about 50% of vacant managerial positions to be filled on the basis of internal promotion within or between subsidiaries.

The system of participative management by objectives implemented by the Group involves assigning annual objectives to staff and encouraging them to assume responsibility for their achievement.

An annual career development review allows each employee to engage in dialogue with his or her manager and to construct an individual development plan involving identification of areas for improvement and definition of the development action to be undertaken.

All is done to facilitate internal mobility. A film has been produced to remind managers of the tools that are available and present the Group's career management policy. The film is illustrated by numerous manager testimonials and displays the Group's commitment to the development of its employees.

* Based on the number of employees trained during the year compared to total employees at December 31, 2013.

To facilitate access to in-house job openings, an internal database enables employees to be aware of all job opportunities within the Group. All subsidiaries perform annual career reviews focused on preparing future career movements for their staff whether between subsidiaries, functions or countries.

Personnel recruitment, moves and the current context

For these indicators, the scope represents 100% of employees as of December 31, 2013.

The hire rate for permanent employees amounted to 12.0% compared with 10.5% for departures (including intragroup transfers). Departures motivated by the employer represented 3.3% of the total.

Despite the difficult economic environment, the Group maintained its policy of active recruitment of the talents required to meet its ambitions, in particular via its active policy of relationships with educational institutions.

HEALTH AND SAFETY AT WORK

For these indicators, the scope represents 100% of employees as of December 31, 2013.

The “Safety is my business” project is a priority for the Group, designed to provide each person working within the Group with “working conditions ensuring continuing physical and mental integrity” as provided for by our Ethical Charter.

In 2013, the Group went one step further by creating its first worldwide health and safety week. Each Group location invited its staff to take part in pedagogical and festive activities devoted to that theme. A film recalling the Group’s commitments on safety in the workplace was produced to launch the week.

Our Behavioral Safety Visits and audits continued their progression. As a means of reminding everyone that safety must take pride of place, several of our French locations have set up billboards at their entrances to highlight the number of industrial injuries suffered during the year and the number of days free from accident. The priority given to information on safety whenever management meetings take place, and the display of safety results at all locations, also contribute to building employees’ awareness.

In France, 69 employees were affected by occupational illness in 2013. Similar data is not communicated for the rest of the world given the current heterogeneity of international definitions of occupational illness. The Group has acquired software dedicated to accidentology which has already been deployed at all our French subsidiaries and is in the process of deployment internationally.

At the level of the Group, the accident frequency rate amounts to 11.6, 17% less than in 2012, and the severity rate to 0.5, 23% less than in 2012.

| | 2012 | 2013 |
|-------------------------|------|------|
| Accident frequency rate | 14.0 | 11.6 |
| Accident severity rate | 0.6 | 0.5 |

** Days of absence are accounted for on a calendar basis.*

DIVERSITY

The Group is attentive to continuous respect for equal opportunity and non-discrimination, in particular via its Ethical Charter.

Older employees

For these indicators, the scope represents 100% of employees as of December 31, 2013.

The proportion of the Group’s permanent employees aged 55 or more amounts to 13.7% and that of employees under 24, 4.7%. Both proportions have increased and demonstrate the Group’s commitment to maintaining the employment of older personnel and integrating and training young people.

In France, the “generational contract” has been the latest addition to a long list of initiatives for the benefit of older employees: mentoring, lifelong training, improved working conditions and prevention of job stress or duress. The measures supporting the integration of young employees have also been enriched: mentors, induction courses etc.

Women

For these indicators, the scope represents 100% of employees as of December 31, 2013.

Representation of women

In 2013, the proportion of women employed was stable compared with 2012 (38.9%). The proportion rises to 49.7% in headquarters and service companies.

The proportion of female managers amounts to 37.8%, again stable compared to 2012. In France, the ratio was up 2.5% on a like-for-like basis.

Equal opportunities for men and women

The Group strives to ensure equality of opportunity for all its employees, as well as non-discrimination in terms of recruitment, training or career progress. A guide to best practices has been provided to recruitment firms, who are required to submit mixed lists of candidates, and an inventory of other best practices in favor of equal opportunity has been established. The practices largely applied include:

- The encouragement of equal access to professional training;
- The encouragement of mixed recruitment;
- Consideration/correction of special factors contributing to pay or other gaps;
- Support for the discharge of professional responsibilities during periods of major family constraints;
- In-house communication promoting diversity, including specific training;
- Work arrangements aiming to reconcile professional and personal obligations;
- The provision of services facilitating work/life balance (crèches, baby-sitting, transport etc.).

Measures in favor of the employment of people with disabilities

For these indicators, the scope represents 100% of employees as of December 31, 2013.

The Group's Ethical Charter recalls that respect for others, and equality of opportunity, are pillars of our business culture. The Group's humanistic ambition is to give every talent a chance. The Handicap Week in France was the occasion for the Group to take part in the "Handichat" program and thus communicate on its businesses and initiatives to persons suffering from disabilities. Internauts had the opportunity to ask questions with a view to applying for a job with the Group.

Each Group subsidiary invests in facilitating the access to employment of handicapped persons via initiatives such as:

- Collaboration with sheltered workshops;
- Appropriate recruitment processes;
- Adaptation of premises, workstations and working hours;
- Individualized welcome and integration;
- Support and training;
- Continuing employment;
- Workshop facilitation in conjunction with temporary employment agencies.

In 2013, the Group employed 2.7% of handicapped persons. In France, the proportion amounted to 4.2%.

SOCIAL AND SOCIETAL RESPONSIBILITY

Responsible management of restructuring and organizational changes

The Group pays attention to adapting and developing its employees' skills so that they are able to respond to the ongoing changes in our organizations and jobs. The Group's Ethical Charter recalls that "when restructuring is required, the Group undertakes never to leave an employee confront a problem of employment alone".

In conjunction with trade unions, the Group places the accent on an active policy of training, mobility and staff monitoring. It encourages training leading to diplomas that enhance staff employability. When it is found to be impossible to resolve an issue of employment by mobility, the Group implements a set of measures to help employees find work elsewhere: skills assessment, training courses, outplacement, help with business creation etc. In such circumstances, employees are always supported on an individual basis.

Compliance with International Labor Organization agreements and promotion thereof with subcontractors

The Group's commitment

Via its adherence to the UN's Global Compact in 2003, the Group is committed to complying with its ten principles governing human rights, working conditions, the environment and the fight against corruption.

The ten fundamental principles are recalled in the Group's Ethical Charter which has been translated into 19 languages and a copy of which is provided to each employee. The charter states that each employee has a duty to alert: "Whenever an employee believes that a violation of the Group's ethics is occurring, he or she has a duty to alert his or her immediate superior and if necessary, one of the Group's directors".

The Group pays constant attention to equality of opportunity and non-discrimination.

Promotion to subcontractors

As recalled in the Group's Ethical Charter, the Group "gives preference to suppliers who share its commitments and accept its principles in particular with regard to best business practices, working conditions, human rights compliance and protection of the environment".

The Group's purchasing department ensures compliance with these principles in its relationships with subcontractors. However the Group does not significantly subcontract production: subcontracted work is essentially related to cleaning and maintenance.

The necessary steps are taken to facilitate subcontractors' interventions: presentation of the subsidiary, provision of information on its hygiene and safety requirements etc.

Local social or environmental commitment

Since 2011, the Group has proposed that its French employees adhere to the Arrondi Solidaire program under which volunteers forfeit the centimes included in their net monthly pay, in return for which the employer also pays a contribution for the benefit of micro-credit institutions providing finance for entrepreneurial initiatives.

In 2013, certain subsidiaries signed agreements with their voluntary firemen employees to facilitate the joint exercise of that responsibility and their job. One such subsidiary obtained certification in that respect.

The Ethical Charter specifies that "the Group encourages its entities and their staff to support local initiatives". Group subsidiaries are generally located in rural areas where they play an important part in providing jobs and in the local economy and social development.

To that end, a considerable amount of work is undertaken in cooperation with local and regional bodies, especially with regard to:

- Jobs: partnership with national employment agencies, providing work experience and apprenticeships and publishing vacancies in schools;
- Training: cooperation with schools and universities, payment of business rates and taxes, sponsorship, involvement with teaching in the educational environment;
- Providing work for people in difficulty: working with sheltered employment services and associations for disabled workers.

Subsidiaries provide local support to cultural or humanitarian associations, such as Restos du Cœur and food banks, and to the victims of natural catastrophes.

REMUNERATION

Through its pay policy, Bongrain SA seeks to guarantee internal fairness, provide attractive job openings, attract new entrants, encourage internal mobility and retain talent.

In addition to a fixed salary, for some staff depending on their level of responsibility the remuneration provided includes an individual part that varies according to the attainment of targets fixed at the annual development meetings, and may be complemented by profit-sharing.

Total payroll rose by 3% in 2013, reflecting both individual and general salary increases but also the increase in the number of employees.

Providence and healthcare benefits, harmonized in 2011 for all our subsidiaries in France, ensure equitable healthcare cover for our staff, enabling them to face situations of illness, incapacity or invalidity and protect their families in the event of their permanent invalidity or death.

In 2013, the Group signed an agreement with all its trade unions that has improved the access to, and cover provided by, our complementary healthcare plans.

EMPLOYEE SAVINGS IN FRANCE

In France, the special profit-sharing reserve for 2013 amounts to €7,531,698.

In 2008 the Group introduced a Group savings scheme allowing all employees in France to take part in the scheme via various mutual funds including the Bongrain SA Mutual Fund, an employee shareholding fund. In order to support and add value to the savings of employees who take a stake in the Group's development, and increase employee shareholdings, the Group tops up the Bongrain SA Mutual Fund with a supplement facilitating small investments.

QUALITY OF STAFF RELATIONS

Staff relations

Dialogue with staff is placed as close to the field as possible, to better take account of the features of each of its businesses and organizations.

At all levels in its organization, the Group has bodies representing personnel: in subsidiaries with works committees, in France with the Group committee and in Europe with the European works committee.

Rules and procedures for consultation, the provision of information and negotiation are implemented to advance dialogue with the Group's staff.

Collective bargaining agreements

In 2013, annual remuneration agreements were signed at 49% of our subsidiaries. Other subsidiaries are not concerned either because of specific local requirements or because of their size.

Our French subsidiaries have commenced, and in certain cases completed, a diagnosis of arduous working

conditions giving rise to agreements or action plans in the course of 2013. Certain subsidiaries have also signed "generational contracts" or implemented other action plans in favor of young and older employees.

Staff welfare in France

In France, the staff welfare budget is mainly managed by each subsidiary's works committee.

Most companies subsidize, partly or totally, benefits such as supplementary health insurance, transport, meal vouchers and holiday checks. Supplementary health insurance is the welfare benefit most widely provided.

In-house communication

The Group's communication network extends to all its subsidiaries. Use is made of in-house magazines, including a Group magazine distributed or made available to all employees, intranet portals and posters to provide information on both subsidiaries and the Group.

In 2013, information on total remuneration was provided in France in the form of individual summaries of all elements of immediate and deferred remuneration thus providing employees with the overall picture. This program will continue to be actively deployed in 2014.

Listening to employees

"Great Place to Work" employee surveys are regularly performed at all subsidiaries, allowing all staff members to say what they think anonymously. A questionnaire on topics related to the Group's culture – covering pride of belonging, management's credibility, respect, equity and conviviality – is also used as a means of measuring the social climate. Employees are informed of the results, which are used by each subsidiary to identify areas where progress is required and implement action plans. This mechanism contributes to our policy of continuous improvement involving both management and all employees.

In 2013, specific support was introduced for the Group's employees in France in the form of on-site psychological help in the event of traumatic shock and, in certain companies, an anonymous listening line available to employees seeking psychological assistance.

Internal control and risk management

GENERAL REMARKS

Bongrain SA's internal control procedures are designed in particular to ensure that the accounting and financial information communicated to its corporate governance bodies provides a true and fair view of the financial performance and financial position of the companies comprising the Group. They are also intended to provide control over the operating processes deployed in the Group's various operating entities. Internal controls are implemented by each Group entity and by Group general management, with support from the Board of Directors and its Audit and Risks Committee, as an integral part of their missions and with the purpose (in conjunction with the Group's risk mapping) of ensuring that:

- The laws and regulations applying in each of the countries in which the Group operates, and the Group's operating policies, are duly complied with;
- Its assets are safeguarded;
- The accounting and financial information communicated to its corporate governance bodies provides a true and fair view of the financial performance and financial position of the companies comprising the Group and complies with all the applicable laws and regulations.

The internal control procedures are equally designed to prevent and detect error and fraud. As with any system, they cannot provide absolute assurance as to the complete identification and control of all risks. The Group's enterprise risk management at all levels of the Group, based on its risk mapping, aims to control the Group's operating, financial, strategic etc. risks whilst optimizing:

- Means of prevention;
- Means of reducing or covering risks (e.g. via insurance);
- The acceptance of certain risks.

RISK MAPPING

The Group possesses a description of its risks prepared by its Risk Management Department in liaison with general management. The description is designed to identify the main risks to which the Group is exposed and to evaluate them in terms of their potential impact on the Group's financial position or image. Deployment of our enterprise risk management approach to the Group's main operating subsidiaries is in progress in order to improve the Group's knowledge of the risks with which it is confronted and control its exposure to the most significant risks identified.

CONTROL PHILOSOPHY

The Group's internal control and enterprise risk management procedures reflect its policy of subsidiarity and operating autonomy of its various units, as well as the description of its risks. The parent company controls the operations of its subsidiaries via:

- Specialized departments responsible for providing guidance and supervision;
- The Finance Department which assesses their results and levels of borrowing.

The Board of Directors' Audit and Risks Committee assesses the effectiveness of the controls in place based on the work performed by Internal Audit and by the Group's statutory auditors.

In the framework of a multi-annual plan the Internal Audit Department, which reports to Group general management, assesses the level of internal control prevailing at each entity using for that purpose the international COSO (Committee of Sponsoring Organizations) framework. Its assignments contribute to identifying the major risks associated with each entity's operations, in conjunction with the Group's risk description prepared in the framework of the Group-wide enterprise risk management approach currently under deployment. The report prepared at the end of each assignment highlights points for improvement of internal control. The entities involved are then required to prepare and implement action plans and report periodically on the progress achieved. These action plans are supervised by the directors responsible for each of the Group's businesses and monitored by the Internal Audit Department.

Equally in the framework of its multi-annual plan the Internal Audit Department assesses the quality and reliability of the Group's financial reporting procedures and verifies compliance with the applicable accounting and administrative policies and procedures. Preparation of each subsidiary's financial statements involves:

- Use of a Group-wide chart of accounts;
- Reference to an accounting manual designed to harmonize the Group's accounting policies.

Subsidiaries prepare monthly reports, including prior year comparatives, as well as annual profit forecasts. The Group's Finance Department monitors performance actively and validates the information received from the finance directors responsible for each of the Group's businesses.

Each subsidiary's statutory accounts, as well as the restating entries for the purposes of the Group's half-yearly and annual consolidated financial statements, are also subject to statutory audit at the level of each subsidiary. Subsidiaries' statutory auditors are appointed on a coordinated basis with the parent company's auditors. The directors of each subsidiary sign a letter of representation, addressed to the Board of Directors, as to the quality and content of their financial statements.

The process of preparation of the Group's consolidated financial statements is underpinned by an information system enabling the collection of subsidiaries' statutory accounts as adjusted for Group reporting purposes, plus the additional information required for the consolidated financial statements.

In order to provide optimal internal control over the consolidation process and data used, the abovementioned system is a unique one the access to which is strictly controlled. The reliability of the consolidation processing and the faithfulness of the resulting consolidated financial statements are guaranteed by appropriate segregation of duties and supervision.

As part of their verification of the consolidated financial statements, the statutory auditors perform an annual review of the procedures contributing to their preparation and issue recommendations for their improvement which are acted on in order regularly to improve our existing procedures.

WORK PERFORMED FOR THE PURPOSES OF PREPARATION OF THIS REPORT

Preparation of this report has been based both on the internal control arrangements just described, on work performed by the Group's risk management functions at the request of Group Management and in particular, of the Chairman, and on the preparatory work performed by the Audit and Risks Committee which prepared a report on its activity in 2013 that was presented and discussed at the meeting of the Board of Directors held on March 6, 2014.

The same Committee met on March 4, 2014 to interview the persons responsible for preparing the Group's financial and accounting information. The results of those interviews were equally presented and discussed at the meeting of the Board of Directors held on March 6, 2014.

Consolidated income statement

| <i>In thousands of euro</i> | December 31, 2013 | December 31, 2012 restated |
|-----------------------------------------------------|-------------------|-------------------------------|
| NET SALES | 4,407,548 | 4,084,080 |
| Purchases adjusted for changes in inventory | - 2,889,530 | - 2,610,293 |
| Personnel costs | - 801,103 | - 773,788 |
| Depreciation and amortization | - 115,468 | - 112,586 |
| Other current operating expenses | - 447,755 | - 437,074 |
| CURRENT OPERATING PROFIT | 153,692 | 150,339 |
| Other operating expenses | - 33,342 | - 41,774 |
| Other operating income | 13,140 | 24,449 |
| OPERATING PROFIT | 133,490 | 133,014 |
| Financial expenses | - 38,525 | - 42,155 |
| Financial income | 13,792 | 20,009 |
| Group share of results of associates | 4,052 | 6,668 |
| PROFIT BEFORE TAX | 112,809 | 117,536 |
| Income tax expense | - 57,671 | - 43,325 |
| Net result for continuing operations | 55,138 | 74,211 |
| Net result for discontinued operations | 96 | - 41 |
| PROFIT AFTER TAX | 55,234 | 74,170 |
| Net group result | 48,893 | 64,151 |
| No Controlling Interests | 6,341 | 10,019 |
| Earnings per share | | |
| Earnings per share | | |
| • basic | 3.49 | 4.53 |
| • diluted | 3.38 | 4.38 |
| Earnings per share for continuing operations | | |
| • basic | 3.48 | 4.53 |
| • diluted | 3.37 | 4.38 |

On January 1, 2013 and with retroactive effect from January 1, 2012 the Group applied IAS 19 (amended) on employee benefits. The financial statements for 2012 have therefore been restated in accordance with the new standard.

Consolidated statement of comprehensive income

| <i>In thousands of euro</i> | December 31, 2013 | December 31, 2012 restated |
|---------------------------------------------------------------------------|-------------------|-------------------------------|
| Profit for the period | 55,234 | 74,170 |
| Other comprehensive income : | | |
| Foreign exchange differences | - 34,023 | - 7,246 |
| Change in fair value of available-for-sale financial assets, net of taxes | 45 | - 271 |
| Change in fair value of cash flow hedges, net of taxes ⁽¹⁾ | - 2,512 | - 2,440 |
| Other comprehensive income recyclable in net result | - 36,490 | - 9,957 |
| Actuarial gains and losses relating to employee benefits plans | 5,296 | - 10,933 |
| Other changes ⁽²⁾ | - 1,717 | - 1,632 |
| Total non-recyclable components of other comprehensive income | 3,579 | - 12,565 |
| Total other comprehensive income net of tax | - 32,911 | - 22,522 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 22,323 | 51,648 |
| Group share | 16,963 | 42,843 |
| Non-controlling interests | 5,360 | 8,805 |

(1) Mainly relating to interest rates and raw materials.

(2) 2013: relating to employee benefits adjustments; 2012: relating to IFRS adjustments for an equity accounted investment.

Consolidated statement of financial position

ASSETS

| <i>In thousands of euro</i> | December 31, 2013 | December 31, 2012 restated |
|-------------------------------------------------------------|-------------------|-------------------------------|
| Intangible assets | 480,140 | 423,810 |
| Property, plant and equipment | 846,718 | 744,336 |
| Other financial assets | 33,490 | 44,401 |
| Investments in associates | 132,407 | 133,534 |
| Non-current derivative financial instruments | 1,691 | 1,517 |
| Deferred tax assets | 83,549 | 93,221 |
| TOTAL NON CURRENT ASSETS | 1,577,995 | 1,440,819 |
| Inventories and work in progress | 453,469 | 368,538 |
| Trade and other receivables | 842,286 | 731,696 |
| Tax receivables | 16,979 | 14,234 |
| Current derivative financial instruments | 4,937 | 6,154 |
| Other current financial assets | 94,559 | 72,837 |
| Cash and cash equivalents | 387,899 | 416,820 |
| TOTAL CURRENT ASSETS | 1,800,129 | 1,610,279 |
| Assets held for sale or relating to discontinued operations | 1,066 | 1,283 |
| ASSETS | 3,379,190 | 3,052,381 |

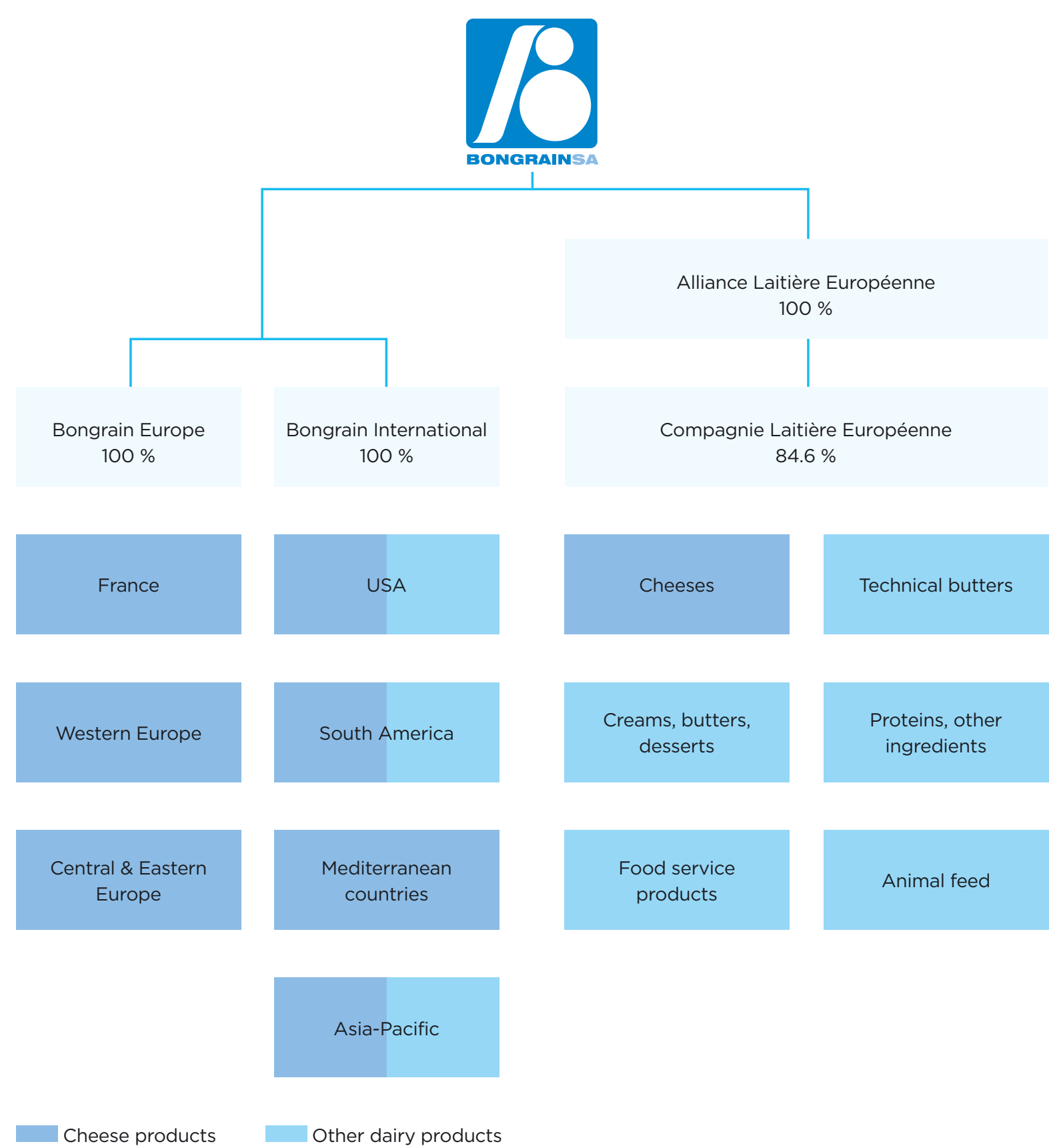
EQUITY AND LIABILITIES

| <i>In thousands of euro</i> | December 31, 2013 | December 31, 2012 restated |
|------------------------------------------------------------------|-------------------|-------------------------------|
| Paid-in capital | 94,100 | 33,091 |
| Reserves | - 40,292 | - 9,875 |
| Retained earnings | 1,048,507 | 1,089,415 |
| EQUITY - Group share of equity | 1,102,315 | 1,112,631 |
| Non-controlling interests | 102,969 | 66,231 |
| TOTAL EQUITY | 1,205,284 | 1,178,862 |
| Provisions | 97,260 | 100,036 |
| Non-current borrowings | 374,566 | 455,397 |
| Other non-current liabilities | 20 | 21 |
| Non-current derivative financial instruments | 11,445 | 2,679 |
| Deferred tax liabilities | 126,640 | 114,454 |
| TOTAL NON-CURRENT LIABILITIES | 609,931 | 672,587 |
| Trade and other payables | 952,998 | 821,996 |
| Tax payables | 10,204 | 13,019 |
| Current derivative financial instruments | 1,760 | 2,035 |
| Bank borrowings | 598,760 | 363,586 |
| TOTAL CURRENT LIABILITIES | 1,563,722 | 1,200,636 |
| Liabilities held for sale or relating to discontinued operations | 253 | 296 |
| TOTAL LIABILITIES | 2,173,906 | 1,873,519 |
| TOTAL LIABILITIES AND EQUITY | 3,379,190 | 3,052,381 |

Consolidated statement of cash flows

| <i>In thousands of euro</i> | Fiscal years ended | December 31, 2013 | December 31, 2012 restated |
|--------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|-------------------------------|
| Net income from operations discontinued or in process of sale | | 96 | - 41 |
| Net income from continuing operations | | 55,138 | 74,211 |
| Taxes on income | | 57,671 | 43,325 |
| Depreciation, amortization and provisions | | 115,468 | 112,586 |
| Gains and losses on disposal of assets | | 191 | - 11,218 |
| Group share of results of associates | | - 4,052 | - 6,668 |
| Net financial expense | | 16,003 | 16,510 |
| Other non-cash income and expense | | 9,754 | 22,993 |
| Gross operating margin | | 250,173 | 251,739 |
| Interest paid | | - 26,559 | - 30,113 |
| Interest received | | 10,628 | 14,942 |
| Taxes on income paid | | - 50,828 | - 33,734 |
| Change in working capital | | - 72,254 | 9,455 |
| Net cash from continuing operations | | 111,160 | 212,289 |
| Net cash from discontinued operations or in process of sale | | - 42 | - 41 |
| NET CASH FROM OPERATING ACTIVITIES | | 111,118 | 212,248 |
| Acquisition of subsidiaries, operating units and non-controlling interests | | - 74,351 | - 8,912 |
| Disposal of businesses net of the cash transferred | | 4,706 | 13,981 |
| Purchase of tangible and intangible non-current assets | | - 183,111 | - 145,334 |
| Proceeds from disposal of assets | | 4,195 | 4,015 |
| Acquisition/disposal of financial assets and changes in other current financial assets | | - 26,046 | - 25,655 |
| Merger adjustments | | - 3,000 | 126 |
| Dividends received from associates | | 1,569 | 3,538 |
| Net investment associated with continuing operations | | - 276,038 | - 158,241 |
| Net investment associated with operations discontinued or in process of sale | | - | - |
| NET CASH USED IN INVESTING ACTIVITIES | | - 276,038 | - 158,241 |
| NET CASH USED IN INVESTING ACTIVITIES | | | |
| Proceeds from exercise of share purchase options | | - | - |
| Net purchase of treasury shares | | 1,156 | - 6,785 |
| Change in the parent company's share capital | | - 1,399 | - |
| Subscription to the share capital of an associate | | - 2,158 | - |
| Proceeds from borrowings | | 211,317 | 73,527 |
| Repayment of borrowings | | - 92,538 | - 123,212 |
| Dividends paid | | - 22,700 | - 21,042 |
| Net financing associated with continuing operations | | 93,678 | - 77,512 |
| Net financing associated with operations discontinued or in process of sale | | - | - |
| NET CASH USED IN FINANCING ACTIVITIES | | 93,678 | - 77,512 |
| Impact of foreign exchange differences | | 501 | 560 |
| Net increase/decrease in cash and cash equivalents | | - 70,741 | - 22,945 |
| Reclassification of cash and cash equivalents associated with operations discontinued or in process of sale | | 8 | - 20 |
| Opening cash and cash equivalents | | 336,314 | 359,279 |
| CLOSING CASH AND CASH EQUIVALENTS | | 265,581 | 336,314 |

Simplified Group structure



NRE/GRI table of equivalents

The Global Reporting Initiative (GRI), initiated by the Coalition for Environmentally Responsible Economies (CERES) in association with the UN's environmental program, provides companies that so desire with frameworks for their reporting on environmental and social performance. The table below matches the French NRE indicators with the corresponding GRI indicators and provides references to the corresponding pages of this annual report.

| NRE | Activity report |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| SOCIAL PERFORMANCE INDICATORS | |
| NRS 1a | pp. 60-65 |
| Total employees | p. 60 |
| Hires under fixed and indefinite term contracts | p. 63 |
| Recruitment difficulties | p. 63 |
| Dismissals and reasons | pp. 60-65 |
| Overtime | p. 61 |
| Outside labor | pp. 60-65 |
| NRS 1b | pp. 62. 63 |
| Planned redundancies and safeguarding of jobs, efforts to reclassify and reemploy, associated measures | |
| NRS 2 | pp. 61. 62 |
| Working hours | |
| Absenteeism and reasons | p. 62 |
| NRS 3 | p. 65 |
| Remuneration, social contributions, profit-sharing | |
| Equality of men and women | p. 63 |
| NRS 4 | p. 65 |
| Labor relations/collective bargaining agreements | |
| NRS 5 | p. 63 |
| Hygiene and safety | |
| NRS 6 | p. 62 |
| Training | |
| NRS 7 | pp. 39. 64 |
| Insertion of disabled workers | |
| NRS 8 | pp. 41. 65 |
| Social benefits | |
| NRS 9 | pp. 33. 59 |
| Subcontracting and vendor relationships | |
| NRS 10a | p. 64 |
| Manner in which the enterprise promotes ILO standards with vendors and ensures their respect by subsidiaries | |
| NRS 10b | p. 64 |
| Manner in which the enterprise measures the impact of its operations on regional employment and development | |
| Relationships of the enterprise with interested parties (associations promoting social insertion, institutes of learning, environmental defense associations, consumers, local residents) | p. 64 |
| ENVIRONMENTAL PERFORMANCE INDICATORS | |
| NRE 1 | pp. 52-59 |
| Water consumption | p. 54 |
| Energy consumption | p. 55 |
| Raw material consumption | p. 54 |
| Measures taken to improve the use of energy and recourse to renewable energy | p. 55 |
| Measures taken to improve land use | p. 56 |
| Measures taken to reduce air, water and ground pollution | pp. 56. 57 |
| Measures taken to reduce noise and smells | p. 57 |
| Measures taken to reduce waste | p. 57 |
| NRE 2 | p. 58 |
| Limiting damage to biological equilibrium, natural habitats, protected animal and vegetable species | |
| NRE 3 | pp. 52-53 |
| The entity's approach to environmental evaluation or certification | |
| NRE 4 | pp. 52-53 |
| Ensuring compliance of the enterprise's operations with the applicable legal and regulatory requirements | |
| NRE 5 | - |
| Expenditure on the prevention of consequences of the company's activity on the environment | |
| NRE 6 | pp. 52-53 |
| Existence of environmental management functions within the enterprise | |
| Environmental training and information of employees | p. 53 |
| Organization in place to deal with accidental pollution extending beyond the enterprise's own boundaries | p. 52 |
| Resources employed in mitigating risks | p. 52 |
| NRE 7 | NA |
| Amount of environmental provisions recognized and guarantees provided | |
| NRE 8 | NA |
| Amount of environmental compensation paid and actions brought for repair of environmental damage | |
| NRE 9 | p. 52 |
| Objectives assigned to the enterprise's foreign subsidiaries | |

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Bongrain SA
« L'Alliance »
42, rue Rieussec
78220 Viroflay
Tél. : 00 33 (0)1 34 58 63 00