



BEL
CSR PROGRAM

2019 COMMUNICATION ON PROGRESS



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ABOUT THIS DOCUMENT

This document describes the Bel Group's corporate social responsibility (CSR) approach and its resulting actions with a view to creating value over the short, medium and long term. It specifically outlines the progress made in incorporating the principles of the UN Global Compact, which the Bel Group joined in 2003.

The data published in this document cover all of Bel's entities and subsidiaries, as consolidated in its Annual Financial Report. These data cover the period from January 1 to December 31, 2019, or provide a snapshot at December 31, 2019.

When historical data is available, they cover the last three financial years in order to provide an overview of the Group's progress. For environmental data, Bel believes its progress is better illustrated over a longer timeframe. For this data, the baseline year is 2008.

WHERE CAN THIS INFORMATION BE FOUND?

To provide further information on certain topics, this report refers to the Universal Registration Document 2019 (available on the website www.groupebel.com).

This document is available on the www.groupebel.com website, as well as on Global Compact website : www.unglobalcompact.org

STATEMENT

OF SUPPORT FOR THE UNITED NATIONS GLOBAL COMPACT



Antoine FIÉVET

**Bel Group Chairman
and Chief Executive Officer**

September 8th, 2020

Bel is an international family-owned business which has been built and developed for five generations. Decisions we make today commit us and must allow us to take a long-term view. This is why we always seek to act in the best possible way with and for all those around us.

More than fifteen years ago, we chose to join the United Nations Global Compact, demonstrating our willingness to act and contribute to the respect of its ten fundamental principles, such as human rights, international labor standards, environmental protection and the fight against corruption. Since then, we have come a long way, our approach has become more structured and our convictions have become even stronger.

At Bel, we believe that responsibility and profitability are inseparable, and it is only by basing our strategy on these two pillars that we will be able to sustain our company and embark on a path of sustainable development. 2019 marked a new stage in our history. It is with the desire to prepare the food model of tomorrow that we affirmed our mission,

«champion healthier and responsible food for all». And we chose to assert our commitment through our signature «For All. For Good».

The global pandemic we are currently experiencing reminds us of what is essential. We must act now and together to build resilient and more supportive food systems. Sustainable agriculture, healthier food, the fight against climate change, responsible packaging and accessible products for the greatest number of people: these are the priorities we have set ourselves to support our mission in favor of sustainable and inclusive food. We are determined to meet these challenges, together with all our stakeholders, in order to strengthen our positive impact from farm to fork.

Through this «Communication on Progress», I invite you to find out more about our commitments and the concrete measures we are implementing in terms of corporate responsibility. This dynamic is carried around the world by Bel's 12,400 employees, and I would like to take this opportunity to thank them for their daily contribution and engagement.

A GLOBAL PLAYER IN HEALTHY DAIRY AND FRUIT SNACKING

KEY INFORMATION

5TH

GENERATION
OF FAMILY
MANAGERS

1865

CREATION OF
THE COMPANY

12,400

EMPLOYEES



2,600

DAIRY FARMER
PARTNERS



3,800

SUPPLIERS

19 BILLION
PORTIONS



OVER **30**
BRANDS

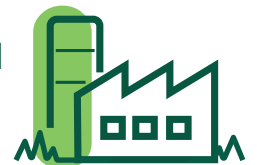


€ 3,403 M
IN REVENUE



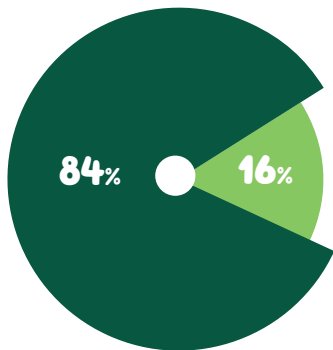
OVER **40**
SUBSIDIARIES

32 PRODUCTION
SITES



BREAKDOWN BY SEGMENT

MATURE MARKETS/NEW TERRITORIES



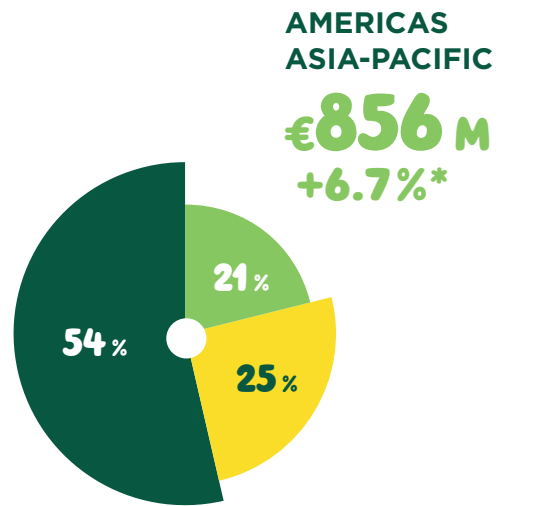
NEW
TERRITORIES*
€532 M

MATURE
MARKETS

€2,871 M

* Change in organic growth between 2018 and 2019.

BREAKDOWN BY GEOGRAPHICAL REGION



AMERICAS
ASIA-PACIFIC
€856 M
+6.7%*

EUROPE
€1,823 M
-0.4%*

MIDDLE EAST,
GREATER AFRICA
€724 M
-1.5%*

CSR INDICATORS

84%

OF PACKAGING* USED
FOR BEL PRODUCTS
recyclable-ready
and/or biodegradable

* Including wax.

-59%

GREENHOUSE GAS
EMISSIONS between
2008 and 2019 per ton
of cheese produced
(Scopes 1 and 2 of the
Group's carbon footprint)

-49%

WATER
CONSUMPTION
between 2008
and 2019 per ton
of cheese produced

A RESPONSIBLE and PROFITABLE COMPANY

MISSION

Champion healthier and responsible food for all

4 & 5

pillars **Priority** challenges

BUILDING
POSITIVE BRANDS

ACCELERATING
POSITIVE INNOVATION

DEVELOPPING
IN KEY GEOGRAPHIES

ADAPTING
TO TOMORROW'S
DISTRIBUTION CHANNELS



SUSTAINABLE AGRICULTURE



HEALTHIER FOOD



RESPONSIBLE PACKAGING



FIGHT AGAINST CLIMAT CHANGE



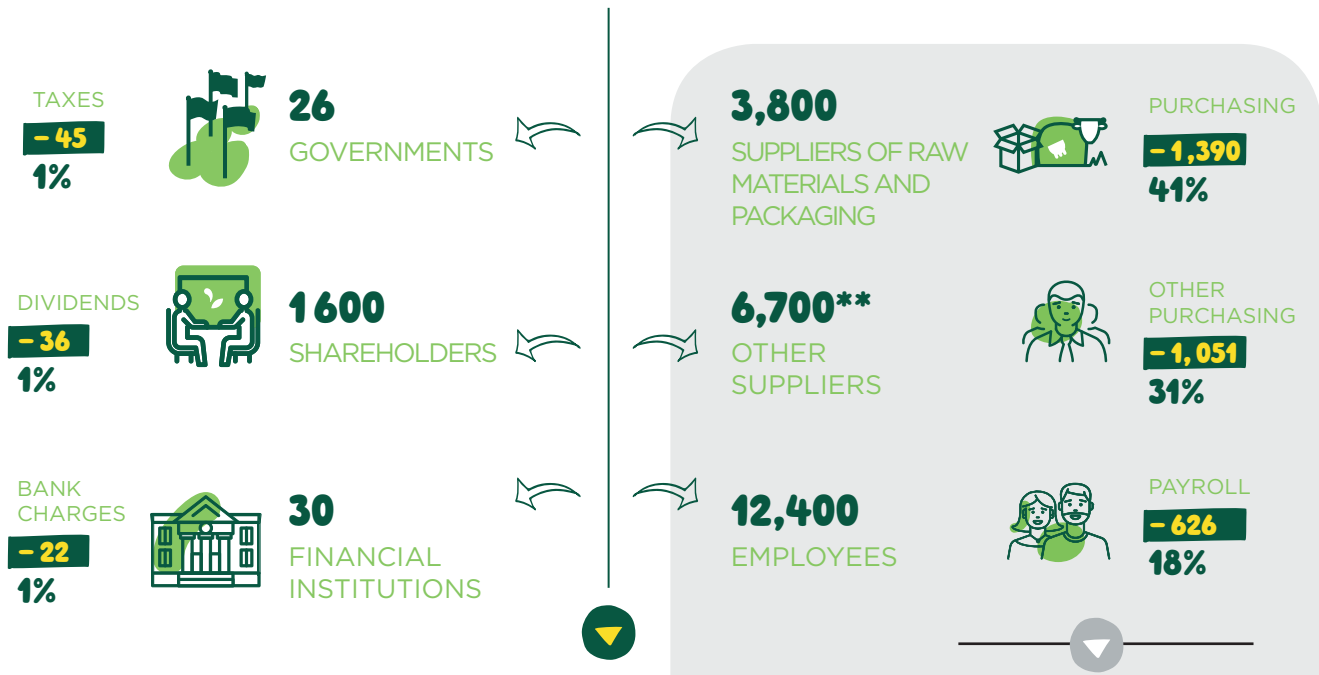
PRODUCT ACCESSIBILITY

CREATING SHARED VALUE

(in millions of euros)

6,100
RETAILERS

REVENUES
3,403 100%



INVESTMENT CAPACITY

SELF-FINANCING AFTER DIVIDENDS

+233

+

EXTERNAL FUNDING SOURCES

-18

= **Balance**

Operating investments*	Financial investments	Change in cash position
-130* 4%	-3 0%	+82

+ AMORTIZATION AND PROVISIONS
-125

= NET OPERATING PROFIT
211

* Capital expenditure, IT systems and growth in activity (change in working capital requirements).
** With annual revenue of more than €10K.



BEL: A GROWTH MODEL TO CHAMPION HEALTHIER AND RESPONSIBLE FOOD FOR ALL

1.1 BUSINESS MODEL

Group profile

Bel is an international family-owned business currently led by the fifth generation of family managers. At over 150 years old, the Bel Group is one of the global leaders in the branded cheese sector and a major player in healthy snacks, both dairy and fruit-based, thanks to the acquisition in 2016 of the Mont Blanc Maternelle (MOM) Group.

The Group's mission to "champion healthier and responsible food for all" guides the 12,400 Bel employees in rolling out a responsible and profitable model that places the consumer and shared valued creation at the heart of its decisions.

Bel aims to help build a positive agro-industrial model, with all of its stakeholders while favoring healthy, sustainable and inclusive nutrition.

Its business model is based on the geographical breakdown of its activities. The Group's innovation strategy therefore aims to make its brands even more inclusive to answer nutritional challenges in the countries where the Group operates.

Through its portfolio of iconic and international brands, such as The Laughing Cow®, Kiri®, Mini Babybel®, Leerdammer®, Boursin®, Pom'Potes® and GoGo squeeZ®, and more than 20 local brands that are leaders in their markets, the Group offers its consumers in more than 120 countries a large range of healthy snacks and meal solutions that enable everyone to enjoy the goodness of dairy and fruit products.

A sustainable growth model

Bel offers its consumers the benefits of dairy and fruit-based products through its reliable and good quality products. The Group aims to have a positive impact on everyone surrounding it, from farmers to consumers, while protecting the planet.

In 2003, Bel confirmed its commitment to sustainable development and chose to join The United Nations Global Compact. Bel reports annually on its contribution to furthering the 10 Principles of the Pact, such as human rights, international working standards, environmental protection and the fight against corruption.

In 2016, the Group structured its approach to place corporate social responsibility and shared value creation (creation of underlying value by a company that also benefits the Group, by meeting its needs and challenges) at the heart of its growth model, by creating trusting, lasting and profitable relations for all players in its value chain.

Faced with mounting climate and demographical challenges, and to meet the new expectations of its stakeholders, the Group has chosen to go even further in contributing to feeding the 10 billion inhabitants of tomorrow, while preserving the planet's resources. In 2018, it began a radical and voluntary transformation of its business model in which profitability and responsibility are inseparable. The Group has also

adapted its corporate mission to "champion healthier and responsible food for all" thereby restating its commitment to sustainable and inclusive nutrition.

In 2019, the Group identified five priority challenges, directly related to its business, that will be the base of its action and constant improvement program to make its brands ever more innovative and responsible with concrete commitments out to 2025:

- contributing to healthier nutrition;
- promoting sustainable agriculture;
- designing responsible packaging;
- fighting against climate change and reducing its environmental footprint;
- strengthening its product accessibility.

In this way, the Group aims to expand by offering increasingly responsible products that meet consumers' growing expectations for environmentally friendly, natural foods.

It has also developed Company-specific tools to guide Bel employee action:

- the Code of Good business practices, which defines the principles, values and rules of the best business practices that the Group intends to have respected throughout the world and in all circumstances, by its employees when they face ethical questions under the framework of their professional business (see section 1.3 "Ethics: a common foundation for conducting business");
- Bel Global Sustainable Upstream Dairy Charter, co-signed by WWF France, guides the Group's practices out to 2025, to answer economic, social and environmental challenges in the dairy industry and changes in consumer expectations for all dairy (supply) basins (see section 4.1 "Taking action for a sustainable milk supply chain");
- the "Bel Nutri+" nutritional profile system defines the Group's ambitions to continuously improve the nutritional value of Bel products (see section 3.3 "Improving the nutritional quality of its products");
- the Responsible Communications Charter lists principles to be followed in all types of communication (advertising, packaging, digital), especially when they directly target children under 12 years old; (see section 2.3 "Communicating responsibly and transparently with its consumers");
- the Sustainable Purchasing Charter presents Bel's commitments to its suppliers. It also defines what the Group expects from them in return, in terms of major social issues such as business conduct, respect of human rights and children's rights, and the fight against corruption (see section 1.3 "Ethics: a common foundation for conducting business" and section 2.2 "Promoting responsible practices with its business partners");
- the CSR Scorecard defines the Group's key non-financial indicators aimed at supporting the development of its sustainable growth model.

Ambitious targets for 2025

Bel believes that competitiveness and sustainability go hand in hand. This is why the Group is committed to making a positive contribution to its environment and has given positive innovation a central place in its business model.

Bel's view is that everyone must play their part in lastingly improving our children's and grandchildren's futures. The Group has therefore aligned its business strategy and commitments with the Sustainable Development Goals (SDG) defined by the United Nations (UN) (see Appendix 4).

The selection of non-financial risks presented in the Non-Financial Performance Bel's Report is founded:

- first, on the Group's risk management approach. Five non-financial risks were deemed significant:
 - risks related to corruption, human rights abuses and tax evasion,
 - risks related to suppliers,
 - risks related to quality, food safety and product regulation,
 - risks related to environmental impact, and
 - risks related to the sustainability of natural resources and global warming;
- second, on its updated materiality analysis conducted in 2018 on a panel of internal and external stakeholders representing the diversity of the Group's ecosystem (see Appendix 1 «Results of the Bel Group's materiality analysis»).

The combined analysis of non-financial risks and the results of the updated materiality analysis:

- confirmed the relevance of the Group's long-standing commitment to conducting its business ethically (see section 1.3 "Ethics: a common foundation for conducting business") and to developing a model that creates value for all its stakeholders, especially its employees and consumers (see section 2 "A model that creates value for all its stakeholders"); and
- highlighted the priority challenges for the Group to address in the future, which are reflected in its new identity "For All. For Good" (see sections 3 "Contributing to healthier food" to 7.2 "Improving the accessibility of its products"):
 - contributing to healthier food,
 - promoting sustainable agriculture,
 - committing to responsible packaging,
 - fighting climate change and reducing its environmental footprint, and
 - improving the accessibility of its products.

This combined assessment is presented in Appendix 2 «Summary table - Bel's material non-financial challenges, remediation policies and corresponding objectives».

For each of the 5 priority challenges, the Group has identified quantified objectives to guide its actions as it works toward its 2025 vision. These five challenges will be the base of its action and constant improvement program to make its brands ever more innovative and responsible, from the farm to the fork.

In 2017 Bel chose to tie its financial to its non-financial performance, by signing an addendum to extend the maturity of its multi-currency revolving credit facility and include environmental and social impact criteria.

The criteria included in the credit agreement are based on the achievement of three objectives related to the Group's 2025 sustainable development strategy:

- deployment of a concrete action program for a sustainable dairy upstream sector;
- development of nutrition education programs in the Group's key countries;
- reduction of its greenhouse gas emissions for Scopes 1 and 2 (Scopes of direct responsibility).

The Group reports annually on progress toward these goals in its Non-Financial Performance Report, which is audited by independent third-party organizations.

In order to simply and transparently share its entire approach with its internal and external stakeholders, Bel has developed a scorecard to monitor the progress made with its objectives year after year. This scorecard is presented in each of the following chapters.

Significant events of 2019

Transformation of Bel's business model to step up its sustainable growth strategy

Through its responsible and profitable business model, Bel would like to contribute to a positive food business model, that creates value for all while preserving the planet.

- In 2019, the Bel Group entered a third partnership with World Wildlife Fund (WWF) France implementing concrete and innovative solutions that foster sustainable dairy farming, co-constructing its policy to preserve forests and natural ecosystems and building consumer awareness (see section 4.1 "Taking action for a sustainable milk supply chain").
- In 2019, the Group unveiled its Charter for Animal Welfare, developed with experts from the international NGO Compassion In World Farming (CIWF). The charter defines the farming best practices which the Group expects to be implemented by all the partner farmers with which it works in all 10 dairy supply basins by 2025 (see section 4.1 "Taking action for a sustainable milk supply chain").
- Under the framework of these commitments, for the third year in a row, Bel renewed its partnership with the Bel West Producers Association (APBO) for better milk prices. This agreement, renewed for the whole of 2020, guarantees an average reference price for milk bought from producers and to value differentiating farming practices in the form of monthly premiums. Bel and the APBO have also chosen to add development focuses to this new agreement, namely animal welfare and the carbon footprint of the farms (see section 4.1 "Taking action for a sustainable milk supply chain").
- The Group also continued to roll-out its innovative "Sharing Cities" program. This aims to round out the traditional marketing channels for Bel products with alternative distribution networks anchored in local purchasing practices, while improving the quality of life of the individuals involved in the project. In 2019, the program was launched in India with street vendors in Mumbai. On 31 December 2019, the program was therefore active in six cities and counted almost 9,000 street vendors in partnership with Bel, including 3,200 with access to health services (4,225 including family members). Since its launch, the program has also enabled more than 1,100 street vendors to follow professional training (see section 7.2 "Improving the accessibility of its products by developing innovative and inclusive distribution models").

- In 2019, the Group also extended the scope of this program to grocery stores, launching a loyalty program to 26,000 grocers in Morocco, already Bel clients, by providing them access to health insurance services specifically adapted to them and their families at advantageous prices. At the end of the year, more than 5,600 people had been covered (see section 7.2 “Improving the accessibility of its products by developing innovative and inclusive distribution models”).
- Bel Group obtained the approval of the Science Based Targets technical committee for its targets to maintain climate warming below 2%, thanks to an approach combining a reduction in its greenhouse gas emissions (GHG), the fight against deforestation and compensating its residual emissions. The Group volunteered to join the initiative in 2017, restating its commitment to the fight against global warming, with the aim of extending its actions beyond its factory doors. Bel has therefore become one of the first 300 companies in the world to align its targets to reduce carbon emissions with the guidelines of the Paris Agreement (see section 6.1 “Fighting climate change”).
- As part of its improvement initiative aimed at reducing the environmental impact of its packaging, in 2019 the Group released its «Responsible Packaging» policy, which seeks to reduce the environmental impact of its packaging at every stage of the product life cycle and make it part of the circular economy. This policy, organized around five objectives, will enable the Group to meet two challenges: 100% «Zero deforestation» certification for paper and cardboard procurements by 2020 and 100% recyclable-ready and/or biodegradable packaging by 2025 (see section 5 “Designing responsible packaging”).
- Following on from its first financing operation with extra-financial targets, the Group also chose to undertake a private placement including environmental and social criteria. Through this operation, the Bel Group joined two pillars of its sustainable development strategy (deployment of a program of concrete actions favoring a sustainable dairy industry and reducing greenhouse gas emissions) to its financial performances.

More inclusive brands, underpinned by an innovation strategy

To meet new consumer expectations and the need to open the way to a more inclusive nutrition, during 2019, Bel stepped up the transformation of its brands and its product portfolio.

The Group continued to renovate its recipes and launched numerous innovations to offer increasingly natural products, meeting the nutritional needs of consumers, their usages and their purchasing power throughout the world. To this end, the Group has

launched new products and updated 54 existing products in its various markets to make them more nutritious and natural, including:

- The Laughing Cow recipes were fortified with calcium in the US and with iron and zinc in Turkey to meet the reality of consumer nutritional needs;
- the launch of a first Kiri yogurt in Morocco. This recipe was developed with no colorings or artificial flavorings in compliance with the Group’s commitment to ensure that all its core brand products contain no colorings or artificial flavorings by the end of 2021;
- the “Mini Babybel Cheese & Co” line of snacks sold in Europe was expanded by combining the Mini Babybel cheese portion with whole grain crackers, dried fruits or GoGo squeeZ fruit compotes;
- two organic recipes with The Laughing Cow Organic in Europe, Canada and Gulf countries, and the Fromage de Margot in France and in Belgium. This new brand markets a line of organic, responsible cheeses that are tasty and affordable. Throughout the year, for each “Le Fromage de Margot” product sold, €0.05 is donated to assist and support partners in Association des Producteurs de Lait Bel Ouest (“Bel West Producers’ Association”) who want to convert to organic production.

Each of the Group’s brands are the object of robust innovation plans to contribute to providing responsible health snack solutions for all consumers in all countries where its products are sold.

Bel also announced its aim to extend its offer beyond cheese and fruit-based products, by innovating in the complementary plant-based sector. As early as 2020, Bel will offer recipes that combine dairy raw materials with vegetables or leguminous plants. Such innovations will enable the company’s brands to offer new alternatives adapted to a diverse range of consumer expectations and nutritional needs in the healthy snack space.

A new identity to embody the Bel corporate project

For World Food Day on 16 October, Bel unveiled its new identity with the signature “For All. For Good”. Through this, the Group demonstrated its aim to act in favor of healthier and responsible food for all, by offering innovative, positive and purposeful brands.

The new Bel identity embodies its concrete and ambitious commitments favoring healthier products, a sustainable farming model, responsible packaging, the fight against climate change and the accessible nature of its products. It is to be deployed gradually by all of the Group’s brands as of January 2020.

Bel chose to launch this new identity by associating all of its subsidiaries and production sites throughout the world, and by mobilizing its 12,400 employees through local civic actions.

1.2 GOVERNANCE OF CSR ISSUES AT EVERY LEVEL OF THE COMPANY

The Group's structure facilitates the consideration of CSR challenges at all levels, from management bodies to operational employees.

The Board of Directors as the commitment watchdog

The Group's Board of Directors makes all decisions about the Group's strategic, economic, social, environmental, financial and industrial objectives, and ensures that they are implemented by Senior Management.

The Ethics and Compliance Committee

The Ethics and Compliance Committee assesses and oversees compliance policies. It receives assistance from an ethics coordinator and reports on its work to the Group Audit Committee.

The Executive Committee as the promoter of strategic CSR priorities

The Executive Committee, headed up by the Chairman and CEO and comprising all the key corporate functions, promotes the Group's sustainable growth model.

To support the roll-out of this ambitious plan, Bel also has a CSR Executive Committee which meets four times a year. The objectives of these Committee meetings are to validate the CSR policies in line with the Group's strategic decisions and commitments, and to monitor the CSR Scorecard and changes in the performance indicators.

The Investment Committee as the guarantor of sustainable growth

The Investment Committee reports to the Chairman and Chief Executive Officer. Its role is to manage and sign off on the Group's overall investment budget and on all projects totaling more than €0.5 million. It meets six to eight times a year.

The Committee ensures that Bel's new investments comply with its CSR commitments. It evaluates projects according to economic and financial performance criteria, as well as non-financial criteria corresponding to the major challenges facing the Group, whether employee-related, environmental or social.

Specific committees to guide priority issues

The Executive Committee's dedicated CSR meeting is supplemented by specific steering committees dedicated to priority challenges for the Group's sustainable growth model, such as the Sustainable Agriculture Committee (see section 4 "Promoting sustainable agriculture"). Their purpose is to define a

road map and to track its operational deployment and progress. These dedicated committees meet four times a year.

Employee networks to support operational deployment

Two complementary networks supplement the structure described above. Their role is both to support the deployment of the Group's commitments at every level of the Company and to initiate new approaches to enhance the positive innovation policy:

- a network of "Champion" employees representing various Group functions whose primary role is to co-construct CSR policies and support their implementation in their areas of expertise; and
- a network that includes, among others, employees from the Marketing and Regulatory Departments, is deployed to all the Group's subsidiaries to further enhance this system. The role of this network is to apply the Group's commitments locally to provide responsible and innovative products to consumers and share good practices between countries. Four meetings are organized per year in the form of the Bel "Sustainable and Nutrition Network".

A vision shared with all employees

Throughout 2019, various philanthropic activities were organized to engage employees in connection with the Group's mission statement and commitments. For example, World Food Day was celebrated with the unveiling of Bel's new identity, providing an opportunity to rally all the employees around Bel's five priority challenges and to involve them in charitable actions. Employees were invited to participate in a "Healthier Cooking Challenge" and learn about adopting healthy eating habits.

In addition, as part of a day sponsored by the Bel Foundation, 72 employees took part in a variety of sports activities arranged by the NGO Action Contre la Faim ("Action Against Hunger") as part of its Challenge Contre la Faim anti-hunger initiative. Their efforts and achievements prompted the Bel Foundation to donate €12,990 to the association. Furthermore, a total of 572 employees in 26 countries turned out for the "Solidarity Walking Challenge" in December 2019, leading to an additional donation of €6,291 to Action Contre la Faim by the Bel Foundation and the Bel Group.

Finally, the work of the "Hummingbird" network (1), which was set up in 2018, continued in 2019. This network brings together volunteers who, beyond their professional responsibilities, would like to make big or small changes at the head office through simple actions. Their efforts in 2019 put an end to the use of single-use cups and led to the installation of comprehensive waste sorting stations.

(1) Named after a Native American legend.

1.3 ETHICS: A COMMON FOUNDATION FOR CONDUCTING BUSINESS

Definition of the challenge

Bel is firmly committed to preventing the risk of environmental harm, protecting human rights and fighting corruption and it has always placed ethics at the heart of its business methods.

Moreover, by adopting the “Sapin II” and “Due Diligence” laws, the French government has further increased the need to give business ethics a central place in the Group’s activities around the world. Rather than approaching it as an isolated issue, the Group must establish an everyday ethics culture and practice at all levels.

Governance

To ensure ethical behavior along its entire value chain, several years ago the Group put in place strong governance bodies to ensure adherence to Bel’s values and principles at all levels of operation within the Company.

The Group’s Ethics and Compliance Committee – created in 2012 – is now supported by an ethics coordinator and a network of ethics officers who are appointed within the subsidiaries’ HR departments to oversee the implementation of the various commitments and their operational applications. The coordinator interacts as needed with the Risk Committee and updates the Group Audit Committee on the progress of projects. Once a year, the Audit Committee presents a work report to the Board of Directors. This governance structure was adopted by the Executive Committee.

The Ethics and Compliance Committee assesses and oversees compliance policies – especially those pertaining to human rights. It also ensures their effective deployment and monitors the corresponding training mechanisms. In addition, it can address any ethics alerts, including those that cannot be handled within the hierarchy. It can also be asked to issue an opinion on any compliance matters.

The role of the ethics coordinator is to oversee the definition and implementation of compliance actions – especially those relating to fighting corruption and respecting human rights and the environment – at the local level, with the support of ethics officers. He/she regularly briefs the Ethics and Compliance Committee on these actions.

The ethics officers are responsible for taking the necessary actions to raise awareness and for training local employees in the Code of Good Business Practices and related policies. They are indispensable local liaisons for all the business ethics initiatives introduced at the Group level.

Policies

In 2012 Bel adopted a Code of Good Business Practices establishing the general framework for the professional conduct of every Bel employee. The seven principles of this Code are the following:

- comply with laws and regulations and take into account international standards;
- protect consumers;
- respect the environment;

- protect employees’ essential rights;
- prevent conflicts of interest, fraud and corruption;
- promote fair business relations; and
- ensure the accuracy and protect the confidentiality of professional and financial information.

The Code nevertheless stipulates that the principles laid out do not stand in place of national laws and regulations. The teams are still required to comply with these, and in cases where a country’s regulations are stricter than an ethical rule stipulated in the Code, the national regulations prevail.

To help all employees understand and buy into the Code, it has been translated and distributed in the languages spoken at the Group. It is available in French and English on the Group’s website and is presented during special trainings on business ethics.

To adapt and clarify certain principles, the Code of Good Business Practices has been supplemented by policies dedicated to fighting corruption and to Group rules regarding gifts.

In 2017 these policies were revised to reflect the provisions of the “Sapin II” law. They were integrated into the internal regulations of the French sites and are currently being incorporated within the equivalent of the foreign sites’ internal regulations.

Finally, “business” policies or charters systematically include the principles of the Code of Good Business Practices and translate them for specific areas of activity. These are shared with the relevant stakeholders.

Action plan

In addition to due diligence and other actions taken to prevent the risks of corruption, human rights violations and environmental damage in all the countries where Bel operates (see section 1.4 “Vigilance plan”), Bel has also participated in several voluntary ethics initiatives for many years. Indeed, the Bel Group signed on to the United Nations Global Compact in 2003, well before it adopted its Code of Good Business Practices. Since then, the Group has reaffirmed its commitments each year and reports on its progress regarding four fundamental principles: respect for human rights, respect for labor standards, the fight against all forms of corruption and respect for the environment. Bel pays particular attention to respect for children’s rights given the positioning of most of its brands. The Children’s Rights and Business Principles, drafted jointly by the UN Global Compact, UNICEF and Save the Children, are Bel’s reference framework and are fully incorporated within its Code of Good Business Practices.

Internal alert system

Since 2015, all Bel’s employees have had access to an alert system that they can use to report any infringements of the principles enshrined in the Code of Good Business Practices. This alert system was opened to the Group’s partners and all third parties who do business with the Group can now report any unethical incident of which they are a witness or victim. The alerts are processed in accordance with legal provisions, especially in terms of whistleblower protections. The procedures for handling alerts are described in a special guide written for this

purpose. All alerts are processed by the local ethics officer, who has a strict requirement to inform the Group ethics coordinator of the investigation results and the proposed response measures. When the alert cannot be handled locally (due to the type of alert or

the identity of the individuals involved), the alert is handled directly by the Group's Ethics and Compliance Committee. In 2019, two alerts were submitted and processed in compliance with the measures laid out in this guide.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019
Promote ethics as a common foundation	Number of alerts received		2
	Number of alerts processed		2
	Number of employees trained on corruption risks (in-person training)		500
	Number of employees trained on corruption risks (e-training)		594

1.4 VIGILANCE PLAN

The adoption in 2016 of the anti-corruption aspect of the "Sapin II" law and in 2017 of the law on due diligence has led the Group to strengthen its monitoring in the fight against corruption, violations of human rights and individual health and safety, and environmental damage related to its activity.

The Group's longstanding commitment to the ethical conduct of its activities enabled it to effectively draw on the policies and checklists already in place to construct and to continuously improve the vigilance plans required by these two laws.

1.4.1 A system based on risk identification

Corruption risks and the risk of human rights, individual health and safety and environmental violations are monitored within the framework of the Group's Enterprise Risk Management (ERM) system (see section 2.1, "Risk management policy").

Nevertheless, since the adoption of the "Sapin II" and "Due Diligence" laws, the Group has chosen to conduct a dedicated risk mapping exercise for all relevant topics to supplement the Group's risk management system (ERM). A common methodology was adopted to identify such risks.

Relating to the Group's own activities

In order to identify and rank gross risks of corruption, violations of human rights and individual health and safety, and environmental risks, in 2017 and 2018 the Group evaluated its risks according to three criteria:

- the location of its activities;
- the nature of its activities (production, marketing, services); and
- the scale of its activities (in terms of revenue, number of employees and business volume).

The mapping exercise was completed for the Group's subsidiaries and covers all export regions, in accordance with legal requirements.

This first study phase was supplemented by a thorough analysis of the Group's current policies and checklists that limit these risks, in order to adopt appropriate action plans. In connection with the roll-out of these

initial action plans, the Group also strengthened the mechanisms governing ethics and compliance (see section 1.3 "Ethics: a common foundation for conducting business") to put in place a model organization commensurate with the importance of the issues.

This methodology was deployed locally through trainings arranged for all the Management Committees of the Group's subsidiaries in order to educate the local staff about the corresponding issues. After these training sessions, participants completed self-assessment questionnaires about risks related to corruption, violations of human rights, individual health and safety and the environment. The questionnaires were then analyzed to measure the actual risk in light of the policies and control points in place at the subsidiaries.

In 2018, action plans were developed based on analysis of these self-assessment questionnaires, then deployed to the Group's subsidiaries (see section 1.4.2 "Actions implemented").

The gross risk mapping and the analysis of the compliance and effectiveness of Group policies and control points were updated in 2019 to measure the progress made. The implementation of additional policies and reinforced control points between 2018 and 2019 led to a marked improvement in the management of these risks.

Finally, in 2019 the Group rolled out a digital risk mapping tool that will help the process of updating and monitoring action plans run more smoothly. It also aims

to further help local operational staff become more confident and proficient in addressing these issues as they are responsible for managing these risks in their daily activities.

Relating to the activities of its business partners

Bel has always been particularly vigilant regarding risks related to its supply chain. In late 2017, the Group supplemented the evaluations performed by EcoVadis in 2009 with a mapping of suppliers focused on CSR risks related to the environment, labor law, human rights and business ethics and with a mapping focused on corruption risks.

1.4.2 Actions implemented

1.4.2.1 Fighting corruption

The Group supplemented its Code of Good Business Practices with a gift policy and an anti-corruption policy, which was revised in 2017 to apply the provisions of the “Sapin II” law. They were incorporated within the French sites’ internal regulations following consultation of the staff representative bodies and were conveyed to all the Group’s subsidiaries.

Relating to its internal stakeholders

At the corporate level, the Bel Group has defined corruption risk types according to transaction and at-risk activity with all the relevant functional departments.

As part of the risk mapping exercise in 2017 and 2018, the Management Committees at the Group’s subsidiaries were educated on the issues surrounding anti-corruption measures and the behaviors expected from all Group employees in this regard. Workshops were held for the local Management Committees to analyze the self-assessment questionnaires and define the specific types of corruption risks by comparing the list of risks identified at the corporate level to the reality at each subsidiary, in light of their exogenous environment.

This risk mapping exercise is updated at regular frequencies in accordance with legal requirements.

Moreover, in addition to the in-person trainings that have benefited more than 500 employees since 2015, an e-learning module on fighting corruption was also launched in late 2018. It was repeated in 2019 and has been completed by nearly 600 Group employees to date. The ethics officers (see section 1.3 “Ethics: a common foundation for conducting business”) received special training in 2019 aimed at refreshing their knowledge of the risks involved and reiterating their role in fighting corruption at the local level. A centralized digital platform that contains all the anti-corruption resources available was created for them.

Lastly, the entire anti-corruption system underwent an internal audit. The resulting action plans will be monitored.

The results of these mapping exercises led to the identification of “purchasing category/country” pairs and the reinforcement of the due diligence steps taken prior to approving suppliers that come under those categories. Thus, a computer program has now been rolled out to the Group’s community of buyers to enable them to check the theoretical risk level associated with the purchase transaction they are about to conclude and to adapt the degree of due diligence prior to approval.

Finally, a list of active and potentially at-risk suppliers (based on the results of the mapping) was drawn up and the suppliers in question will be subject to stricter due diligence beginning in early 2020 (see section 2.2 “Promoting responsible practices with its business partners”).

Relating to its external stakeholders

As regards its suppliers, and as indicated above, beyond the CSR risk mapping exercise, the Group further refined its risk identification process in 2019 with a mapping focused on corruption risks. Its conclusions made it possible to base the degree of due diligence on the risk level identified by “purchasing category/country” pair (see section 2.2 “Promoting responsible practices with its business partners”).

As regards its other external stakeholders, the Group has put in place measures to be notified if any of its retailers, customers or agents is found guilty of a crime, politically exposed or added to a blacklist or embargo. This continuous monitoring system will be supplemented with in-depth assessments of the most exposed stakeholders in 2020 thanks to a dedicated digital tool.

In addition to these specific action plans, since 2014 the Group has participated in the Supply Chain Initiative in 16 European countries (1) which make up more than 40% of its revenue. This voluntary, self-regulatory code establishes 10 principles to be followed in commercial relations and covers corruption in particular. Most of these principles are also laid out in Bel’s Code of Good Business Practices.

(1) In 2018, Bel signed the Supply Chain Initiative in the following countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Slovakia, Spain, Sweden and the United Kingdom.

Finally, as part of its anti-corruption action plan, the Group once again sent its most significant partners its anti-corruption policy and included an anti-corruption clause in its terms and conditions of purchase and in its Sustainable Purchasing Charter. Moreover, the Group’s alert system was opened to external stakeholders through the Group’s website, with a redesigned user interface to give them more intuitive access to the system. This alert processing system is similar to the one used for alerts sent by internal stakeholders (see section 1.3 “Ethics: a common foundation for conducting business”).

1.4.2.2 Fighting violations of human rights and individual health and safety

In 2012, the Group launched a proactive human rights program with the adoption of its Code of Good Business Practices. Respect for human rights, including individual health and safety, is one of the seven principles set out in the Code; it refers specifically to the Universal Declaration of Human Rights and International Labor Organization conventions. The network of ethics officers who report to the subsidiary directors is responsible for implementation and compliance at each of the sites (see section 1.3 “Ethics: a common foundation for conducting business”).

Relating to its internal stakeholders

Protecting employees’ essential rights is a constant concern. The Group has introduced very strict human resources policies on compliance with labor standards and employee safety standards – especially for employees based in countries with a high risk of violations of human rights and individual health and safety.

In 2017, the Group ran a project aimed at detecting and measuring the risk of human rights violations, focusing on the risks of modern slavery, forced labor, child labor, and violations of individual health and safety, freedom of association, or the right to collective bargaining. This work also raised the awareness of the local Management Committees about these issues. In 2018, similar to the work carried out to fight corruption (see 1.4 “Vigilance plan”), self-assessment questionnaires covering the risks listed above were completed by the Group’s subsidiaries. Dedicated action plans were drawn up after analyzing these self-assessments.

In 2019, the Group updated its mapping of human rights violation risks, which showed an improvement in the management of those risks, thanks in particular to the addition of new control points focused on compliance with the Group’s policies in this area.

Employee awareness is at the core of Group actions to fight human rights violations. An e-learning module on respecting human rights with an explanation of the Group’s policies to protect such rights is being rolled out. Also, respect for human rights and adherence to related Group policies are discussed systematically at in-person trainings on the Code of Good Business Practices.

Finally, the Group naturally continued to pursue its long-running social initiatives (see 2.1 “Building a sustainable future with its employees”) and, again in 2019, pursued its continuous improvement programs aimed at guaranteeing the health and safety of its employees through its “zero accidents” goal (see section 2.1.1 “Guaranteeing health, safety and well-being at work”).

Relating to its external stakeholders

Bel is especially attentive to the human rights practices of its suppliers. This topic is addressed in a dedicated assessment with “social” and “ethics” criteria under the EcoVadis evaluation framework.

That system was supplemented with the CSR risk mapping exercise intended to define the purchasing categories most exposed to the risk of human rights violations (see section 2.2 “Promoting responsible practices with its business partners”).

Adherence to these principles was reaffirmed specifically in the Sustainable Purchasing Charter, which was revised in 2019.

1.4.2.3 Respecting the environment

Bel is aware that its environmental responsibilities extend from upstream agricultural activities to the consumption of its products by the end consumer and packaging waste recycling. As part of its risk mapping, the Group identified the major risks to the ongoing viability of its activities and the risks that weigh on its ecosystem.

In its operations

On top of the Group risk mapping exercise, in 2017 Bel performed an environmental risk mapping focused on its own activities, during which it assessed its risks related to greenhouse gas emissions, climate change, water stress, biodiversity, deforestation and waste management (see section 6.1 “Fighting climate change”).

To address these risks, the Group adopted highly ambitious objectives and is implementing continuous improvement plans designed to mitigate all the risks identified (see section 6 “Fighting climate change and reducing its environmental footprint”).

Thus, the Group has a strict, long-standing environmental policy that defines the Group’s goals and its guidelines for reaching those goals, especially the ones pertaining to its carbon footprint and water consumption. Furthermore, since 2017 the Group has participated in the Science-Based Targets (SBT) initiative started by the Carbon Disclosure Project (CDP), the World Resources Institute (WRI), the WWF and the United Nations Global Compact. This initiative aims to reduce greenhouse gas emissions along its entire value chain (Scopes 1, 2 and 3).

In 2019, the Bel Group also formalized a policy on protecting natural ecosystems and forests, which seeks to ensure that, by 2025, none of its key raw materials contributes to deforestation or the conversion of natural ecosystems.

All of these adopted policies are accompanied by objectives with corresponding action plans that are closely monitored (for details on the action plans, see sections 6.1 “Fighting climate change”, 6.2 “Fighting the risks of biodiversity loss and deforestation” and 6.3 “Using water sustainably”).

Along its entire value chain

Bel conducted a global carbon audit in 2017 (in accordance with the Greenhouse Gas Protocol) that highlighted the environmental footprint of the production of its raw materials (which accounts for 77% of the Group’s total emissions) whereas the emissions generated by its own manufacturing operations (Scopes 1 & 2) account for 3% of its global carbon footprint.

The Group is fully cognizant of the role it can play in reducing these indirect impacts and has laid out ambitious objectives in the framework of its participation in the Science-Based Targets initiative, vowing to:

- reduce by 42% its emissions for Scopes 1 & 2 (in CO₂ t/metric ton produced) by 2030 versus 2017; and
- reduce by 27% its Scope 3 emissions (in CO₂ t/metric ton produced) by 2030 versus 2017.

Bel is aligned with the commitments taken under the Paris Agreement and has fully mobilized to reduce the direct and indirect emissions generated by activities along its entire value chain.

Its engagement is characterized by its work to reduce greenhouse gas emissions from dairy production, limit the impact of dairy production on water resources, limit the risk of negative biodiversity impact and deforestation in its supply chain, fight food waste

from production to consumption, and make Group packaging a part of the circular economy (see sections 6.1 “Fighting climate change”, 6.2 “Fighting the risks of biodiversity loss and deforestation”, 6.3 “Using water sustainably” and 6.4 “Fighting food waste”).

1.4.3 Dedicated controls

To ensure the effective implementation of such actions, Bel added control points to its existing internal control system in 2018 to check each of these actions. Further checks were added in 2019; these will be updated on an annual basis and as needed.

Under the responsibility of their general managers, the Group’s subsidiaries conduct an annual self-assessment against a control protocol. In addition to

the pre-existing controls that help manage this risk, specific controls were added to the mechanism to fight corruption and human rights violations.

The results are shared with the Audit Committee, the Ethics Coordinator and the departments concerned so they can take actions and make adjustments to corrective plans where applicable.

HIGHLIGHTS OF 2019

- Deployment of the Group’s new identity and mission statement “For All. For Good”, reasserting the central role of positive innovation in its growth strategy.
- Change in CSR governance to better support the Group’s sustainable transformation.
- Launch of the Euro PP sustainable loan in late 2019.

PRIORITIES FOR 2020

- Update the risk mappings and roll out corresponding action plans.

2

A MODEL THAT CREATES VALUE FOR ALL ITS STAKEHOLDERS

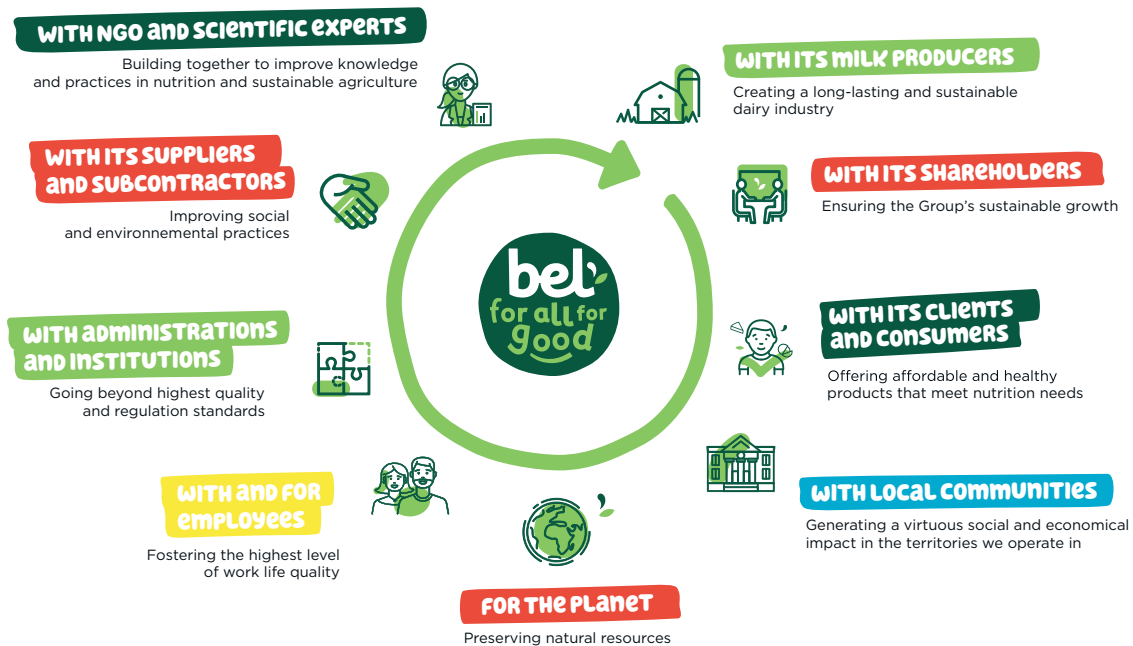
Because Bel's business model and operations are founded on interactions amongst a large number of stakeholders, maintaining long-term, beneficial and sustainable relationships with those stakeholders is crucial.

Therefore, Bel has chosen to implement a model which creates shared value for its internal and external stakeholders, focused specifically on:

- its employees;
- its business partners; and
- its consumers.

WITH ITS ECOSYSTEM

Moving forward together in a positive innovation approach that creates value for all.



2.1 BUILDING A SUSTAINABLE FUTURE WITH ITS EMPLOYEES

Definition of the challenge

Comprising more than 12,400 employees working in over 30 countries of operation, Bel's human capital is one of the indispensable pillars of its economic and financial performance. Without these human resources, it would not be able to fulfill its corporate mission to "Champion healthier and responsible food for all".

Therefore, retaining and developing this human capital is a key challenge for Bel, which takes great care to maintain its employees' health, safety and well-being

and to prepare for the future by proposing a business model that attracts the talented people the Company needs for its growth.

Workforce

As of December 31, 2019, the Group employed 12,438 people in over 30 countries. Bel's workforce (permanent and fixed-term employment contracts in effect on December 31, 2019) was reduced by 199 people, a 1.6% drop compared to December 31, 2018.

Workforce by market type ^(a)	2017 ^(b)	2018	2019
Mature markets	11 480	11 330	11 091
New regions ⁽¹⁾	1 268	1 307	1 347
TOTAL GROUP	12 748	12 637	12 438

(a) Active permanent contracts and fixed-term contracts on December 31.

(b) The 2017 workforce figures have been updated with respect to the data published in the 2017 Registration Document to reflect changes after the end of the period.

WorkforWorkforce by status ^(a)	2017 ^{(c) (d)}	2018	2019
Managers ^(b)	2 414	2 521	2 498
Non-managers	9 189	10 118	9 940

(a) Active permanent contracts and fixed-term contracts on December 31.

(b) The definition of "manager" is based on a standardized grading system applied to all subsidiaries: grades 1 to 7 as well as Management Committee members are considered to be managers whether they manage a team or not.

(c) The 2017 workforce figures have been updated with respect to the data published in the 2017 Registration Document to reflect changes after the end of the period.

(d) Excluding Safilait and including MOM.

New hires and departures (excluding changes in the consolidation scope)

In a particularly demanding market environment, Bel is constantly adapting its business lines and its human resources to match its needs to maintain its competitiveness and fuel its growth. The Group hired 1,563 people in 2019. The majority of the 1,698 departures in 2019 were voluntary (resignations and retirements).

In 2019, Bel completed the reorganization project it had begun in 2018. That project aimed to adapt and simplify its work methods and structures, especially those of the staff at its corporate headquarters. It should enable

the Group to strengthen its innovation approach and free up resources to accelerate the development of its core brands on the cheese and dairy products market, as well as on the promising healthy snacking segment.

The continuing implementation of this new organizational vision, for the second consecutive year, led to a reduction in the workforce in France, primarily at the head office. To this end, Bel executed a plan in 2019 that provided for 160 voluntary departures and the creation of 116 new positions. Bel was careful to ensure that the conclusion of this reorganization project was carried out in accordance with its values to support the employees concerned with the changes in their career trajectories.

Hires and departures	2017	2018	2019
Number of new hires	1 607	1 524	1 563
Number of departures	1 960	1 691	1 698
Of which redundancies/dismissals	163	171	276

Terminations by market type	2017	2018	2019
Mature markets	149	165	211
New regions ⁽¹⁾	14	6	65
TOTAL GROUP	163	171	276

Rate of job insecurity ^(a)	2017	2018	2019
Mature markets	ND	10,3 %	11,4 %
New region ⁽¹⁾	ND	29,2 %	26,3 %
TOTAL GROUP	ND	12,2 %	13,0 %

(a) Proportion of fixed-term contracts to all contracts (in full-time equivalent jobs).

⁽¹⁾ China, Mexico, Ivory Coast, India, South Africa, MOM.

The Group's average rate of job insecurity is 13% (calculated excluding temporary staff). This rate represents the number of fixed-term positions compared to the total number of staff (fixed-term + permanent).

This average conceals significant local differences. For example, in some Middle Eastern and African countries, and in Iran, where Bel employs 376 people, a fixed-term contract is standard legal practice and is not a sign of job insecurity.

2.1.1 Guaranteeing health, safety and well-being at work

Policies

Health and safety are an absolute priority for Bel, for both its employees and any other person working within the Company. Bel has therefore introduced a health and safety policy that aims to achieve “zero accidents”, by preventing and controlling risk and through a continuous improvement process. This process is designed around four fundamental beliefs:

- regulatory compliance and internal safety procedures are indispensable;
- risk management and accident prevention are imperative;
- health and safety are a shared responsibility; and
- well-being at work is essential.

This policy is reviewed every two or three years and approved by the Group Executive Committee. It was

most recently reviewed at the end of 2019 and the updated version will be applicable starting in 2020.

Action plan

To advance toward the ambitious goal of “zero accidents”, the Group has implemented many actions. It closely tracks the performance of those actions through the frequency rate of all accidents leading to medical treatment involving its employees and any other people on its sites (e.g. visitors, subcontractors and temporary staff), regardless of whether or not they led to lost time.

As a result, Bel’s accident frequency rate has been in constant decline since 2014. The Group also defined the goal of achieving a Bel accident frequency rate of 3 by 2025.

	2017	2018	2019
Bel accident frequency rate ^(a) Bel AFR			
Accidents with and without lost time for all persons present on Bel sites	6,7	6,6	5,45
Accident frequency rate ^(a) AFR1			
Accidents with lost time for Bel employees	5,0	4,1	3,72
Accident frequency rate ^(b) for Bel employees	0,18	0,15	0,11

(a) Number of workplace accidents per million hours worked.

(b) Number of days not worked due to accidents suffered by Bel employees per 1,000 hours worked.

Changing individual behaviors and preventing the risk of accidents

People’s behavior remains a major factor in preventing accidents and occupational illnesses, which is why Bel has set up a Behavior Safety Visits (BSV) program at all of its sites. During these inspections, employees or subcontractors are observed at their workstations by two people, followed by a constructive discussion between the inspectors and the person “inspected”. The goal is to change behaviors and improve communication on safety and trust between employees and managers. Over 21,000 BSVs were conducted in 2019.

In addition to monitoring workplace accidents, sites are also required to report and investigate near misses in the same way as incidents which cause injury or damage. Thus, when a near miss occurs, it must be documented by a health and safety reporting officer with details on the date, information about the person involved, the cause of the incident and the consequences it could have had. The purpose of such monitoring and analysis is to prevent the recurrence of risky situations.

In a further step, the Group also uses audits to check that the principles of its health and safety policy are applied properly; these audits may be internal (conducted by 18 certified auditors) or external (conducted by an auditing firm).

Finally, a road map that prescribes actions to take is drawn up at the Group level and sent to all subsidiaries and sites. In 2019, two key actions from the 2019-2021 road map were implemented:

- the “Loto” program to secure site machinery by installing protective mechanisms on all machines at all sites by 2021; and
- the “Drivesafe4Bel” program which provides e-training on road safety to all Group employees with access to a Company vehicle. Bel’s objective is to train the 1,100 employees in question by the end of 2020.

Reducing discomfort and preventing occupational illnesses

Bel is taking action to prevent musculoskeletal diseases by reducing load lifting and uncomfortable postures. Furthermore, the Group has identified – among others – three sources of occupational discomfort that could affect employees working in its plants: noise, night shifts and repetitive tasks.

Plants are gradually introducing action plans to reduce these sources of discomfort and offer a healthy working environment for all employees. Improving workstation ergonomics is included as a criterion when assessing all Group investment projects.

Bel also created an e-learning program for employees at its headquarters to raise awareness about psychosocial risks.

Providing an organization more conducive to well-being at work

In a socio-economic environment leading to a constant quest for higher productivity, Bel takes into consideration factors that directly affect its employees' well-being at work, including the organization of working and relaxation areas, the organization of working and commuting time and changes in working methods.

The Group also believes that a work/life balance is an important prerequisite for its employees' development and the Company's success.

Most of the Group's subsidiaries therefore grant more paid leave than the minimum imposed by national laws and regulations.

	2017	2018	2019
% of employees receiving at least three weeks of leave per year	97 %	95 %	98 %

The Group is also looking at new ways of organizing working hours. In 2015, it signed an agreement to introduce telecommuting for all employees working at the head office in order to promote their well-being by

reducing their home/office commute. All employees are therefore entitled to work from home once a week, or twice a week if they are over the age of 55 or pregnant, unless the nature of their job prevents this.

Absenteeism rate	2017*	2018**	2019**	2019
Hours of absence due to illness/theoretical working hours	2,00 %	2,11 %	2,05 %	2,06 %

* Excluding Safilait and MOM.

** Excluding MOM.

While there are many causes of absenteeism, it may in some cases be directly correlated with unhappiness at

work. This is why the Group hopes to lastingly reduce unhappiness through its various actions.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Working towards zero accidents at sites	Bel accident frequency rate	6,70 ^(a)	6,60	5,45	5,50	3,00	

(a) Including Safilait (industrial site) but excluding MOM.

2.1.2 Promoting equal opportunity and diversity

Policies

Bel fights all forms of discrimination and promotes equal opportunities when hiring employees and throughout their careers.

To support this commitment, the Group introduced a "Diversity and Inclusion" program in 2016 that lays out gender diversity and multiculturalism targets for the Company to meet by 2020 and 2025.

Action plans

Gender equality

For non-managers, the low proportion of women can be explained by the cultural contexts of the Group's sites, the organization of shifts, or even local regulations (e.g. night shifts). The Group nevertheless still believes that the average breakdown of men/women non-managers, all regions combined, could be improved.

Breakdown by gender	2017 ^(a)	2018	2019
Total employees	67 %/33 %	69 %/31 %	69 %/31 %
Non-managers	70 %/30 %	72 %/28 %	73 %/27 %
Managers	58 %/42 %	57 %/43 %	57 %/43 %

(a) Excluding Safilait but including MOM.

Breakdown of new hires by gender	2017 ^(a)	2018 ^(b)	2019
Men	1 041	933	1 026
Women	566	591	537
TOTAL NEW HIRES	1 607	1 524	1 563

(a) Excluding Safilait but including MOM.

(b) Including MOM and Safilait..

Although women represent more than one-third of managers on average, the proportion is lower (21%) in the higher grades (1, 2 and the Executive Committee).

The Group therefore rolled out a “Diversity and Inclusion” program in 2016 to improve this proportion. One of its objectives is to have 30% of these positions occupied by women by 2020 and 40% by 2025.

In addition to a comprehensive approach, specific objectives have been set for each type of profession and individual action plans have been defined to achieve them. For example, nearly 70 women on staff have participated in a new leadership training program for female employees in the last few years, including 14 women in 2019.

Gender breakdown by grade ^(a)	2017 ^(a)	2018	2019
Board of Directors ^(b)	5/2	5/2	3/2
Executive Committee ^(b)	7/0	4/1	6/2
Grade 1 ^(b)	24/5	27/4	28/7
Grade 2	79 %/21 %	74 %/26 %	79 %/21 %
Grade 3	68 %/32 %	67 %/33 %	63 %/37 %
Grade 4	58 %/42 %	59 %/41 %	60 %/40 %
Grade 5	58 %/42 %	56 %/44 %	54 %/46 %
Grade 6	54 %/46 %	52 %/48 %	55 %/45 %
Grade 7	52 %/48 %	52 %/48 %	53 %/47 %

(a) Excluding MOM and Safilait.

(b) Absolute values.

In France in 2018, Bel signed a new three-year agreement to promote skills development and diversity. This agreement is the synthesis of three separate agreements pertaining to gender equality in the workplace; the hiring of young people and retention of older employees; and employment and skills management planning. It renews most of the measures set forth in the previous agreements and aims to increase diversity.

Bel also classifies a wage gap greater than 5% in the same country for equivalent grades as a wage discrimination problem. For managers in France, the only sample group that is representative on a Group scale, the average ratio of women’s salaries to men’s salaries is currently 0.98%.

	2017	2018	2019
Average ratio of women’s salaries to men’s salaries ^(a)	0,97	0,97	0,98

(a) Managers of an equivalent grade in France. Data from other countries is considered to be non-representative due to the number of men and women of equivalent grades.

As a company with more than 1,000 employees, Bel met its obligation to publish its gender equality index on March 1, 2019 and achieved a score of 79/100. This index takes into account five indicators:

- the wage gap between men and women in the Company;
- the gap between individual rates of wage increase;
- the gap in promotions;
- the rate of female employees who receive a wage increase in the year following their return from maternity leave; and
- the number of employees of the under-represented gender among the 10 highest-paid positions in the Company.

Although these calculations are applied only to the Company’s France scope, this result is an indicator of the efforts made by the Bel Group to fight discrimination between men and women.

Multiculturalism

Bel sells products in more than 130 countries and pays close attention to the diversity of the world in which it operates. The Group’s ambition is to better understand its consumers by putting together teams that reflect every type of difference.

Bel believes in the creative momentum and new combinations of knowledge driven by diversity. The Group sees diversity as an engine for innovation and for creating agile teams. This makes it a source of wealth creation that is inseparable from the Group’s ambitious goals.

Bel has therefore set itself a target of achieving 45% non-French managers in the highest grades (1, 2 and Executive Committee) by 2025, as part of its “Diversity and Inclusion” program.

Employee breakdown by age	2017		2018		2019	
	%	Total	%	Total	%	Total
Age 55 and up	10 %	1 303	10 %	1 330	11 %	1 369
45 to 54 years	26 %	3 346	27 %	3 409	28 %	3 455
35 to 44 years	34 %	4 312	34 %	4 326	34 %	4 225
26 to 34 years	27 %	3 417	25 %	3 216	24 %	2 976
25 years and under	3 %	365	3 %	356	3 %	413
TOTAL	100 %	12 743	100 %	12 637	100 %	12438
Mean age	41 years		42 years		42 years	

Disability

Bel encourages the inclusion of people with disabilities in its teams. In 2011, the Group signed a partnership agreement with AGEFIPH (association in France providing funding and assistance to help people with disabilities into the workplace), and it signed its first Disability Agreement in 2014.

With the signing of a second Disability Agreement in 2017 by the management and employee representatives in France, Bel reaffirmed its wish to be a committed player in the employment and inclusion of people


with disabilities. This agreement seeks to maintain the rate of employment of disabled people at the Group's production sites in France while raising it at non-production sites (at the corporate office and among its sales force).

In addition, Bel works with numerous institutions in France that provide work to people with disabilities (known as "ESATs"), most of which are based close to the Group's sites. These activities may include grounds keeping, printing, waste sorting, food service work in cafeterias, reception desk staffing or jobs related to operations at Bel plants, such as co-packing.

Rate of employment of people with disabilities	2017	2018	2019
France ^(a)	7,18 %	7,23 %	7,66 %

(a) This rate includes interns and collaboration with the protected and adapted sector.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Promote gender diversity	Share of women in top management ^(b)	18 % ^(a)	21 %	21 %	30 %	40 %	

(a) Group Scope excluding MOM and Safilait.

(b) Group Scope excluding MOM.

2.1.3 Developing its employees' talent

Training program

Bel wants to retain its employees and help them grow. To successfully meet the variety of needs of its employees, Bel provides training programs targeted at and tailored to all its staff to develop the skills that will be required in the future in key business lines.

It must also contend with fluctuations in the business and production needs of its sites. The Group is careful to foster interdepartmental versatility that helps make its employees more employable – especially non-managers – while enhancing their professional experience.

Action plan

Roll-out of an online training resource

In 2019 the Group launched System Factor, an e-learning tool. Thanks to this new digital training resource which offers a broad catalogue of e-learning modules to all connected employees, Bel will be able to offer everyone the same opportunities for training and talent development. This training resource was rolled out in three waves in 2019.

Development plans adapted to each employee category

Bel also strives to help its employees grow through individual development plans that can be accessed year-round and allow them to continuously develop their skills through training, mentoring and work placements.

Group training courses are organized in four areas:

- knowledge of the Group, its culture, its values and the implementation of its transformation;
- development of business line technical skills;
- development of managerial and leadership skills; and
- development of personal skills. The Group provides literacy classes on certain sites, for example.

Priority actions were taken in 2019, with a focus on building managerial and leadership skills. For example, the Leading Business Growth program was initiated to train employees in leadership positions so they can spearhead the Group’s transformation. A total of 400 employee received this training in 2019.

The Group must constantly renew the content of its training programs or create new ones to keep up with technological and organizational changes and the competitive environment. The training formats Bel uses differ according to their objective, content and target recipients, and include digital training (virtual classes and e-learning), tutoring, internal or external group learning and inter-firm training. In its ongoing effort to best meet the development needs of its employees, Bel opted for an e-learning solution whose “flipped classroom” approach enables individual employees to progress in the subjects of their choice, at their own pace and based on their starting level.

Training plans for the coming year and internal job transfer opportunities are naturally discussed during individual performance reviews, which are conducted annually for managers (managers, technicians and supervisors) and biannually for non-managers (clerical and manual workers).

Individual performance reviews	2017	2018	2019
% of eligible managers (a) receiving an individual performance review (annual basis)	90 %	96 %	90 %

(a) Eligible managers are those with permanent contracts who are on the payroll and worked for the Group for the entire year N or who joined before July 1 in year N-1 and left after July 1 in year N.

Training

The Group has set itself a target of having 100% of its employees participate in at least one training course each year by 2025.

This objective includes both in-person training and courses provided as e-learning modules, to which employees have unlimited access through System Factor.

Employee training	2017	2018	2019
Percentage of employees who attended at least one training course during the year	79 %	75 %	76 %
Average number of training hours per employee	22	21	18

Versatility and internal job transfers

To avoid any form of discrimination and to ensure transparency for the Group’s teams, vacancies are systematically advertised to Group employees (e.g. via the intranet or display boards) before being offered to external applicants - unless there are confidentiality requirements.

Bel offers its managers greater career path visibility through measures such as skills guidelines, career guides and potential job transfers.

PERFORMANCE INDICATORS

Bel’s objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Develop our employees’ talent	Employees who completed at least one training course during the year	79 %	75 %	76 %	90 %	100 %	☹️

2.1.4 Promoting a positive dialogue

Policies

Bel is persuaded that offering fair, motivating and non-discriminatory compensation is the key to combining appeal with competitiveness. The Group's wage policy is determined by the Human Resources Department and the local teams are then responsible for its implementation.

Bel firmly believes that a positive company climate is founded on a variety of factors beyond remuneration; its human resources policies and practices are harmonized at the Group level in areas such as payroll management, internal job transfers, talent development, safety and labor relations.

Action plan

Labor relations

Bel believes that good labor relations are key to improving life in the workplace. The Group therefore encourages dialogue between managers and employees, and between management and staff and/or any union representatives.

The employee representation bodies within the Company, whose members may be elected or appointed by employees, take different forms depending on the country: Economic and Social Committee, local representatives, Value Committee, and so on. Beyond such local bodies, a works council was set up at the European level in 2019 to enable transnational dialogues with staff representatives.

In its Code of Good Business Practices, Bel recognizes its employees' right to be represented - within the

framework of the laws and regulations that apply to them - by their trade union(s), or other kinds of staff representation, during collective bargaining on working conditions.

In 2016, Bel implemented an International Labor Relations Charter which seeks to promote elected representation of all employees, as well as a transparent dialogue between staff and their representatives.

In 2019, 86% of employees had access to employee representation.

Internal equality and external competitiveness

The Group always complies with the minimum levels set by local laws and strives to apply non-discriminatory wage policies. Any differences in pay for equal work must have a valid reason (e.g. personal background, local context, etc.). To attract and retain its employees, Bel ensures that it offers them competitive salaries and benefits. Therefore, the Group's subsidiaries frequently request salary surveys to monitor market practices, in particular from the Hay firm which supplies Bel with a yearly comparative analysis of remuneration and benefits offered by 50 companies.

Employee benefits

Beyond the minimum base set by national laws and regulations, Bel wants to ensure that all its employees worldwide receive benefits that are in line with Group standards. This is a way of awarding compensation and other benefits that exceed minimum levels.

	2017	2018	2019
% of employees ^(a) with health coverage	86 %	93 %	93 %
% of employees ^(a) with death and disability coverage	88 %	92 %	91 %

(a) Permanent or fixed-term employees.

Recognition of individual and group performance

Individual performance is recognized based on merit. Variable remuneration of grade 1 to 6 managers and Vice-Presidents (i.e. 67% of managers) represents at least 8% of their fixed compensation. At least 10% of this variable compensation is contingent on meeting non-financial objectives and an additional 10% is linked

to adherence to the Group's CSR policy, in connection with its CSR strategy.

Due to the coexistence of legally separate entities, the Group does not have a single profit-sharing and bonus system. However, the subsidiaries are gradually adopting compensation systems that include Group performance to strengthen a sense of belonging and pride.

	2017	2018	2019
% of employees who have a compensation system based on the overall performance of the subsidiary or Group	67 %	66 %	59 %

Employee commitment survey

To obtain a clearer picture and assessment of its employees' levels of commitment and satisfaction, Bel asked all its connected employees to take a satisfaction survey in 2019. The survey was conducted in four successive waves (February, April, June and October 2019) and the overall response rate was 45%. Over the course of the waves, an improvement in employee commitment was observed, with an initial commitment

score of 7.3/10 after the first survey and a score of 7.8/10 after the survey conducted in October 2019.

Of the 15 questions asked, 10 of them were aimed at assessing employee feelings about the Company's transformation and evolution, and at measuring the overall level of commitment and satisfaction.

Bel intends to conduct this survey each year and to achieve higher response rates so that it can analyze changes in responses from year to year.

2.2 PROMOTING RESPONSIBLE PRACTICES WITH ITS BUSINESS PARTNERS

Definition of the challenge

With its new brand identity “For All. For Good”, Bel reaffirms its commitment to creating economic value, as well as social and environmental value, for all its stakeholders. As the standard bearer for a virtuous business model, Bel works with all its business partners (suppliers, subcontractors, retailers) to promote exemplary environmental and social practices along its entire value chain.

Policy

In 2009, Bel adopted a Sustainable Purchasing Charter which sets forth the Group’s commitments to its suppliers, as well as its expectations from them in the critical areas of environment, labor and human rights practices, business ethics and managerial practices.

This charter was revised in 2019 to strengthen the process for selecting suppliers and monitoring their performance and to reinforce the requirements related to suppliers’ vigilance plans.

Action plan

In light of the specific nature of the challenges arising from the dairy upstream sector and their strategic importance for Bel, the measures taken to promote responsible practices among milk producers are presented in a dedicated section (see section 4 “Promoting sustainable agriculture”).

Identification of risks in the supply chain

In the framework of the Due Diligence and “Sapin II” laws, the Group carried out mappings of its CSR and corruption risks linked to the supply chain, based on exogenous data. These exercises performed in 2017-2018 helped fine-tune the identification of purchasing categories and geographic areas requiring special attention (see section 1.4 “Vigilance plan”).

The level of CSR or corruption risk associated with these purchases is evaluated on the basis of the “purchasing category/supplier country” combination. Combinations with a high CSR risk accounted for less than 4% of purchasing volumes in 2017, while combinations with a high corruption risk made up 2% and combinations with a high CSR and corruption risk make up 5%.

A dedicated tool that uses the results of these mappings was developed and deployed to the Group’s community of buyers in early 2019. This tool enables them to determine the risk levels in their portfolio of current and potential suppliers and to define a priority plan for evaluating the non-financial performance of those suppliers.

In addition, the results of these mappings were used to draw up a list of suppliers with high risk potential (CSR and corruption) that will be subject to a reinforced evaluation approach in early 2020.

Roll-out of a supplier evaluation and control system

From the start of the tendering process, all Bel suppliers receive a copy of the Group’s Sustainable Purchasing Charter. To ensure suppliers comply with the Charter and with the Code of Good Business Practices, a “CSR and ethics” clause is inserted in calls for tenders, contracts signed with suppliers and the Group’s general terms and conditions of purchase. This clause was revised in 2019 to strengthen suppliers’ compliance with ethical rules and the performance of due diligence vis-à-vis their supply chain and to define the consequences in the event of negligence on their part.

Furthermore, since 2009, the Group has been assessing the CSR performance of the suppliers and subcontractors that it deems key given their business volume, the potential risk associated with the products/services supplied or their location. This assessment carried out in cooperation with EcoVadis, a sustainable purchasing specialist, is based on 21 criteria grouped into four themes: environment, labor law, human rights, ethics and sustainable purchasing. The suppliers assessed since 2015 account for over 60% of the Group’s purchases ⁽¹⁾. The average score obtained by Bel’s portfolio of suppliers is rising constantly and is consistently above the average score for the panel assessed by EcoVadis.

(1) Excluding milk producers, who are assisted by measures which specifically address their challenges (see section 4 “Promoting sustainable agriculture”).

During the assessment campaigns carried out in 2019 through EcoVadis, Bel made a special effort to focus on suppliers in purchasing categories that had not been covered as thoroughly to date and on suppliers with a potentially high risk.

MOM has also been working with EcoVadis since 2017 to assess the performance of its suppliers: In 2019, the suppliers assessed during the past two years accounted for 61.1% of MOM’s total purchases, excluding milk and apple producers.

In 2016, Bel became a member of AIM-Progress, a group of leading companies in the mass retail sector and shared suppliers that seeks to positively influence people’s lives through the combined effect of responsible purchasing practices applied to all of their supply chains.

In 2017, Bel and six other AIM-Progress members signed on to the EcoVadis AIM-Progress initiative which strives to improve transparency and responsible, sustainable practices in the food sector. The participants in the initiative share their supplier assessments on the platform, which simplifies processes and prevents the duplication of effort for members and suppliers alike. As of the end of 2019, some 5,600 supplier evaluations had been shared under the initiative.

Finally, Bel is currently building an approach that will allow it to roll out more systematic supplier assessment and control resources that are differentiated according to their levels of CSR and corruption risks. This approach will also cover the screening system which precedes the approval of suppliers and subcontractors.

Roll-out of a subcontractor evaluation and control system

Subcontractors allow brands to develop their presence in new regions. They produce around 5.9% of the cheese volume sold by the Group; seven major subcontractors alone accounted for 90% of the subcontracted volume.

Bel requires that all its subcontractors be assessed by EcoVadis with the same management rules as other suppliers. In 2019, the average score for subcontractors was 49.5/100 and none of the subcontractors assessed had a high risk (EcoVadis score under 25/100).

Buyer training

A new training program for all the Group’s buyers was developed and rolled out in 2019 with EcoVadis. The goal of this training is to teach buyers how to incorporate CSR and EcoVadis scores throughout the buying process and thereby improve the performance

of their sourcing chain. Nearly 90% of Bel and MOM buyers have completed this training. The buyers can access the training any time via the Group’s training program and all new buyers must take this training within their first three months on the job.

Vigilance about retailers, customers and agents

In line with the provisions of the “Sapin II” and “Due Diligence” laws (see section 1.4 “Vigilance plan”), the Group has taken measures to ensure it is well informed about its stakeholders (Know Your Customer). With these measures, the Group is sure to be notified if any of its retailers, customers or agents is convicted, politically exposed or added to an embargo or blacklist. When appropriate, the logistics service providers and banks in some countries are also covered by these measures.

PERFORMANCE INDICATORS

	2017 ^(a)	2018 ^(b)	2019 ^(c)
Number of Bel suppliers assessed	505	508	559
Average score of Bel suppliers assessed	49,8/100	50,8/100	51,7/100
Average score of companies assessed by EcoVadis over the year	43,2/100	43,4/100	45,1/100
Rate of coverage of purchases by value (excluding collected milk)	67,3 %	65,0 %	64,7 %

(a) Suppliers assessed between 2014 and 2017 – Data excludes MOM and Safilait.
 (b) Suppliers assessed between 2015 and 2018 – Data excludes MOM and Safilait.
 (c) Suppliers assessed between 2016 and 2019 – Data excludes MOM and Safilait.

Bel’s objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Promote social and environmental practices among its suppliers	Average EcoVadis supplier score/100	49,8	50,8	51,7	50	55	😊

2.3 COMMUNICATING RESPONSIBLY AND TRANSPARENTLY WITH ITS CONSUMERS

Definition of the challenge

Around the world, Bel products are consumed by over 400 million people, many of whom are children. That trust confers great responsibilities on the Group: the duties to communicate responsibly and transparently, to protect consumer health and to encourage healthier lifestyles.

Policies

Bel adopted a Responsible Communication Charter in 2009, encouraging the Group to promote healthy eating habits (e.g. suitable portion sizes and active lifestyles) across all its communication channels. This charter covers communication in all its forms (advertising, corporate communications, packaging, digital channels, etc.).

Action plan

Communicating responsibly

Integration of CSR issues from the advertisement design stage

The various departments at the Group (marketing, nutrition, CSR, legal, communications) work actively from the brand advertisement design stage to ensure the truthfulness of the information imparted and its compliance with Group principles. A dedicated tool called “Validcom” enables the departments in question to review and validate all types of communication materials (packaging, television commercials, in-store promotions, digital channels) for the Group’s entire brand portfolio.

Positive brands to convey the new identity “For All. For Good”

The brands are the ambassadors of the new identity “For All. For Good”: because they are close to consumers, they are the Group’s best messengers to communicate about topics relating to responsibility. Thus, in addition to addressing consumers’ needs and concerns, the brands seek to capitalize on the trust they have forged with consumers to guide them towards balanced and more environmentally friendly food choices and responsible social practices.

The Group always takes care to ensure that what the brands say faithfully reflects these practices.

Communicating responsibly to children

Bel is especially careful when it comes to messages intended for children: the Group ensures that it communicates responsibly by depicting and promoting balanced eating habits. That is why, in addition to the Internal Nutrition Communication Charter, Bel has been committed since 2016 to the voluntary European movement EU Pledge. Through this initiative, Bel pledges not to advertise any of its products that do not meet the nutritional criteria of the EU Pledge (Nutrition White Paper) via television, the press or digital channels⁽¹⁾.

(1) https://eu-pledge.eu/wp-content/uploads/EU_Pledge_Nutrition_White_Paper.pdf.

Providing transparent and relevant information to consumers...

Consumers are increasingly raising questions about the social and environmental impact of the food they eat. This is why the Group is committed to proactive transparency to explain its actions along its entire value chain, from farm to fork.

On sustainable agriculture

The Group strives to be ever more transparent when communicating with its consumers about the dairy upstream sector, especially the origin of raw materials, production methods and the monitoring of commitments under the Global Sustainable Upstream

Dairy Charter (see section 4.1 “Taking action for a sustainable milk supply chain”). In 2019, Bel released several videos to shine a spotlight on the APBO dairy farmers with which the Group works, explain the partnership in place and explore its everyday benefits for the farmers ⁽²⁾.

(2) <https://www.ribambel.com/nos-engagements/agriculture-durable/la-parole-aux-eleveurs>.

On nutrition

To satisfy the demands of its customers, Bel systematically provides information on the ingredients used in its recipes and their nutritional value, often surpassing regulatory standards. The nutritional information given on its products is established in accordance with the country-specific regulations in effect for nutritional information provided to consumers.

On the environment

The Group also communicates about environmental protection measures, including how it manages packaging waste: waste sorting instructions are provided in countries where recycling channels exist, and eco-friendly advice is given in other countries.

... on various platforms

Easier-to-read packaging

As part of the commitment to transparency, Bel product packaging displays all the key information customers need (nutritional information, instructions on packaging management, customer service, etc.).

Digital communication

Bel relies on digital tools (websites, social media, etc.) to provide more in-depth and educational explanations of topics that may be complex for the layman.

For example, the Leerdammer brand developed a 3D video that enables viewers to take a virtual tour of a farm run by a Dutch dairy producer. The video was shared with its clients (retailers, out-of-home dining) and consumers, with in-store events and contests, for example.

PERFORMANCE INDICATORS

Bel’s objectives	KPI	2018	2019	2020
Offer positive products to consumers	Share of revenue generated by the sale of positive products ^(a) (%)	72,9 %	73,4 %	N/A ^(b)

(a) For the purposes of calculating this indicator, positive products are “Bel Nutri+” products, natural products with no more than one additive, organic products and products from non-GMO fed cows.

(b) This indicator is still in development; an objective will be defined later.

HIGHLIGHTS OF 2019

- Implementation of a learning management system.
- Achievement of a 79/100 score in the first year of publishing its gender equality index in France.
- Roll-out of the “Loto” and “DriveSafe4Bel” programs to preserve employee safety on the job.
- Deployment of an employee satisfaction survey.
- Updating of the Sustainable Purchasing Charter.

PRIORITIES FOR 2020

- Confirm the effective deployment of the learning management system.
- Repeat the satisfaction survey to analyze changes in employees' satisfaction and commitment.
- Set up a supplier qualification process and roll out an assessment and control process that is differentiated by CSR and corruption risk level.
- Set up a Social Innovation Committee.

3

CONTRIBUTING TO HEALTHIER FOOD

Bel's mission to "Champion healthier and responsible food for all" is the linchpin of its business strategy. As an agri-food company, Bel is serious about its responsibilities to:

- support UN Sustainable Development Goal 2 to eradicate hunger by 2030 ("Zero hunger") and to ensure that all people, especially the most vulnerable, have year-round access to a healthy, nutritious and adequate diet;

- offer safe, healthy products while encouraging better eating habits. When eaten in moderation, a serving of Bel's products can contribute to a balanced diet. Cheese is an important source of calcium, which is an essential nutrient for growing children, and is compatible with the nutritional needs of all;
- meet the needs of its customers, who, in addition to demanding products that satisfy organoleptic and safety requirements, are increasingly attentive to the quality, origin and naturalness of the ingredients used.

3.1 OFFERING PRODUCTS WITH OPTIMAL QUALITY AND SAFETY

Definition of the challenge

Selling safe food products is a top public health priority. Thus, Bel does everything needed to adhere to a strict standard of food safety and quality in accordance with regulatory requirements. For the Group, this requires close collaboration with participants along the entire food chain, from sourcing raw materials to processing and distributing products.

Policies

Bel has adopted several foundational policies to guarantee optimal food quality and safety and guard against the risks identified at all stages of its value chain. These include:

- its Industrial Operations Management policy, which is applied at all plants and reaffirms Bel's strict commitment to ensuring the food safety and quality of all its products;
- its Food Fraud policy, whose purpose is to prevent all attempts at food fraud involving the raw materials used by the Group, as well as its subcontracted processes and - starting in 2019 - primary packaging. This policy is overseen by the Group Quality and Regulations Department and is implemented locally by Purchasing; and
- its Food Defense policy, which protects the food chain from the risk of malicious, criminal or terrorist actions that could result in product contamination. This policy is overseen by the Group Quality and Regulations Department and implemented locally by each site manager.

Action plan

Performing strict upstream controls on raw materials and packaging

Assisting milk producers

On the farm, dairy producers are accountable for the safety and compliance of the milk they produce. To prevent bacteriological and other risks, Bel's dairy production technicians continuously teach producers about good practices to produce quality milk. Samples are taken during milk collection to check that the milk meets content and health requirements and that it contains no traces of antibiotics. If the milk quality

fails to meet Group standards, Bel consults with the producers to carry out targeted actions, including:

- a farm audit;
- proposed action plans to improve milk quality; and
- action plan monitoring to help the producer improve.

The milk is not used if the quality is deemed inadequate, though this is a very rare occurrence.

Finally, to preserve the milk's qualities, Bel collects it within 72 hours of milking. Bel also supplies refrigerated tanks to some of its producers.

Controls on suppliers of other strategic raw materials

Quality audits are conducted on major suppliers of the most sensitive raw ingredients used by the Group. In cases of minor non-compliance that pose no food safety risk, the suppliers pledge to take corrective actions within a specific time frame.

Rigorous safety controls when raw materials arrive at its plants

All the ingredients used in Bel's recipes, including liquid and solid dairy raw ingredients, undergo several safety inspections upon arrival at production sites. They are tested again before they are used for processing to check microbiological, physicochemical and organoleptic properties. All packaging - especially packaging in direct contact with products - undergoes a similar inspection upon arrival at the Group's plants.

Deploying strict procedures at production sites

A production site certification procedure

The Group has been pursuing certification of its production sites against recognized GFSI standards (BRC, IFS, FSCC 22000). To date, 26 of the Group's industrial sites have earned GFSI certification.

In 2019, Bel began working toward designation as a "security and safety" authorized economic operator. This customs status enhances the safety and security of merchandise flows into and out of the European Union. The initiative was introduced to all French plants in 2019 and will be progressively rolled out to the other production sites over the next five years.

Strong, standardized quality processes

Bel has set up a HACCP (Hazard Analysis Critical Control Point) system at all its production sites to identify, assess and control significant food safety dangers. In 2019, Bel drew up a Group HACCP standard that establishes baseline quality requirements that are adapted to each production site.

Furthermore, Food Fraud and Food Defense policies common to all production facilities are implemented locally. To prevent the risk of malicious acts, each site is required to deploy its own Food Defense Plan, which includes an exhaustive assessment of risks and threats and dedicated action plans to control and reduce the risks identified.

Strict safety controls

Bel adheres to product inspection plans along the entire production chain. This guarantees that products comply with regulatory requirements for microbiological, chemical, foreign body and allergen criteria.

These quality control plans cover semi-finished products (work in progress), finished products and the production environment (air, water, machines, manufacturing premises, staff, etc.). They are carried out by the plant's testing laboratory or by accredited independent external laboratories, where necessary.

The HACCP assessment determines the frequency of these inspections, which are tailored to the raw material in question. The sites maintain records of these inspections.

Appropriate preservation conditions

The pasteurization process used at Bel sites ensures the proper preservation of collected milk and manufactured products, which are further protected by the individual packaging of single portions.

Similar requirements for products that are subcontracted and/or co-branded with partner products

The Group's product quality, safety and traceability requirements are applied without exception to all subcontracted and co-branded products. It is especially vigilant when it comes to co-branded products; this ensures that whenever a Bel product is paired with another brand's product, the result always meets the expectations of the Group's consumers.

In addition, quality audits are conducted on subcontractors whose products bear Bel brand names. When there are minor non-compliances that pose no food safety risk, the suppliers pledge to take corrective actions within a specific time frame.

Ensuring product quality and safety during downstream transport

Bel audits its product distribution chain to ensure compliance with the cold chain, transport and preservation conditions required for its products. Over the last five years, the Group has progressively rolled out a Good Storage and Distribution Practices Charter to its retailers in various regions.

A robust traceability system to prevent risks

Product traceability all along the food chain...

Bel takes the necessary steps to ensure traceability, from raw material purchases to product distribution to consumers.

Regular traceability tests are conducted on raw materials and suppliers are required to meet an optimal deadline for obtaining traceability results.

Product traceability is managed through the use of mandatory labeling on consumer sales units (e.g. batch codes, best-before date, use-by date, etc.). All logistic units are identified with labels that link each unit to the corresponding product batch code.

A single Group tool also provides information about where all its products are located, whether they have been purchased by the final customer or are stored somewhere within the distribution network.

... to effectively prevent and manage risks

The methods in place makes it possible to identify - at any time - product batches containing a lot of ingredients that has been reported, which guarantees the efficiency of any withdrawals or recalls. This tracking system and the various traceability tests performed provide information about product flows. As a result, the Group can identify risks, store food safety data for use by the authorities and isolate individual production runs if necessary.

To prevent and manage risks, the Group has also developed and deployed a procedure for handling food quality and safety alerts. This includes a recall procedure for the swift, organized management of any potential health/quality crises triggered by serious alerts.

Protecting consumer health and safety and building a relationship of trust

By providing transparent and relevant information to consumers

See section 2.3 "Communicating responsibly and transparently with its consumers".

By offering a proactive customer service response

To improve customer satisfaction and the quality of its products, Bel has introduced an effective quality complaint management system. This makes it possible to alert the Group when any products sold do not meet the expected quality requirements (traceability, integrity, reliability, safety, etc.).

Consumer feedback is centralized in a dedicated tool called "We Care", which is deployed to all the Group's subsidiaries (excluding MOM and Safilait).

3.2 FOSTERING BETTER EATING HABITS AND ENCOURAGING HEALTHIER LIFESTYLES

Definition of the challenge

Bel feels a strong sense of responsibility to help feed the world's populations. It knows that children and their families must be educated to shift their eating habits and lifestyles toward best practices. The Bel Group wants to go further by promoting healthier lifestyles. This is what inspired the Group to develop nutritional education programs for its employees and for consumers.

Policies

Bel has developed nutritional education programs and projects to build awareness:

- the “Healthy Smiles” program for employees; and
- the “Educanut” project for consumers.

Action plan

Encouraging its employees to adopt better eating habits

The Group continues to roll out the “Healthy Smiles” nutritional education program with the goal of full deployment to 30 subsidiaries by 2025. This program is organized around two fundamental principles: encouraging physical activity and promoting a balanced diet and a healthy lifestyle.

Multiple awareness campaigns and events are organized each year. These include distributing educational tools and games and organizing sports competitions. In 2019, for example, a multi-site “Solidarity Walking Challenge” raised €6,291 for the charity Action Contre la Faim. The event also motivated 572 employees in 26 countries to be more physically active by taking as many steps as possible.

Encouraging its consumers to adopt better eating habits

Bel supports nutritional education programs for its customers through the “Educanut” project.

These programs are designed to help children and their parents better understand that nutrition and physical activity are important for their health. They are carried out with other partners, such as public health associations, governmental and non-governmental organizations and universities. The “Educanut” projects take a variety of forms, such as distribution of teaching tools, organization of events and talks by nutritionists or dietitians. Bel’s goal is to support programs in 10 key Group countries by 2025.

Bel launched a new project in Egypt in 2019 in partnership with SAMU Social. The aim is to help children living on the street reintegrate mainstream society by participating in an educational program on food habits.

Encouraging children to adopt better eating habits

Bel’s commitment to the nutritional education of children in developing countries comes through a variety of programs and projects.

For example, Bel is involved in the international SUN (“Scaling Up Nutrition”) movement, which is working to achieve nutrition justice for all and sustainable and equitable reductions in malnutrition. This goal also entails raising awareness about good food choices.

In addition, the Group is advancing healthier diets for children through its corporate foundation, which was formed over 10 years ago to tackle this issue. In 2019, the Foundation refocused its efforts on building school cafeterias in Africa and Asia in the countries where Bel operates. This ensures that children eat at least one meal a day.

PERFORMANCE INDICATORS

Bel’s objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Foster healthy consumption habits and lifestyles	Key countries where a program is implemented for consumers (“Educanut”)	2	4	5	4	10	😊
	Number of subsidiaries where a program is implemented for employees (“Healthy Smiles”)	4	25	26	20	30	😊

HIGHLIGHTS OF 2019

- Organic certification of the Dole plant.
- Renewal of programs in progress and implementation of a new “Educanut” project in Egypt to promote the social reintegration of street children through nutrition.
- Deployment of the “Healthy Smiles” program with two global actions, the “Solidarity Walking Challenge” and the “Cooking Challenge”, and targeted country actions promoting a balanced diet and physical activity.

PRIORITIES FOR 2020

- Maintain nutritional education programs for consumers and employees.

3.3 IMPROVING THE NUTRITIONAL QUALITY OF ITS PRODUCTS

Definition of the challenge

The nutritional quality of food products is an increasing concern for public health authorities and consumers alike. Malnutrition is still a problem in developing countries, while the obesity rate is constantly growing and is contributing to the rise of chronic diseases all over the world. At the same time, the demand for natural products is insistent and growing among Bel consumers around the world, prompting them to seek out products with shorter, simpler ingredient lists. In fact, ingredient lists play an important role in the perception of a food product’s naturalness and quality. Thus, for several years Bel has been exploring ways to boost the naturalness of its products and improve their nutritional profiles without compromising their organoleptic qualities.

Policies

In 2019, to accelerate the transformation of its brands in line with its new identity “For All. For Good”, Bel adopted a structuring policy called “Healthier” which is founded on two pillars:

- nutrition, to frame the development of new products and continuously improve the nutritional quality of existing products; and
- naturalness, to incorporate the most natural ingredients and limit the use of additives.

Moreover, Bel has taken firm stances on colors and flavors. These policies apply to all the Group’s geographic areas and products, except for MOM products.

Action plan

Ensuring the nutritional quality of its products

Targeted work on key nutrients

Cheese is an important source of calcium, an essential nutrient for growing children. It also meets the nutritional needs of all. Bel’s products, when eaten in moderation, contribute to a balanced diet. For several years, Bel has focused its efforts on the quantities of three key nutrients in a unit of consumption (per portion):

- calcium: Bel is gradually adjusting the calcium content of its products if the amount is too low and there are

proven cases of deficiency in the local population;

- fats: Bel offers reduced fat versions for three of its five core brands (The Laughing Cow, Leerdammer and Babybel); and
- sodium: Bel is striving to reduce the amount of salt in its recipes, while monitoring product safety and working within the constraints of the production process.

A nutritional profiling system and improvement objectives

In 2017, Bel introduced a nutritional profiling system called “Bel Nutri+”, based on the dietary recommendations of the World Health Organization (WHO) and several international experts, to build on the nutritional initiatives undertaken by the Group.

“Bel Nutri+” establishes threshold values to orient the Group’s approach to developing new products and updating existing ones. Values are defined by product category (cheese, milk, yogurt, savory snacks and sweet snacks) and by target (adults and children) for six nutrients:

- two nutrients to emphasize: calcium and protein; and
- four nutrients to limit: fat, saturated fatty acids, added sugar and salt.

Under this new system, Bel is working so that 80% (by volume) of its portfolio of products for children and families conforms to the “Bel Nutri+” promise by 2025. At the end of 2019, 69% of the product portfolio (by volume) met this target.

Moreover, to improve the nutritional quality of its products, the MOM Group now offers an additional assortment of unsweetened products for most of its lines.

Committing to constantly improving naturalness

Bel’s mission is to offer healthier and responsible products for everyone. The Bel Group’s nutrition strategy now devotes an entire pillar to naturalness to provide guidance on the developments, updates and innovations to pursue. The goals are to deliver products with shorter ingredient lists, continue to guarantee optimal food safety and maintain the great flavor of the Company’s products, which are enjoyed by millions of children and families every day.


Today additives have become a major source of concern for customers. The Group voluntarily initiated a sweeping plan to rework its recipes in order to reduce or remove additives while ensuring food safety and quality. In 2018, Bel made a commitment to eliminate all artificial colors and flavors from its core brands, such as Apéricube and The Laughing Cow, by the end of 2021. This ban on artificial colors and flavors applies to all new products, while existing products that contain these additives are being gradually reformulated through 2021.

The recipes for many of the Group’s products, including Minibabybel Original and Leerdammer Original, are already quite simple, containing just four ingredients (milk, salt, cultures and rennet) and no added preservatives or other additives. For other products,

like The Laughing Cow and Kiri, Bel is working to improve its recipes by scaling back and/or eliminating additives. For example, since 2018, the recipe for The Laughing Cow used in Western Europe contains only one additive and Bel is pursuing a similar plan for Kiri. Obviously, the Group’s priority is to meet its customers’ demands for naturalness, without compromising taste, safety or quality. In some parts of the world, where climate and storage conditions present real challenges, Bel is committed to using only those additives which are strictly necessary for shelf life and optimal product quality.

The Group is also working with external nutrition experts to adapt its products to the needs of emerging countries (see section 7.1 “Adapting its products to the needs of everyone”).

PERFORMANCE INDICATORS

Bel’s objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Continuously improve the nutritional quality of its products	Children’s and family product portfolio meeting “Bel Nutri+” criteria	69 %	65 %	69 %	70 %	80 %	

HIGHLIGHTS OF 2019

- Adoption of the “Healthier” policy founded on two pillars: naturalness and nutrition.
- Launch of a new line of additive-free refrigerated Kiri spreads and removal of artificial ham flavoring from The Laughing Cow.

PRIORITIES FOR 2020

- Introduce new product offers and be even more responsive to consumers’ health concerns.
- Continue to work on reducing additives in the Group’s product offering.
- Continue to improve the nutritional quality of Bel products to honor the “Bel Nutri+” promise and keep a competitive edge.

4

PROMOTING SUSTAINABLE AGRICULTURE

By defining its **commitment to sustainable agriculture** as one of the five priority challenges behind its new identity “For All. For Good”, Bel is doubling down on its goal to improve the environmental, societal and social impact of the upstream agricultural activities which underpin its business.

Bel’s priority for this segment of the value chain is to spread virtuous agricultural practices – especially animal husbandry practices – that have a positive impact for humans, the environment and, more globally, the entire ecosystem within which the Group operates.

This approach is in line with Sustainable Development Goal 12 “Sustainable Consumption and Production”.

Governance

The Group’s governance structures were updated in 2019 to better address Bel’s sustainable agriculture ambition and the need for results. It set up a Steering

Committee which meets four times a year and convenes the Sustainable Dairy Upstream Director, Global Sourcing Director – Dairy and Non-dairy Ingredients and the Group’s Sustainability Manager. The Committee defines Bel’s Sustainable agriculture road map and tracks the progress of action plans put in place.

As part of its efforts to promote sustainable agriculture, the Group introduced binding actions, starting with two key raw materials in its portfolio: milk and vegetable fat.

Furthermore, for several years, the MOM Group, which was purchased by Bel in 2016, has been applying a number of actions that align perfectly with the Group’s commitment to sustainable agriculture. These actions focus primarily on the origin of apples, the development of its own orchards in France and the promotion of sustainable agriculture practices. One such step toward sustainable farming is the roll-out of the Vergers Écoresponsables endorsement for environmentally responsible orchards.

4.1 TAKING ACTION FOR A SUSTAINABLE MILK SUPPLY CHAIN

Definition of the challenge

Milk is the basic ingredient for cheese making: each year Bel collects nearly two billion liters of milk from approximately 2,600 producers in its 10 dairy supply basins worldwide.

To do its part to feed more than nine billion people responsibly in the near future, the Group must expand dairy production while preserving the planet’s resources and building long-lasting relationships with its partner producers.

Policies

To put this commitment into writing, in 2018 Bel defined a Charter of Commitments for a Sustainable Dairy Upstream at the Group level. The charter, which was co-developed by WWF France ⁽¹⁾, covers economic, social and environmental aspects. It is organized around six themes:

- sustainable production model;
- animal welfare;
- pasture grazing;
- sustainable and local animal feed;
- environmental footprint; and
- nutritional quality and food safety.

Each of these themes has been developed into actions and ambitious goals to be met by 2025. They are presented in Bel’s Global Sustainable Upstream Dairy Charter.

In 2019, the Group’s commitment to animal welfare was formalized in the Bel Animal Welfare Charter, which encompasses five themes:

- guaranteeing the animals’ freedom of movement;
- ensuring good living conditions;

- providing care and keeping track of the herd’s good health and welfare for continuous improvement;
- ensuring the well-being of calves; and
- accompanying the herds’ end-of-life.

This charter was developed with the expertise of CIWF ⁽²⁾. It incorporates consumer expectations and standards issued by associations such as Welfarm, the World Organization for Animal Health (OIE) and the CNIEL (the French national dairy industry council). Bel’s objective is to implement this charter in all its dairy supply basins by 2025 and have all its partner farmers certified by an independent third party.

(1) www.groupe-bel.com/fr/responsabilite/agriculture-durable.

(2) *Compassion In World Farming*, an international NGO that promotes husbandry practices that preserve animal welfare.

Action plan

Each of the Group’s 10 dairy supply basins defines its own road map to meet the 2025 objectives of the **Sustainable Upstream Dairy** and **Animal Welfare** Charters.

Sustainable production model

Most of the milk used in Bel products is collected directly from its partner producers every two or three days. The Group relies on this direct, regular link to develop long-lasting relations with milk producers, even in a fragile economic environment. Dairy farmers’ quality of life and working conditions are a major concern for the Group, which believes that a sustainable growth model is impossible without these long-term relationships and the trust of its partners.

Bel set a target based on these convictions: 100% of the dairy producers who supply it with milk will have

access to innovative social schemes to improve their quality of life and working conditions by 2025. In 2019, 38% of all the Group's milk producers, including 100% of its French producers – all members of the APBO (1) – have access to such schemes. In the other supply basins, programs to support farmers are already in place for certain partner producers (Azores, Morocco) or are currently being defined to provide an appropriate response to local needs.

In France, Bel renewed its partnership with the APBO in the form of an unprecedented agreement for better milk use (2). This agreement, which was renewed for 2020, calls for a guaranteed average reference price for milk purchased from APBO producers: €350 per 1,000 liters. There are also monthly premiums to incentivize the implementation of differentiating farming practices. The monthly premium for feeding a GMO-free diet to dairy herds is €15 per 1,000 liters and the monthly premium for enhancing access to pasture grazing (a minimum of 150 days per year) is €6 per 1,000 liters.

(1) *Association des Producteurs de Lait Bel Ouest, or "Bel West Producers' Association".*

(2) <https://www.groupe-bel.com/fr/newsroom/news/partenaires-pionniers-dun-modele-remunérateur-et-durable-pour-la-filière-laitière-bel-et-lapbo-sont-fiés-à-perenniser-leur-accord-pour-2020-qui-incarne-pleinement-les-etats-gén/>.

To further advance the promotion and dissemination of sustainable agriculture practices, Bel continues to deploy its "Farming For The Future" program, coordinated with a panel of experts, including WWF France, European academics (notably from Wageningen University, Netherlands) and American and French specialists. This program collaborates with volunteer producers to identify innovative practices already in use which are suited to local realities so they can be shared and implemented more widely. The work has already identified nine innovative practices, such as methods that combine pasture grazing and automated milking systems or approaches that enhance the protein autonomy of farms.

Animal welfare

The Group has committed to promoting good practices in animal welfare and promoting strict common standards. High-quality milk production depends on good animal health and welfare. Thus, the Group addresses this sensitive issue with its partners to guarantee an environment and practices that are suited to the animals' physiological and behavioral needs.

Before it implemented the Animal Welfare Charter, the Group was already helping its producers to adopt best practices. With the definition and publication of the Charter, the Group now aims to standardize and promote all these good practices on a Group scale by making them a cornerstone of demanding common standards. To this end, in 2019 Bel began auditing certain producers located in the Azores region, through an independent third party, to check their compliance with the practices set forth in the Animal Welfare Charter. In 2020 Bel will ramp up these audits to reach its 2,600 producers, relying on existing animal welfare assessment tools or a special auditing score sheet defined with Bureau Veritas. Bel's ambitious goal is for 100% of its partner dairy farms to attain charter compliance by 2025 and to be certified by a third party.

Pasture grazing

Bel encourages grazing whenever feasible. The pastures used for grazing may help provide environmental benefits such as water quality, carbon storage and biodiversity. Pasture grazing also increases the protein autonomy of farms more than other production systems. Finally, pasture grazing in appropriate conditions can also prove beneficial to the health and well-being of dairy cows.

However, certain essential criteria need to be considered to benefit from pasture grazing. These include the climate of the various regions where Bel collects milk, the availability of pastureland and local pastoral practices.

The Group's commitment, therefore, is two-fold:

- Bel sets grazing objectives wherever this is feasible in regions with a pastoral tradition, while maintaining the flexibility dictated by local climate conditions.

Thus, Bel's partner producers must commit to a minimum of 120 days of grazing per year in the Netherlands, 150 days in France and 365 days in the Azores, since these three sourcing regions have very different climate constraints. In 2019, 87% of milk volume collected by Bel in these supply basins already complied with this commitment; and

- if grazing is not feasible due to climate, geographic or structural limitations, the Group encourages its partner producers to create housing conditions that are respectful of animal welfare. These conditions include good air quality, good building ventilation and at least one stall per cow offering enough space to lie down and rest.

Sustainable & local animal feed

Feed varies according to the farms' geographic location. On average, however, a dairy cow's diet is usually composed of 80% fresh grass and fodder and 20% other feed (grains, canola, soy, sunflower, and so on). More than 90% of the cows' feed is locally sourced.

Since 2012, Bel and WWF France have been working together to evaluate and minimize the environmental impact of dairy cow feed. A joint study of the environmental risks related to each raw material in this feed showed that, although they account for less than 5% of a cow's diet, two ingredients have particularly high environmental impacts: imported soy meal and PKE (palm kernel expeller, a by-product of palm oil extraction). It is now acknowledged that uncontrolled soybean and palm cultivation is a major cause of deforestation, which the Group is committed to fighting (see section 6.2 "Fighting the risks of biodiversity loss and deforestation").

In 2014 Bel took practical action to support the creation of responsible supply chains for soy meal and PKE:

- Bel joined the Round Table on Responsible Soy (RTS) in 2014 and the Round Table on Sustainable Palm Oil (RSPO) in 2015;
- since 2016, Bel has been buying certificates covering the full volume of soy meal (74,500 metric tons in 2019) and PKE (40,506 metric tons in 2019) used worldwide to produce the milk and raw materials used in its recipes. Purchasing these certificates supports the establishment of sustainable supply chains and helps local producers move toward responsible production methods;

- in 2019, the Group joined the responsible soy project launched in 2018 by WWF France. That initiative, which is supported by the Alliance Pour la Préservation des Forêts, the Duralim platform and the EarthWorm Foundation, defines a shared vision of responsible soy. It is also developing a common set of actions to build soy supply chains that do not cause the conversion of natural ecosystems; and
- with its “Farming For the Future” program, Bel supports the protein autonomy of farms. Protein autonomy enables farms to produce a significant portion – if not all – of their own animal feed. Thus, the animal feed used on these farms is local and sustainable and does not contribute to deforestation.

In a further step, the Group has committed to ensuring that its soy meal and PKE come from sustainable, traceable and certified chains (RTRS and RSPO) by 2025.

In its Sustainable Upstream Dairy Charter, the Group also commits to sourcing milk from cows whose feed contains no GMOs. GMOs may pose a threat to biodiversity due to the risk of uncontrolled seed spreading. In 2019, all the milk purchased in France and Slovakia came from cows whose feed is free of GMOs. The transition to GMO-free feed has also begun in Poland and the Netherlands.

Environmental footprint

Fossil fuel resources are increasingly scarce and water resources are deteriorating. Thus, the Group is working with its milk producers to encourage animal husbandry practices that limit the impact of production on the environment, reduce greenhouse gas emissions and increase resilience to climate change and water stress. Bel set a goal to reduce emissions from upstream agricultural activities by 20% (compared to 2017 levels) by 2030.

The Group’s objective is for all its dairy supply basins to set up action plans to increase resilience to climate change and water stress by 2025. Respect for water resources is a major challenge in two supply basins where the Group collects and processes milk: Morocco and Iran. These two regions have been designated as priority areas to deploy action plans to increase resilience to water stress. To this end, discussions are under way with WWF Morocco to compile a compendium of concrete actions for farms (see section 6.1 “Fighting climate change”).

Detailed information on the introduction of virtuous practices and Group action plans to limit the impact of dairy production on the environment and water availability is given in section 6 “Fighting climate change and reducing its environmental footprint”.

PERFORMANCE INDICATORS

Bel’s objectives	KPI	2018	2019	2020 objective	2025 objective	Progress
Contributing to better life quality and working conditions of farmer partners	Farmer access to innovative societal schemes	34 %*	38 %*	30 %	100 %	😊
Encouraging good practices to promote animal welfare	Share of farms abiding by the Animal Welfare Charter certified by a third party	-	1 %*	30 %	100 %	😐
Fostering non-GMO feeding of the cows providing milk	Milk collected from non- GMO fed cows	16 %*	30 %*	50 %	100 %	😊

Excluding MOM.

4.2 USING VEGETABLE FAT WITHIN STRICT LIMITS

Definition of the challenge

Bel's 100% dairy product ranges sometimes present accessibility problems for many consumers, particularly in Africa. That is why new product ranges combining dairy and non-dairy fat have been developed.

As a result, the Group has developed new ranges combining dairy and non-dairy raw materials. This had led Bel to define a set of commitments governing the use of vegetable fat to bring positive innovations to its consumers.

Policies

To clarify and harmonize best practices in sourcing vegetable fats, in 2019 the Group drew up a "vegetable fats use" policy that formalizes its strict commitments to taste, nutritional value and responsible sourcing of the vegetable fats used in its products.

After enacting this policy, Bel set the goal of using vegetable fats sourced from 100% responsible and segregated agricultural supply chains starting in 2020.

Action plan

Regardless of the vegetable fat Bel uses, the criteria set forth in the RSPO certification standard form the foundation for sustainable vegetable fat procurements. These criteria include:

- environmental responsibility: biodiversity protection and no deforestation of protected forests (see section 6.2 "Fighting the risks of biodiversity loss and deforestation");

- responsible development of new plantations: use of sustainable agricultural practices;
- trusting relationships with local communities and consideration of induced impacts;
- fair working conditions in keeping with international labor laws; and
- transparency, identification of collection regions and traceability along the entire chain.

In 2019, vegetable fat procurements amounted to 7,373 metric tons, which included 6,720 tons of palm oil. The palm oil purchased was 100% RSPO-certified (segregated or mass balance) and one-fourth of the total volume was segregated.

The Group promotes the use of sustainable and local vegetable fats to support short supply chains and to encourage the local creation of added value. Thus, it has committed to achieve 100% responsible sourcing of vegetable fats by the end of 2020 through a three-step approach based on existing chains at the local level:

- the priority action for the Group is to procure certified vegetable fats (RSPO or equivalent) that are grown and processed locally;
- in cases where the local production is not certified (RSPO or equivalent), Bel is committed to working with producers and processors to foster the development of local chains that are sustainable and certified; and
- when there is no locally produced vegetable fat that meets the Group's specifications, Bel pledges to choose procurement solutions that optimize the positive local impact, for example by working with local processors.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019	2020 objective	2025 objective	Progress
Guaranteeing the responsible procurement of the vegetable fats used in products	Procurements which are certified or honor the commitments of the Vegetable Fats Charter (where there is no certification)	1,5 %*	27 %	100 %	100 %	☹️

Excluding MOM.

4.3 DELIVERING THE GOODNESS OF FRUITS

Definition of the challenge

The Group, working through MOM, is aware of the importance of the sustainable, responsible sourcing of its fruits. Sourcing is a crucial stage in the value chain to produce fruit-based finished products that are tasty and healthy. Sustainable sourcing also upholds the Group's commitments to maintaining relations with its business partners and promoting sustainable agriculture practices that limit biodiversity loss.

For several years, the MOM Group has been taking many actions to help expand sustainable farming methods in the orchards supplying it.

Currently, these commitments to sustainable agriculture pertain primarily to fresh fruits from France and the United States, which are MOM's two main sourcing countries.

Commitments and action plan

Encouraging sustainable agriculture to preserve biodiversity

In 2019, the MOM Group met its goal of sourcing fresh apples exclusively from French orchards that have obtained the Vergers Ecoresponsables endorsement. These certified orchards account for 42% of all the Group's fruit procurements. This certification system gives the Group certainty that the approved orchards comply with six major commitments:

- promote orchard biodiversity;
- prioritize biological control methods;
- adopt sustainable agriculture methods;
- harvest apples by hand at optimal maturity;
- guarantee traceability from orchard to the point of sale; and
- check adherence to these good practices through certification by an independent, external third party.

In the same vein, the Group encourages the use of biological controls, which are plant protection methods based on natural mechanisms. These techniques limit the use of phytosanitary treatments by promoting more natural alternatives and thereby protecting biodiversity around the orchards. The Group thus chose to test sexual confusion for insect pests, the use of nest boxes for great tit birds that feed on insect pests and the placement of insect hotels.

To support this process, the Group tracks the Treatment Frequency Indicator (TFI) for phytosanitary products and monitors the biodiversity in its orchards via the Observatoire agricole de la biodiversité (OAB, for "Agricultural Observatory for Biodiversity").

The MOM Group also promotes organic farming practices in the United States, where procurements of certified organic fresh apples accounted for about 28% of all raw materials purchased in the country in 2019.

Tending our own orchards and developing trusting relationships with farmer partners

To get the most out of fruits requires a thorough understanding of how they are grown. This is why the Group has been tending its own orchards since 2010 at a 200-acre plot near its plant in Boué, France. Today, 25% of the French fresh apple supply comes from dedicated orchards.

Developing product lines that align with its commitments

In a further step, the Group decided to update its product portfolio. For the majority of its ranges, MOM now offers alternative products made with organic ingredients and no added sugar.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019	2020 objective	2025 objective	Progress
Delivering the goodness of fruits	Share of fruit purchases from orchards with <i>Vergers Écoresponsables</i> endorsement	1,5 %	42,3 %	100 %	100 %	😊

HIGHLIGHTS OF 2019

- Finalization and roll-out of the Group policy on animal welfare.
- Procurement of fresh apples exclusively from certified environmentally responsible orchards (“Vergers Ecoresponsables” endorsement) for production in France.
- Sourcing of 100% RSPO-certified vegetable fats (1/3 segregated and 2/3 mass balance).
- Launch of The Laughing Cow Organic.

PRIORITIES FOR 2020

- Launch farm audits in the 10 dairy supply basins as stipulated in the Group animal welfare policy.
- Finalize the study with WWF Morocco on improving resilience to water stress in Morocco.
- Interpret the results of the tests performed on milk nutritional quality.
- Continue to implement responsible and traceable vegetable fat sourcing to achieve procurement of 100% RSPO-certified segregated palm oil.

5

DESIGNING RESPONSIBLE PACKAGING

Definition of the challenge

For nearly a century, the individual portion has been at the heart of the Bel business model. This packaging format gives the Group many advantages in its commitment to champion healthier and responsible food for everyone:

- by guaranteeing food quality and safety (see section 3.1 “Offering products with optimal quality and safety”);
- by offering consumers the right nutritional intake for their needs (see section 3.2 “Fostering better eating habits and healthier lifestyles”); and
- by helping to reduce food waste (see section 6.4 “Fighting food waste”).

Starting in 2019, the Group began including wax in its packaging measurements even though it is not considered as waste in regulatory terms. In 2019, the Bel Group’s packaging was primarily comprised of paper-based materials – including cartons (70%), with smaller proportions of plastic (13%), wax (11%) and aluminum (6%) ⁽¹⁾.

Bel is aware of the challenges posed by individual packaging. Thus the Group is striving to limit the environmental impact of its packaging while improving the management of product end-of-life. In 2019, to coincide with its new identity “For All. For Good”, the Group conferred greater importance on its responsible packaging commitment, making it one of its five priority challenges for 2025.

Policies

In 2019, the Group released its “Responsible Packaging” policy ⁽²⁾, which was formalized in 2018. The goal of the policy is to reduce Bel’s environmental impact at every stage of the product life cycle, from design to end-of-life. This policy is organized around five objectives to attain by 2025:

- reduce the volume of packaging raw materials by systematically following an eco-design process;
- always prioritize paper-based materials as part of a “plastic-free approach”. If plastic cannot be avoided, use only recyclable-ready plastic and increase the proportion of recycled plastic;
- use only recycled paper/cardboard materials or certified virgin materials to ensure that its packaging does not contribute to deforestation;
- work toward 100% recyclable-ready and/or biodegradable packaging by 2025 to meet the second goal, which is especially important in countries that do not yet have waste collection solutions; and
- encourage and facilitate recycling by communicating clearly to consumers and by forging partnerships to develop packaging waste collection and recovery chains in all the countries where the Group operates.

(1) The figures presented in this section do not include MOM and only partially cover Safilait and Bel Rouzaneh.

(2) <https://www.groupe-bel.com/wp-content/uploads/2019/10/emballages-responsable.pdf>.

5.1 ECO-DESIGNING ITS PACKAGING AND USING MORE SUSTAINABLE MATERIALS

Action plan

Eco-designing its packaging

Bel has been following an eco-design approach to packaging for several years. Whether designing new packaging or updating existing models, reducing the amount of packaging is a prerequisite for Bel. The aim for all packaging put on the market, regardless of the country, is reduction at source without compromising the essential functions of packaging.

Continuous improvement plans have already helped decrease the thickness of the aluminum sheets used for The Laughing Cow and Kiri portions, which are now a mere 10 to 12 microns thick, and to reduce the amount of plastic used in Leerdammer sliced cheese packs, saving 225 metric tons of packaging.

Prioritizing paper-based materials

Bel wants to systematically prioritize paper-based materials to limit the use of plastic as much as possible. In 2019, Bel used 70% paper-based materials.

Nevertheless, when plastic must be used, for example, for technical reasons or to maintain optimal conservation, Bel follows these guidelines:

- limit the quantities of plastic used to the strict minimum;
- use 100% recyclable-ready plastic to promote its integration in the circular economy;
- when it does not compromise product quality or safety and is technically feasible, incorporate recycled plastic to reduce the need for extracting the fossil fuels required to produce virgin plastic; and
- do not deposit any plastic from Bel plants in landfills.

In all, 60% of the plastic used by the Group in 2019 was 100% recyclable-ready.

Using recycled or sustainably sourced materials

Using paper and cardboard that do not contribute to deforestation

The Group is committed to preserving natural ecosystems and fighting deforestation through its supply chain (see section 6.2 “Fighting the risks of biodiversity loss and deforestation”). As a result, it is working to ensure that the paper-based materials it uses systematically incorporate recycled fibers or are certified to be harvested from sustainably managed forests (FSC, PEFC, SFI, CSA, etc.).

In 2019, Bel worked on its Boursin and Kiri cardboard packaging, which is now FSC certified.

Overall, 92% of the Group’s paper and cardboard packaging now incorporates recycled and/or certified origin fibers. In 2019, 68% of the paper and cardboard Bel used contained recycled fibers and 70% was certified sustainable.

Promoting sustainable procurement sources for other materials

Aluminum accounts for just 6% of the Group’s packaging by weight, but it is symbolically significant in the brand portfolio because most Bel products are wrapped in aluminum. This is why the Group is playing an active role in its sustainable management. For example, Bel is working to source aluminum certified under the Aluminum Stewardship Initiative (ASI). The Group has participated in this international program since 2017. Its objectives are to implement new standards for responsible procurement and to certify the entire chain, from extraction from bauxite quarries to recycling. The ASI certification includes biodiversity preservation requirements.

Furthermore, although wax is not considered as waste in regulatory terms, Bel’s goal is to identify and develop more responsible alternatives (e.g. recycled, recyclable or biodegradable materials) by 2025.

Finally, in 2019 Bel began using cellophane from certified sustainably managed forests for Babybel packaging in France and Slovakia. The Group’s objective is to roll out this initiative to all subsidiaries by the end of 2020.

5.2 ENCOURAGING AND FACILITATING THE RECYCLING OF ITS PRODUCTS

Action plan

Guaranteeing 100% recyclable-ready and/or biodegradable packaging

To build momentum behind the circular economy and to transform its packaging waste into new resources, the Group is working toward 100% recyclable-ready and/or biodegradable packaging by 2025. Packaging is “recyclable-ready” if the country has at least one recycling outlet for it (collection, sorting, reuse).

To reach its goal, the Group prioritizes materials made from paper and aluminum, both of which are 100% recyclable-ready. In addition, Bel favors mono-material plastic packaging to ensure it can be recycled. In 2019, Bel developed 100% recyclable-ready plastic packaging for its Leerdammer slices in the United Kingdom, France and Germany. It plans to expand this action plan to all countries where the product is sold by 2021.

Overall, 84% of the packaging and wax used for Bel products in 2019 was recyclable-ready and/or biodegradable. The drop versus 2018 is mainly attributable to the inclusion of wax in the scope of packaging reported in 2019.

Encouraging and facilitating recycling

By communicating clearly to consumers

Bel wants to help its customers adopt good waste sorting practices to ensure optimal conditions for packaging disposal. Therefore, sorting instructions are visible on the Group’s packaging and on its brands’ websites. In countries that do not yet have such disposal resources,

the Group is gradually altering its packaging to explain how individuals can act responsibly and reduce litter (see section 2.3 “Communicating responsibly and transparently with its consumers”).


By forging partnerships to develop packaging waste collection and recovery chains

Some 84% of the Group’s packaging (including wax) is ready to be recycled. However, in many of the countries where its products are sold, Bel must deal with a lack of collection chains to recycle and reuse of packaging materials. This is particularly the case for small aluminum packaging and some plastic packs.

Bel is supporting the development of collection and recycling schemes. For example, since 2016 the Group has been an active member of CELAA (Club du recyclage de l’emballage léger en aluminium et en acier), an initiative that encourages the sorting and recycling of small aluminum and steel packaging, in partnership with Citeo. It also co-founded AREME, a similar initiative, in Belgium. Furthermore, in 2019 Bel Morocco and other agrifood players ⁽¹⁾ created an “Alliance for Packaging Innovation and Recycling”. The goals of the alliance are to work together on better management of packaging end-of-life, protect the public good and promote consumer education and awareness about environmental protection.

(1) The other founding members are Coca-Cola Export Company, Unilever, Centrale Danone, Procter & Gamble, Les Eaux Minérales d’Oulmès and Nestlé Morocco.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018 ^(a)	2019 ^(b)	2020 objective	2025 objective	Progress
Work towards 100% recyclable-ready and/or biodegradable packaging	Recyclable-ready and/or biodegradable packaging	86 %**	81 %* 92 %**	84 %** 94 %**	88 %*	100 %*	

* Including wax.

** Excluding wax.

(a) excluding MOM and Safilait.

(b) excluding MOM.

HIGHLIGHTS OF 2019

- 100% recyclable-ready plastic packaging for the Leerdammer slices range in the UK.
- Participation of Bel Morocco as co-founding member of AIRE, an alliance for packaging innovation and recycling that aims to improve the management of packaging end-of-life.

PRIORITIES FOR 2020

- Continue rolling out the objectives set forth in the "Responsible Packaging" policy.
- Meet the goal of 100% recycled or certified cardboard and paper.



FIGHTING CLIMATE CHANGE AND REDUCING ITS ENVIRONMENTAL FOOTPRINT

6.1 FIGHTING CLIMATE CHANGE

Definition of the challenge

Climate change is one of the biggest issues of our time. Therefore, fighting climate change is a strategic priority for the Group that calls for lasting actions to transform the Company, such as updating its product mix and improving its energy mix. In 2019, the Group's dedication to the commitments made under the Paris Agreement resulted in the definition of a 2°C road map for 2030. Bel is fully mobilized to reduce the direct and indirect emissions generated by activities along its entire value chain.

Overview of Bel's total carbon footprint

The Group's global carbon audit was conducted in 2018 in accordance with the Greenhouse Gas Protocol ⁽¹⁾; it estimated the total amount of emissions generated by the Group in 2018 at 6.6 million CO₂ metric tons equivalent. It showed that 72.3% of the Group's total emissions come from the production of raw materials, followed by emissions from upstream and downstream transportation (12.1%), Scopes 1 and 2 (3.5%) and packaging (3.8%) ⁽²⁾.

(1) <http://ghgprotocol.org/>

(2) This carbon audit does not include the impacts of the processing of the Group's by-products if they are sold to third parties.

Distribution of Bel's greenhouse gas emissions along the entire value chain Total estimated quantity = 6.6 million metric tons CO ₂ equivalent	2017 excluding MOM ^(d)	2017 with MOM ^(a)	2018 with MOM
Scopes 1 & 2 ^(e)	3 %	3,4 %	3,5 %
Scope 3 ^(f)	97 %	96,6 %	96,5 %
• Of which raw material purchasing	77 %	74,9 %	72,3 %
• Of which packaging and finished product purchasing	3 %	3,4 %	3,8 %
• Of which sub-contracted production	3 %	2,5 %	3,9 %
• Of which other goods and services purchasing	2 %	2,0 %	2,3 %
• Of which capital equipment purchasing	1 %	1,2 %	1,2 %
• Of which upstream transport (raw materials and packaging) ^(b)	4 %	4,8 %	4,8 %
• Of which downstream transport (products sold and co-products) ^(c)	6 %	7,0 %	7,3 %
• Of which products sold (reprocessing or product/packaging end-of-life)	1 %	0,8 %	0,8 %

(a) With MOM, extrapolated from the quantities produced in 2017 and the impact ratios of the various MOM activities in 2018.

(b) Raw materials, packaging and other inputs.

(c) Products sold and by-products.

(d) Excluding MOM.

(e) Scope 1 corresponds to direct emissions from burning the fossil fuels (oil, gas and coal) used in the Group's plants or generated by refrigerant leaks from facilities; this scope includes emissions from vehicles owned or controlled by the Group. Scope 2 corresponds to indirect emissions associated with the purchased production of electricity, heat and refrigeration.

(f) Scope 3 corresponds to other indirect emissions, in particular dairy raw material purchases, finished product packaging and upstream and downstream transport. Some quantified but negligible emissions were not included in the above table (processing of waste generated by operations, business travel, commutes, etc.).

Organization and governance

Bel's climate policy is spearheaded by the Group's Environment Department, which comes under the Engineering Department and works in close collaboration with other departments:

- the Engineering Department, which helps Bel's industrial sites achieve carbon neutrality;

- the Milk Purchasing Department, which works to reduce the environmental footprint of milk production;
- the Packaging Purchasing Department and packaging developers, who are implementing the "Responsible Packaging" policy; and
- the CSR Department, which oversees coordination and promotion of the Bel Climate Policy to all internal and external stakeholders.

RISKS RELATED TO CLIMATE CHANGE

TYPE	SKS LINKED TO CLIMATE CHANGE	POTENTIAL FINANCIAL IMPACT	IMPACT ON GROUP STRATEGY
TRANSITION RISKS	Regulatory risks		
	Long-term risk Implementation of new regulations relating to energy, greenhouse gas emissions or carbon prices.	Such regulations could increase operational costs for Bel.	Bel defined its 2°C road map under the Science-Based Targets initiative. The Group is setting up action plans to reduce the greenhouse gas emissions generated by its direct and indirect activities (see “Action plans” section below). Financial resources are allocated in a multi-year investment plan to take into account SBTi commitments.
	Reputation risks		
	Long-term risk Consumer preference for products with lower greenhouse gas emissions.	This risk could affect Bel's sales and market shares.	Bel aspires to be a responsible company. With its new identity “For All. For Good”, the Group aims to offer its customers healthier and responsible food for all. To bring that vision to life, the Group identified five priorities, which are presented throughout this document. Bel has taken stock of the need to transform its brands and products.
	Market risks		
	Long-term risk Volatility of energy prices.	This risk could boost operational costs for Bel (e.g. costs to produce and process raw materials and products, storage costs, etc.)	Bel has made strong commitments to reducing energy consumption all along its value chain (see “Action plans” section below).

TYPE	SKS LINKED TO CLIMATE CHANGE	POTENTIAL FINANCIAL IMPACT	IMPACT ON GROUP STRATEGY
TRANSITION RISKS	Chronic risks		
	<p>Long-term risk</p> <ul style="list-style-type: none"> • Precipitation variability could affect water reserves in or near Bel's dairy supply basins and industrial production sites. • Climate and weather variability could affect the procurement, quality and price of the agricultural raw ingredients used (e.g. fruits). • Variability of soil conditions could affect local animal feed production. • Unsuitability of region for milk production. 	<ul style="list-style-type: none"> • Bel's dairy supply basins and production sites could experience water shortages or excessive rains, which could lead to an increase in operational expenses and production difficulties. • The price variability of raw materials could lead to an increase in Bel's costs. • The impact on the production of animal feed could increase the production costs for milk and milk products. • Difficulties in milk production could lead to decreased availability at milk production sites. 	<p>Bel is implementing actions to make agricultural production more resilient (see "Action plans" section below).</p>
	Non-recurring risks		
	<p>Long-term risk</p> <p>Risk of exposure of the Group' buildings and facilities and those of its suppliers to natural disasters (earthquake, fire, flood, etc.).</p>	<p>This risk could cause the loss of a strategic industrial site and result in high operational expenses and production difficulties.</p>	<p>Bel takes these risks into account when it builds a new site by choosing locations that are less exposed to extreme climate events and/or by designing adapted buildings.</p> <p>Moreover, Bel holds a "Damage to assets, operating losses and transport" insurance policy that covers the Group's facilities against the consequences of extreme natural events (e.g. earthquake, severe storm, flood, torrential rain, hurricane, etc.). The consequences for Bel if one of its suppliers were unable to meet its obligations after an extreme climate event are also covered. Finally, Bel's insurers get involved at the plant design phase and conduct periodic audits on the Group's facilities to check their level of security, identify any measures to take and adapt insurance coverage to the needs of each site.</p>

Policies

Environmental policy

The Group has had an internal environmental policy since 2008 that was formalized in 2014; this policy lays out Bel's goals to address climate and water challenges, as well as guidelines to achieve them. After adopting this policy, the Group set the objective of reaching carbon neutrality for Scopes 1 and 2 by 2025.

Science-Based Targets program

Since 2017 the Group has participated in the Science-Based Targets initiative (SBTi) started by the Carbon Disclosure Project (CDP), the World Resources Institute (WRI), the WWF and the United Nations Global Compact. The purpose is to reduce greenhouse gas emissions along its entire value chain (Scopes 1, 2 and

3). In 2019, Bel defined the following targets, which were approved by the SBTi technical committee:

- reduce emissions for Scopes 1 and 2 by 42% versus 2017 levels (in ton CO2 eq./ton produced) by 2030; and
- reduce Scope 3 emissions by 27% versus 2017 levels (in ton CO2 eq./ton produced) by 2030.

Other policies

The Group has adopted several other policies that contribute indirectly to reducing Bel's greenhouse gas emissions. Examples include the "Responsible Packaging" policy (see section 5 "Designing responsible packaging"), the "Deforestation" policy (see chapter 6.2 "Fighting the risks of biodiversity loss and deforestation") and policies relating to the dairy upstream (see section 4.1 "Taking action for a sustainable milk supply chain").

Action plan

Reducing greenhouse gas emissions

- Scope 3

Agricultural raw ingredients

Given the significant impact of agricultural raw materials on the Group's overall carbon footprint (72.3%), reducing GHG emissions from this source will be decisive in achieving the targets set in connection with the Science-Based Targets initiative.

In light of its responsibility and of the impact dairy production has on the environment, the Group has made its commitment to a sustainable dairy sector a priority within its corporate social responsibility strategy. To take practical, measurable action, Bel and WWF France signed a partnership in 2012 with a common goal to limit the environmental impacts of dairy production (see section 4.1 "Taking action for a sustainable milk supply chain").

Moreover, for several years Bel has been working with CNIEL (the French national dairy industry council) to create Cap2'ER, a tool to measure the environmental impact of farms and to identify new pathways. This tool has been used at over 4,000 farms in France and was deployed in several other supply basins in 2019. It has led to a compendium of 17 improvement practices. Bel will pursue this initiative in all its supply basins in 2020.

Transportation/distribution

The Group optimizes the transportation of its raw materials and finished products to reduce not just its greenhouse gas emissions, but also other nuisances (e.g. road congestion and noise). The locations of its plants and its logistics flows are designed to reduce distances both upstream (mainly for fresh milk) and downstream (as close as possible to consumer markets).

Bel works with its logistics service providers in every country to optimize truck and container fill rates, as well as transportation flows. The Group also studies alternatives to road transportation that produce fewer greenhouse gas emissions.

Packaging

As a major player on the healthy snack food market, Bel faces packaging challenges. The Group issued a "Responsible Packaging" policy to address these challenges and to reduce the environmental impact associated with its packaging (see section 5 "Designing responsible packaging").

Reducing greenhouse gas emissions

- Scopes 1 and 2

Audit of greenhouse gas emissions

- Scopes 1 and 2

Greenhouse gas emissions at the Group's industrial sites come mainly from the energy mix and the processes used to manufacture its products. Refrigerant leaks and fuel consumed by the Group's vehicle fleet also contribute to greenhouse gas emissions, but to a lesser extent.

The Group is tackling these sources of emissions to reduce the carbon intensity of its production so that it will be carbon neutral for Scopes 1 and 2 by 2025. To help meet that goal, Bel developed the Esabel ("Energy Saving At Bel") program to enable each site to monitor its consumption levels and define action plans to reduce them. Audits are carried out regularly to identify good practices and to track the progress of the action plans. In addition, 21 industrial sites have implemented an ISO 14001-certified environment management system.

The action plans at the Bel production sites follow a three-step approach:

- 1) reduce the energy footprint of plant activities;
- 2) use renewable energies; and
- 3) take actions to offset residual emissions.

Reducing energy consumption at industrial sites

The Group sets ambitious targets for reducing the energy footprints of its sites. A portion of the €10 million invested in 2019 to reduce its environmental footprint at production sites focused on this reduction. Nearly €60 million was invested between 2009 and 2019 to reduce Bel's environmental footprint.

The Esabel (Energy Saving At Bel) program, for example, allows each site to monitor its consumption levels and define action plans to reduce them. Audits are carried out regularly to identify good practices and to track the progress of the action plans.

Fossil fuels account for 96% of the emissions generated by Bel's industrial sites. Thus, it prioritizes actions to reduce energy consumption as a way to lower its dependency on fossil fuels and, in time, to limit its greenhouse gas emissions.

Producing dairy products is a highly energy-intensive activity. That is especially true for milk pasteurization, which is necessary to ensure the perfect quality of a raw material that is sensitive to bacteriological contamination, and for the cold storage of finished products.

Using renewable energy sources

The Group makes use of renewable energy sources, taking into account local factors, such as the availability of energy from renewable sources, technical feasibility and economic impact.

Bel now has two biomass boilers, which account for 12% of the energy consumed for heat production. In 2020, photovoltaic sensors will be installed at its Song Than 3 site (Vietnam).

The Group also purchases electricity from renewable sources for Vale de Cambra (Portugal) and for all its French industrial sites (excluding the MOM Group) and Dutch sites, making up 46% of the Group's total electricity consumption.

For the MOM Scope, the Chef du Pont site has a biomass boiler. It signed its first contract for renewable energy in 2014; since then, the volume of energy from certified renewable sources has grown steadily (152,260 MWh in 2019 versus 6,178 MWh in 2014).

	2008	2017	2018	2019	Change 2008-2019
Electricity consumption (in MWh) ^(a)					
Electricity not from a renewable source	247 340	182 462	189 570	180 935	- 28 %
Electricity from a renewable source	-	150 960	151 141	152 260	
TOTAL ELECTRICITY	247 340	333 422	340 712	333 196	+ 35 %
<i>Of which renewable electricity</i>	-	45,3 %	44,4 %	46 %	
Consumption of oil, gas and biomass products for heat generation and other purposes (in MWh LHV) ^(a)					
Oil and gas products	543 381	505 372	503 023	518 208	- 5 %
Biomass	-	79 681	71 746	70 604	
STATIONARY COMBUSTION	543 381	585 053	574 769	588 812	+ 8 %
<i>Of which biomass</i>	-	13,6 %	12,5 %	12 %	
Energy consumption (in MWh/metric ton produced) all B-to-C and B-to-B products ^(a)					
Electricity	0,68	0,43	0,43	0,41	- 40 %
Oil and gas products	1,5	0,66	0,63	0,63	- 58 %
Biomass	-	0,10	0,09	0,09	

(a) Group total.

Breakdown of greenhouse gas emissions*	2017	2018	2019
Scope 1			
Associated with fossil fuel and gas consumption	56,4 %	55,3 %	57,0 %
Associated with biomass consumption	0,9 %	0,8 %	1,0 %
Associated with refrigerant leaks	2,4 %	2,8 %	3,0 %
Associated with fuel consumption of Group-owned vehicles	4,2 %	4,2 %	4,0 %
Scope 2			
Associated with the generation of electricity purchased within the Group	36,1 %	36,9 %	35,0 %

* Indicator audited by the Statutory Auditors with a reasonable level of assurance.

Greenhouse gas emissions – Scopes 1 and 2	2017	2017	2019	Change 2008-2019	Change 2017-2018
kg CO2 eq./metric ton produced (all B-to-B and B-to-C products) ^(a)	291	288	282	- 59 %	- 3,1 %
Metric tons CO2 eq. ^(a)	226 734	230 061	230 412	- 8 %	

(a) Group total.

Actions to offset residual emissions

Finally, to meet its goal of carbon neutrality for Scopes 1 and 2, the Group plans to offset the residual greenhouse gas emissions of its production sites. Bel is currently working out the details of its offsetting plan.

Increasing the resilience of agricultural production

Although its dairy supply basins are affected differently by climate change, the impacts are being felt more and more all around the world. Some areas where the Group operates are experiencing water stress.

Water is a vital input for agricultural production, yet farming affects the quality and availability of water

resources. Bel is pursuing two complementary tactics to increase the resilience of dairy farms: reduce water needs and introduce solutions to satisfy irreducible needs such as changing fodder, building water storage systems and planting hedges.

Bel is participating in the Climalait program, which aims to give the French dairy sector practical solutions. To extend this approach to all its production regions, the Group has set the goal of ensuring that 100% of its dairy supply basins have defined action plans to increase their resilience to climate change and water stress by 2025 (see section 4.1 "Taking action for a sustainable milk supply chain").

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Make its operations carbon neutral ^(a)	Greenhouse gas emissions – Scopes 1 and 2 (kg CO2 eq./ton produced)	294	288	282	262	0	☹️

(a) Scopes 1 and 2.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	Change 2017-2018	Reduction target 2017-2025	Reduction target 2017-2030	Progress
Reduce its overall carbon footprint to meet the goals of the Paris Agreement^(a)	Overall carbon footprint (kg CO2 eq./ton produced)	8 653	8 198 ^(b)	- 5 %	- 15 %	- 27,5 % ^(c)	😊

(a) Scopes 1, 2 and 3.

(b) Because there is a one-year lag in determining the Scope 3 carbon footprint, the indicator can only reflect the 2018 result.

(c) This goal of -27.5% in 2030 versus 2017 for Scopes 1, 2 and 3 is aligned with the approved Science-Based Target objectives for Scopes 1 and 2 (-42%) and for Scope 3 (-27%).

6.2 FIGHTING THE RISKS OF BIODIVERSITY LOSS AND DEFORESTATION

Definition of the challenge

In tropical and sub-tropical countries, commercial and subsistence farming accounted for 70% of deforestation between 2000 and 2010 ⁽¹⁾. As an agri-food company, Bel is aware of its responsibility to tackle these challenges. Consequently, the Group has committed to eliminating the risk of conversion ⁽²⁾ of natural ecosystems, including deforestation, in the supply chains for its key commodities by 2025.

The key commodities whose production could contribute, directly or indirectly, to deforestation and the conversion of natural ecosystems are:

- the animal feed (soy meal and palm kernel expellers) used by its milk producing partners to feed their animals;
- the vegetable fat (palm oil) used in some current or future recipes; and
- the cardboard and paper used in its packaging and marketing materials.

(1) FAO, 2016.

(2) Conversion is modifying a natural ecosystem to use the land for a new purpose. It includes deforestation, which is the loss of natural forests.

Policies

In 2019, Bel formalized a policy on protecting natural ecosystems and forests, with the ambitious goal that, by 2025, none of its key raw materials contributes to deforestation or the conversion of natural ecosystems. To meet that goal, the Group prioritizes procurements sourced as locally as possible or the replacement of raw materials with others whose environmental impact is lower. It also favors commodities obtained through traceable, certified supply chains. Bel issues guidelines for each of its key commodities.

Bel's commitment extends to all Bel products and brands in all geographic areas where it does business. The policy covers products prepared in its own plants and those produced by third parties or under co-branded product agreements. MOM's operations are also covered by the policy, whose implementation is managed by the MOM staff.

Action plan

Helping to preserve natural ecosystems and fight deforestation through its supply chain

Animal feed

The Group is prioritizing alternatives to imported soy and palm kernel meal, in particular by encouraging its farmer partners to produce their own protein or to source their feed as locally as possible to minimize the risk of conversion of natural ecosystems.

When such measures are not possible, Bel purchases certificates to offset all the soy meal (RTRS certification) and PKE (RSPO certification) used worldwide ⁽³⁾ to produce the milk used in its cheeses. This offsetting covers both the liquid milk collected and the dairy raw ingredients used by the Group (see section 4.1 “Taking action for a sustainable milk supply chain”).

(3) Excluding meal from Slovakia (Danube region), because that area is no longer exposed to deforestation risk.

Vegetable fat

When vegetable fats are required in a Bel product recipe, they must adhere to strict rules (see section 4.2 “Using vegetable fat within strict limits”). In particular, the Group has pledged to procure palm oil from 100% responsible and traceable agricultural channels (RSPO certification, segregated supply chain) by the end of 2020. Bel also encourages the sourcing of palm oil as locally as possible.

Cardboard packaging

Bel is pursuing aggressive goals to limit the impact of paper and cardboard packaging on the environment and to protect biodiversity. For example, the Group chooses materials made from recycled fibers or certified virgin fibers whenever possible (see section 5 “Designing responsible packaging”).

Taking action to protect biodiversity...

The diversity of natural ecosystems and of the living species that populate them is a source of irreplaceable goods and services that are indispensable to human life and to Bel’s activities. Bel is committed to encouraging and developing responsible supply channels and minimizing the impact of its operations on biodiversity. The Group signed on to the Act4Nature collective in France in December 2019 ⁽¹⁾ and plans to issue a formal Biodiversity policy in 2020.

(1) <http://www.act4nature.com/>.

... by committing to sustainable agriculture

Encouraging responsible animal husbandry practices

Bel encourages its farmer partners to produce milk using innovative practices that respect the environment and biodiversity (see section 4.1 “Taking action for a sustainable milk supply chain”).

Pasture grazing is a pillar of Bel’s Global Sustainable Upstream Dairy Charter because it promotes biodiversity and soil conservation. This practice reduces the quantity of fodder and concentrates needed to feed the cows. It also enables farmers to prioritize more moderately sized fields separated by hedges and trees, which attracts a wide variety of insects and birds. By grazing preferentially on certain species, the cows will also help build the plant and insect diversity necessary to the overall balance of prairies and landscapes. Finally, grazing requires fewer chemical inputs and agricultural machinery, which also helps protect the soil and its animal life.

Developing agri-ecology and organically sourced products

In 2019 Bel further expanded its portfolio of organic dairy products with the launch of two new organic lines: Fromage de Margot and The Laughing Cow Organic.

MOM has been marketing organic fruit products, including Organic Pom’Potes and Organic GoGo squeeZ, for several years. The Group will continue these endeavors in the coming years.

Bel is also working with WWF Netherlands to mitigate the impact of dairy farms on biodiversity in the Netherlands. A tool that monitors biodiversity at the farm level has already been developed and ecological thresholds will be researched and defined.

Moreover, the MOM Group promotes agri-ecology practices in the orchards of its farmer partners (see section 4.3 “Delivering the goodness of fruits”).

... by prioritizing responsible packaging

To limit its environmental footprint and preserve biodiversity, the Group has set ambitious goals under the “Responsible Packaging” policy, focusing on three key commodities: paper/cardboard, plastic and aluminum (see section 5 “Designing responsible packaging”).

... around its industrial sites

In line with its environmental policy and in consultation with local authorities, the Group implements action plans to protect the environment around its plants, especially from its liquid discharges (see section 6.3 “Using water sustainably”).

PERFORMANCE INDICATORS

Bel’s objectives	KPI	2018	2019	2020 objective	2025 objective	Progress
Preserve natural ecosystems and fight deforestation through its supply chain	Impact of sourcing policies (zero conversion risk land area/total cultivated land area)	-	7,1 %	-	100 %	😊

6.3 USING WATER SUSTAINABLY

Definition of the challenge

Water scarcity affects more than 40% of the world’s population ⁽¹⁾, a worrying proportion that could worsen due to climate change. Ensuring availability and sustainable management of water and sanitation for all by 2030 is one of the UN Sustainable Development Goals. To contribute to this essential collective effort, Bel strives to constantly reduce the water consumption required for its activities and to improve the quality of its discharges by using efficient technologies. Further upstream in its value chain, Bel also seeks out solutions to limit water consumption in agricultural production.

(1) Source: United Nations Sustainable Development Goals.

Policies

The Group has had a formal environmental policy since 2014. That policy lays out Bel’s goals to address water and climate challenges, as well as guidelines to achieve them.

Action plan

Reducing water consumption at production sites

The Group sets ambitious targets to reduce the water footprints of its sites. A portion of the €10 million invested in 2019 to reduce its environmental footprint at production sites focused on this reduction. Nearly €60 million was invested between 2009 and 2019 to reduce Bel’s environmental footprint. The Wasabel (“Water Saving At Bel”) program enables each site to monitor its consumption levels and define action plans to reduce them. Audits are carried out regularly to identify good practices and to track the progress of the action plans. In addition, 21 industrial sites have implemented an ISO 14001-certified environment management system.

Most of the drinking water used in the Group’s plants is managed by public utilities and is sourced from surface water bodies such as rivers and lakes or from groundwater (water tables).

The programs implemented have allowed Bel to reduce its water consumption per metric ton produced by 49% between 2008 and 2019.

Water consumption	2008	2016	2017	2018	2019	Change 2008-2019
In m ³ per metric ton produced, (all B-to-B and B-to-C products) ^(a)	12,53	N.A.	6,41	6,52	6,34	- 49 %
In thousands of m ³ * ^(a)	4 553	4 348	5 000	5 213	5 173	+ 14 %

(a) Group total.

Quality of discharges from its production sites into the natural environment

By reducing their water consumption, the sites automatically reduce their discharges and improve the quality of those discharges: the lower the volume of water treated in treatment facilities, the lower the concentration of organic matter flowing out of these facilities. To limit its negative impact on the environment and protect biodiversity, the Group makes sure that the quantity of organic matter contained in discharges from sites, and the temperature of discharges, comply with applicable regulations. Most wastewater from sites is treated internally. Discharges sent to third parties for

treatment are pre-treated by Bel. The Group spends over €5 million on wastewater treatment each year.

Furthermore, to avoid an accidental release directly into the environment, Bel protects water bodies and river run-off points adjoining its sites with special structures.

Finally, most of the sludge from wastewater treatment plants is recycled through appropriate channels. As the sludge is rich in nutrients, some of it is spread on agricultural land, mainly in France, in accordance with local regulations, which avoids water or soil pollution. Sludge spreading is governed by local permits that specify the obligations to be met (e.g. spreading plans, surface areas and agronomic monitoring).

	2017	2018	2019	Change 2017-2019
Total wastewater volume (in thousands of m ³) (a)	4 492 ^(b)	4 562 ^(c)	4 634 ^(c)	+ 3,2 %
Treated internally	2 192 ^(b)	2 079 ^(c)	2 143 ^(c)	- 2,2 %
Treated by a third party with other effluents	2 300 ^(b)	2 483 ^(c)	2 403	+ 4,5 %
Spread untreated	N.A.	N.A.	88	
Volume of wastewater per metric ton produced				
In m ³ per metric ton produced, All B-to-B and B-to-C products	5,8	5,7	5,75	- 1,7 %
Quality of treated water (in metric tons) ^(a)				
Chemical oxygen demand (COD)	80,1 ^(d)	81,2 ^(e)	81,6 ^(e)	1,9 %
Suspended matter discharged	30,6 ^(d)	30,4 ^(e)	36,8 ^(e)	- 20,3 %
Total nitrogen discharged	14,0 ^(d)	13,0 ^(e)	12,9	- 8,0 %
Total phosphorous discharged	2,6 ^(d)	3,4 ^(e)	5,2	100 %
Cost of wastewater treatment (in thousands of euros) ^(a)	4 491	5 561	5 731	
Spreading of sludge from wastewater treatment or untreated water ^(a)				
Total dry matter (in metric tons)	1 088 ^(f)	1 077 ^(g)	1 116	2,6 %
Nitrogen (in metric tons)	96 ^(f)	90 ^(g)	96	- 1,0 %
Phosphorous (in metric tons)	76 ^(f)	81 ^(g)	84	10,5 %

(a) Group total.

(b) Data available for 29 sites, i.e. 92% of total production for this reporting Scope.

(c) Data available for 27 sites, i.e. 74% of total production for this reporting Scope.

(d) Data available for 12 out of the 13 sites providing full treatment before discharge into the natural environment.

(e) Data available for 13 out of the 13 sites providing full treatment before discharge into the natural environment.

(f) Data available for five out of the six sites that spread their waste.

(g) Data available for five out of the seven sites that spread their waste.

Reducing water consumption linked to agricultural production

Lastly, Bel has taken action to limit the water needed for farming activities, especially for the dairy supply basins

affected by water stress. The Group is participating in the Climalait French pilot program. It is also launching studies in priority dairy supply basins such as Morocco and Iran to identify a compendium of actions to boost resilience (see section 6.1 "Fighting climate change").

PERFORMANCE INDICATORS

Bel's objectives	KPI	2017	2018	2019	2020 objective	2025 objective	Progress
Reduce the water footprint of its production sites	Water consumption per ton of finished product versus 2008	- 38 % ^(a)	- 49 %	- 49 %	- 55 %	- 80 %	😊

(a) Excluding MOM and Safilait.

6.4 FIGHTING FOOD WASTE

Definition of the challenge

Although one out of nine people – 795 million individuals – around the world are currently undernourished ⁽¹⁾, nearly 30% of the food produced in the world for human consumption is wasted, which amounts to approximately 1.3 billion metric tons per year ⁽²⁾.

For Bel, fighting food waste is a critical issue in our society and an ethical imperative that contributes to achieving the United Nations Sustainable Development Goal (SDG) of “Zero hunger”. Minimizing waste will always be an integral part of Bel’s business model: indeed, some of its core brands were born of an effort to optimize by-products. For example, the recipe for The Laughing Cow was invented to utilize cheese surpluses and the Kiri recipe was initially developed to reuse the cream left over after producing certain cheeses.

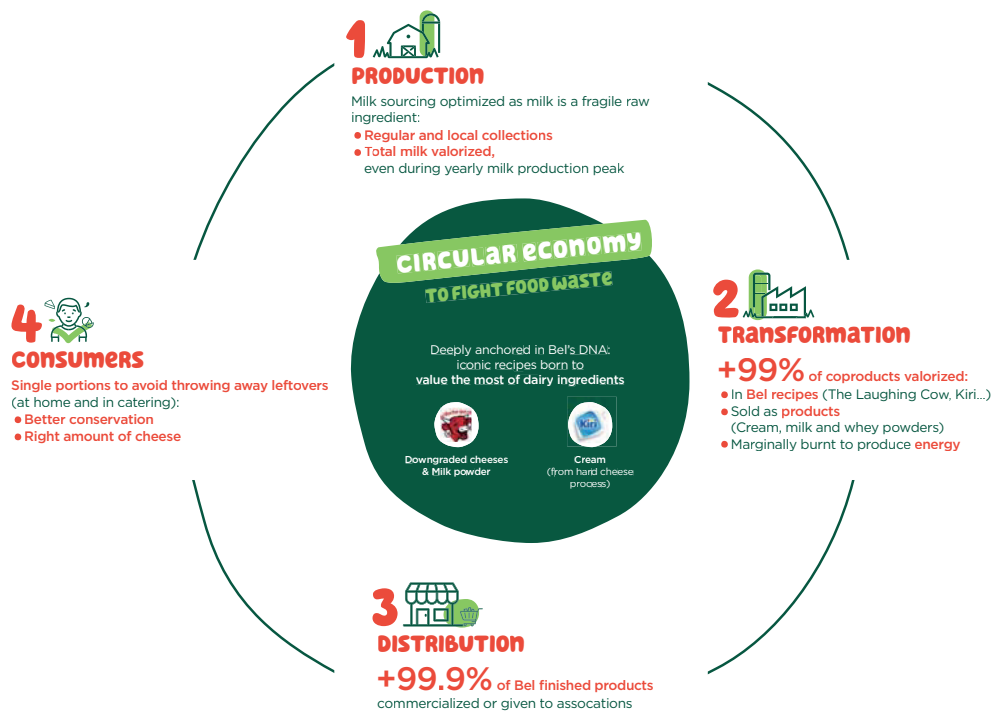
In addition to recovering by-products to develop its brands, the Group strives to reduce food waste along its entire value chain, from the production and collection of its raw materials to the consumption of its finished products.

(1) <https://www.undp.org/content/undp/fr/home/sustainable-development-goals/goal-2-zero-hunger.html#targets>.

(2) <http://www.fao.org/save-food/ressources/keyfindings/fr/>.

Policies

The Group actively participated in preparing the Anti-Waste Charter proposed by the Association nationale des industries alimentaires (“Association of Agribusinesses”, or ANIA), which is a collection of best practices to be used by Bel and all companies in the sector to reduce food waste all along the value chain.



Action plan

Production and collection

Bel minimizes the loss of raw materials during agricultural production – especially milk because it is a fragile, perishable ingredient. Thus, the Group collects milk locally and regularly (at least every three days) from its farmer partners to reduce the time elapsed between milking and processing. All the milk produced is collected, even when there are production overages.

Processing

Many efforts are made in the Group’s plants to minimize the generation of waste.

The development and manufacturing of products (formulation, thermal treatment protocols, efficient packaging design, etc.) aim to enable Bel cheeses to

keep their taste and health properties over relatively long shelf lives. Finished product production runs are also adjusted to match sales estimates to avoid manufacturing surplus products without a sales outlet.

Bel also strives to reuse milk production overages and all components of the milk collected, including by-products of cheese production, such as cream and whey. In addition, Bel does produce substandard cheeses in all its manufacturing cycles. All these by-products and production surpluses are recovered: they are reused in the Group’s own plants, resold as raw ingredients in the manufacture of other products or, to a lesser extent, reused to generate energy (methanization). In all, more than 99% of the Group’s by-products are reused ⁽¹⁾.

(1) Data does not include MOM.

Distribution

Logistics: Bel's combination boxes and pallet loads are specifically designed to ensure that products are properly protected during their repeated handling (in trucks, containers and warehouses) and retain their integrity until they are sold to consumers.

The Group optimizes its distribution network with routes that are defined so that transportation takes the shortest path between the production site and point of sale.

Sales and donations: The vast majority of products are sold in traditional distribution channels. Nevertheless, when the Group has excess inventory, it makes every effort not to destroy any production. The overages are sold via other channels or donated to associations.

The Group has also implemented a relabeling system for certain export products so that they bear legally mandated information in French and can thus be sold to French wholesalers rather than be destroyed.

Lastly, the Group has taken the necessary steps to enable its sites and warehouses to donate products to food banks. In 2019, Bel's warehouses in Europe ⁽²⁾ donated 214 metric tons of products to charity, including 97 metric tons in France.

(2) Portugal, Sweden, Finland, Norway, Denmark, Czech Republic, Germany, Austria, Slovakia, Spain, Belgium, Switzerland, United Kingdom, Ireland, Ukraine, Holland.

Given that the most common portion size at Bel is 25 grams, this means Bel donated cheese to over 8 million meals distributed by associations in 2019.

Partnership: In 2019, Bel joined a working group with Too Good to Go in partnership with other large-scale producers and major retail players. The goal of this collaboration is to sign a pact between the various stakeholders to help limit food waste linked to consumption dates. The pact was issued in January 2020.

Consumption

At home: Food wasted by consumers accounts for a large share of overall food waste: best-before dates exceeded, leftovers in plates, etc. According to the European Commission, 42% of food waste in Europe occurs in households ⁽³⁾.

(3) https://ec.europa.eu/environment/eussd/pdf/bio_foodwaste_report.pdf.

The individual portion format is a powerful tool in fighting food waste, both at home and in food service settings. Indeed, it allows for the optimum preservation of products even when a pack has been opened. The fact that these formats prevent products being thrown away is the second reason consumers buy them after convenience of use.

Highlight of 2019: Bel believes that education, information and awareness efforts aimed at consumers are powerful ways to prompt actions to reduce food waste. This is why the Group, as part of its collaboration with Too Good To Go, worked in 2019 to integrate informational and explanatory messages about the expiry date on the insert packaged with The Laughing Cow. This new insert will be incorporated starting in March 2020.

HIGHLIGHTS OF 2019

- Validation of *Science-Based Target* objectives.
- Launch of a partnership with *Too Good To Go* to fight against a food waste.
- Development of a tool to measure the impact on natural ecosystems of the sustainable supply chains put in place by the Group.

PRIORITIES FOR 2020

- Deploy the pact in partnership with *Too Good To Go*.
- Adopt a biodiversity policy.
- Continue to implement responsible and traceable sourcing of vegetable fats, helping to meet the Group's goal to preserve natural ecosystems and fight deforestation.



IMPROVING THE ACCESSIBILITY OF ITS PRODUCTS

Definition of the challenge

In light of diminishing natural resources and a growing world population, the Bel Group is cognizant of the coming challenge of feeding nine billion people, while one-fourth of the planet's population still does not have access to nutritious food. This knowledge prompted Bel to

make product accessibility one of its strategic priorities by committing to offer quality products to as many consumers as possible everywhere in the world. That commitment entails working on prices, in addition to adapting recipes to the nutritional needs of all and opening up new distribution channels so that its products are available to as many people as possible.

7.1 ADAPTING ITS PRODUCTS TO THE NEEDS OF EVERYONE

The Group is striving to develop new markets and offer products adapted to new consumers, particularly in emerging countries.

Some populations with less purchasing power often find themselves in complex positions of under-nutrition or malnutrition. In keeping with its mission to offer healthier and responsible products for all, including consumers with lower incomes, Bel has consulted with external nutrition experts to develop products with special nutritional properties. The priority is to enrich their vitamin and mineral content of these products to help better cover the nutritional needs of populations, such as those in sub-Saharan Africa, and to adapt ingredients to guarantee optimal food safety and quality. In this way, Bel can deliver nutritional value added (specifically researched nutrients, competitive edge) while remaining accessible to as many consumers as possible (see section 3 "Contributing to

healthier food"). The Laughing Cow Délice de Lait, for example, is a product with dairy and vegetable ingredients that was designed for the consumer, to address the reality of their buying power and nutritional needs. The product is enriched with calcium and vitamins A and D, making it an appealing product in Africa, where vitamin A deficiency is a public health concern. The product is currently sold in Ivory Coast and Democratic Republic of Congo, where it was just launched.

In addition, Bel wants to be an organic pioneer in the cheese market by making organic products more accessible for everyone. By launching organic Mini Babybel and The Laughing Cow products, Bel has made it a priority to offer organic versions of products intended mainly for children. By 2022, the Group aims to expand its organic offer for all its big international brands and create new brands that combine accessibility with responsibility.

7.2 IMPROVING THE ACCESSIBILITY OF ITS PRODUCTS BY DEVELOPING INNOVATIVE AND INCLUSIVE DISTRIBUTION MODELS

To adapt to the reality of eating and shopping habits and to offer healthy snacking products to a larger proportion of the population, Bel has been taking up positions in new distribution networks for several years.

Bel launched its "Sharing Cities" program in 2013. This innovative program supplements the traditional marketing channels used for Bel products with alternative distribution networks rooted in local buying practices, while improving the quality of life for sellers involved in the project. For example, the Group uses existing networks of street vendors to sell its products in several major cities in the emerging countries in which Bel is already present. In this way, the Group helps these vendors develop their business and revenue, while offering them access to health coverage and professional training.

As of December 31, 2019, the "Sharing Cities" program was active in six cities and more than 9,000 street vendors had partnered with Bel. Of these, over 3,200 had received access to healthcare (including their families, 4,225 received healthcare services). Since it was introduced, the program has also enabled over 1,100 street vendors to receive professional training. The program was launched in India in 2019 with the recruitment of street vendors in Mumbai.

In 2019, Bel extended the scope of this program to grocery stores, with a loyalty program open to 26,000 grocers in Morocco who are already Bel clients. The offer gives them access to health insurance services designed specifically for them and their families at preferred rates. By the end of the year, more than 5,600 people were covered.

PERFORMANCE INDICATORS

Bel's objectives	KPI	2018	2019	2025 objective	Progress
Improve the accessibility of its products	Number of participants to an Inclusive Business Bel's program. ^(a)	7 500 ^(b)	10 120	80 000	😊
	Number of cities where the Sharing Cities program is active	7	6	30	😞

(a) Street vendors having completed at least one sale during the year and grocers having accessed to a micro-health insurance thanks to Bel.

(b) Excluded grocers

HIGHLIGHTS OF 2019

- Deployment of *Sharing Cities* program in India.
- Extension of the *Sharing Cities* program to grocery stores in Morocco.

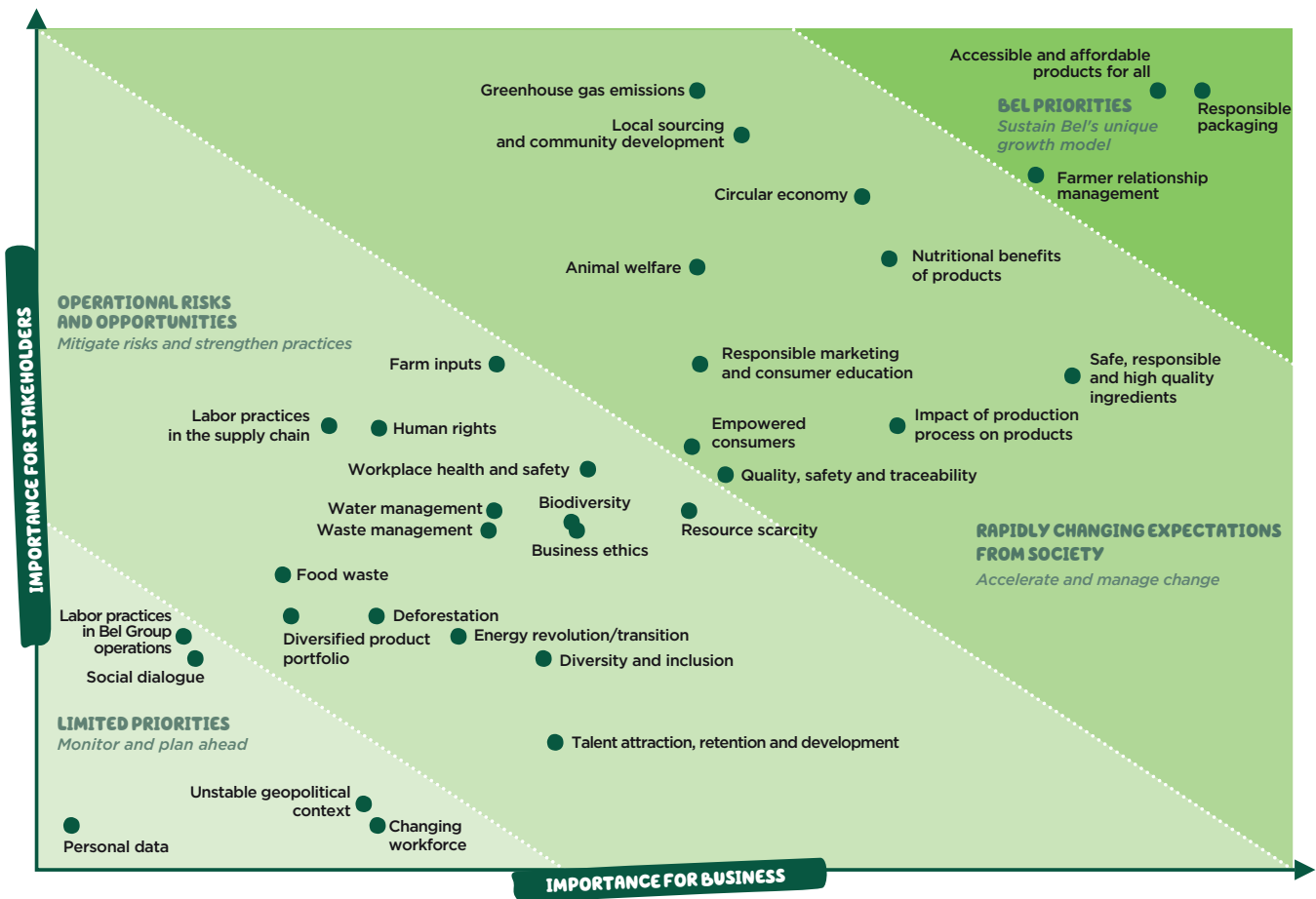
PRIORITIES FOR 2020

- Continue actions to improve the accessibility of products in all the countries where the Group operates.

8

APPENDICES

APPENDIX 1: BEL GROUP MATERIALITY ANALYSIS RESULTS



APPENDIX 2: SUMMARY TABLE - BEL'S MATERIAL NON-FINANCIAL CHALLENGES, REMEDIATION POLICIES AND CORRESPONDING OBJECTIVES

NON-FINANCIAL CHALLENGES **REMEDATION POLICIES**

<p>Risks related to corruption, human rights abuses and tax evasion</p>	<ul style="list-style-type: none"> • Code of Good Business Practices; • Risk mapping exercise and training program (see section 1.4 “Vigilance plan”); • Internal and external alert system (see sections 1.3 “Ethics: a common foundation for conducting business” and 1.4 “Vigilance plan”).
<p>Risks related to human resources, health and safety of Group employees and labor relations</p>	<ul style="list-style-type: none"> • Health and safety programs (see section 2.1.1); • Diversity and talent development programs (see sections 2.1.2 and 2.1.3); • Labor relations (see section 2.1.4).

BEL'S OBJECTIVES	KPI	2025
Work towards zero accidents at sites.	Bel AFR (Accident Frequency Rate).	3,0
Promote gender diversity and inclusion.	Share of women in top management.	40 %
Develop its employees' talent.	Employees who attended training during the year.	100 %

<p>Risks related to suppliers and the priority challenge to promote sustainable agriculture</p>	<ul style="list-style-type: none"> • Sustainable Purchasing Charter, supplier assessments and supplier risk mapping (see section 2.2 “Promoting responsible practices with its business partners”).
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BEL'S OBJECTIVES	KPI	2025
Promote social and environmental practices among its suppliers.	Average EcoVadis supplier score (/100).	55,0

- Bel Global Sustainable Upstream Dairy Charter (see section 4.1 “Taking action for a sustainable milk supply chain”).

BEL'S OBJECTIVES	KPI	2025
Contribute to better quality of life and working conditions for farmer partners.	Farmer access to innovative social models.	100 %
Foster non-GMO feeding of the cows providing milk.	Milk collected from non-GMO fed cows.	100 %

ENJEUX EXTRA-FINANCIERS POLITIQUES DE REMEDIATION

Quality, food safety and product regulation risks

- Organization and dedicated processes (see section 3.1 “Offering products with optimal quality and safety”).

Risks related to innovation and consumer expectations and the priority challenge to contribute to healthier food

- Product offers that meet consumer needs (see section 3 “Contributing to healthier food”);
- Programs to promote better eating habits and healthier lifestyles (see section 3.3 “Improving the nutritional quality of its products”);
- Action to improve the accessibility of its products (see sections 7.1 “Adapting its products to the needs of everyone” and 7.2 “Improving the accessibility of its products by developing innovative and inclusive distribution models”).

BEL'S OBJECTIVES	KPI	2025
Continuously improve the nutritional quality of its products.	Children and family product portfolio meeting “Bel Nutri+” goal (Bel nutritional profiling system).	80 %
Foster healthy consumption habits and lifestyle.	Key countries where a program is implemented for consumers (“Educanut”).	10
	Number of subsidiaries where a program is implemented for employees (“Healthy Smiles”).	30

Risk of environmental impact from operations and the priority challenge of committing to responsible packaging

- Animal husbandry practices to reduce the environmental impact of upstream agricultural activities (see sections 4.1 “Taking action for a sustainable milk supply chain” to 4.3 “Delivering the goodness of fruits”);
- Environmental policy (see section 6.3 “Using water sustainably”);
- Programs to limit the risks of negative biodiversity impact and deforestation (see section 6.2 “Fighting the risks of biodiversity loss and deforestation”);
- Promoting a circular economy approach to packaging (see section 6.2 “Fighting the risks of biodiversity loss and deforestation”).

Priority challenge to improve the accessibility of its products

- Adapt recipes to the nutritional needs of everyone, see section 7.1 “Adapting its products to the needs of everyone”;
- Develop innovative and inclusive distribution models, see section 7.2 “Improving the accessibility of its products by developing innovative and inclusive distribution models”.

BEL'S OBJECTIVES	KPI	2025
Improve the accessibility of its products	Number of cities where the Sharing Cities program is active	30 %

NON-FINANCIAL CHALLENGES REMEDIATION POLICIES

Risks related to the sustainability of natural resources and climate change, including the priority challenges to fight climate change and to commit to responsible packaging

- Animal husbandry practices to reduce the environmental impact of upstream agricultural activities (see sections 4.1 “Taking action for a sustainable milk supply chain” to 4.3 “Delivering the goodness of fruits”);
- Programs to reduce the impact of operations on climate change and to adapt to climate-related risks (see section 6.1 “Fighting climate change”);
- Programs to limit the risks of negative biodiversity impact and deforestation (see section 6.2 “Fighting the risks of biodiversity loss and deforestation”);
- Promoting a circular economy approach to packaging (see section 6.2 “Fighting the risks of biodiversity loss and deforestation”);
- Fighting food waste (see section 6.4 “Fighting food waste”).

BEL'S OBJECTIVES	KPI	2025
Work towards 100% recyclable-ready and/or biodegradable packaging.	Recyclable-ready and/or biodegradable packaging.	100 %
Preserve natural ecosystems and fight deforestation through its supply chain.	Impact of sourcing policies (zero conversion risk land area/total cultivated land area).	100 %
Reduce its global carbon footprint to meet Paris Agreement targets*.	Total carbon footprint (kg CO2 equivalent/metric ton produced).	- 27%**

* Scopes 1, 2 and 3. / ** Objective for 2030 compared to the benchmark year 2017.

APPENDIX 3: CORRELATION TABLE TO THE UNITED NATIONS GLOBAL COMPACT PRINCIPLES

Section(s) of the document	
Human rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights	2. A model that creates value for all its stakeholders
2. Businesses should make sure that they are not complicit in human rights abuses	2. A model that creates value for all its stakeholders
International labor standards	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	2. A model that creates value for all its stakeholders
4. Businesses should eliminate all forms of forced and compulsory labor	2. A model that creates value for all its stakeholders
5. Businesses should contribute to the effective abolition of child labor	2. A model that creates value for all its stakeholders
6. Businesses should eliminate discrimination in respect of employment and occupation	2. A model that creates value for all its stakeholders
Environment	
7. Businesses should support a precautionary approach to environmental challenges	4. Promoting sustainable agriculture 5. Designing responsible packaging 6. Fighting climate change and reducing its environmental footprint
8. Businesses should undertake initiatives to promote greater environmental responsibility	4. Promoting sustainable agriculture 5. Designing responsible packaging 6. Fighting climate change and reducing its environmental footprint
9. Businesses should encourage the development and diffusion of environmentally friendly technologies	6. Fighting climate change and reducing its environmental footprint
Lutte contre la corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery	2. A model that creates value for all its stakeholders

APPENDIX 4: CONTRIBUTING TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

Document section(s)	The Sustainable Development Goals
<p>2. A model that creates value for all its stakeholders</p> <p>2.1 Building a sustainable future with its employees</p> <p>2.2 Promoting responsible practices with its business partners</p> <p>2.3 Communicating responsibly and transparently with its consumers</p>	
<p>3. Contributing to healthier food</p> <p>3.1 Offering products with optimal quality and safety</p> <p>3.2 Fostering better eating habits and encouraging healthier lifestyles</p> <p>3.3 Improving the nutritional quality of its products</p>	
<p>4. Promoting sustainable agriculture</p> <p>4.1 Taking action for a sustainable dairy upstream</p> <p>4.2 Using vegetable fat within strict limits</p> <p>4.3 Delivering the goodness of fruits</p>	
<p>5. Designing responsible packaging</p> <p>5.1 Eco-designing its packaging and using more sustainable materials</p> <p>5.2 Encouraging and facilitating the recycling of its products</p>	
<p>6. Fighting climate change and reducing its environmental footprint</p> <p>6.1 Fighting climate change</p> <p>6.2 Fighting the risks of biodiversity loss and deforestation</p> <p>6.3 Using water sustainably</p> <p>6.4 Fighting food waste</p>	
<p>7. Improving the accessibility of its products</p> <p>7.1 Adapting its products to the needs of everyone</p> <p>7.2 Improving the accessibility of its products by developing innovative and inclusive distribution models</p>	

APPENDIX 5: SUMMARY OF ENVIRONMENTAL DATA

Bel Group with MOM and Safilait	Units	2017	2018	2019
Circular economy				
Recovered by-products (excluding MOM)				
Substandard cheeses or similar recovered internally or externally	mt	17 138	17 693	16 025
Dry whey extract recovered internally or externally	mt	83 391	80 548	107 205
Cream recovered internally (production site or within the Group) or externally	mt	47 838	48 981	52 655
<i>Quantity of recovered by-products*</i>	<i>mt</i>	<i>148 367</i>	<i>147 222</i>	<i>175 855</i>
Water consumption				
Water consumption in vulnerable zone	m ³	1 933 485	818 654	1 625 749
Water consumption in stress zone	m ³	659 945	301 910	241 258
Water consumption in water shortage zone	m ³	969 795	1 056 359	870 305
Water consumption in non-vulnerable region	m ³	1 436 860	3 036 555	2 435 742
<i>Total water quantity*</i>	<i>m³</i>	<i>5 000 085</i>	<i>5 213 478</i>	<i>5 173 054</i>
Energy				
Electricity				
Consumption of grid electricity from non-renewable source	MWh	181 942	189 570	180 612
Consumption of self-generated electricity from fuel oil or gas	MWh	520	460	323
Electricity consumption from a certified renewable energy source	MWh	150 960	151 141	152 218
<i>Total electricity consumption</i>	<i>MWh</i>	<i>333 422</i>	<i>340 712</i>	<i>333 196</i>
Fuels				
Fuel oil	MWh_LHW	86 858	85 834	87 551
Gas	MWh_LHW	418 514	417 189	430 657
Biomass	MWh_LHW	79 681	71 746	70 604
Total stationary combustion*	MWh_LHW	585 053	574 769	588 812
Greenhouse gas emissions				
GHG				
GHG emissions linked to electricity consumption	tCO ^{2e}	81 888	84 881	80 730
GHG emissions linked to fuel oil and gas consumption	tCO ^{2e}	127 939	127 262	131 450
GHG emissions linked to biomass consumption	tCO ^{2e}	1 944	1 751	1 723
GHG emissions linked to refrigerants	tCO ^{2e}	5 348	6 573	7 004
GHG emissions linked to the Group's own vehicle fleet	tCO ^{2e}	9 614	9 593	9 505
<i>GHG emissions, Scopes 1 and 2</i>	<i>tCO^{2e}</i>	<i>226 734</i>	<i>230 060</i>	<i>230 412</i>

Bel Group with MOM and Safilait	Units	2017	2018	2019
Discharges into water				
Discharge into the natural environment				
Volume of water purified internally with discharges into the natural environment	m ³	2 191 714	2 078 832	2 143 434
Discharged chemical oxygen demand	kg	80 131	82 728	81 580
Discharged phosphorous	kg	2 571	3 719	5 211
Discharged suspended matter	kg	30 605	30 625	36 761
Discharged nitrogen	kg	14 028	13 104	12 854
Discharged to an urban wastewater treatment facility				
Volume of water treated by a third party with other effluents	m ³	2 299 966	2 483 266	2 403 209
Discharges into soil				
Spreading of untreated water				
Volume	m ³	N.A.	N.A.	87 557
Agricultural recovery of sludge from wastewater treatment facilities				
Nitrogen	mt	96	90	96
Phosphorous	mt	76	81	84
Dry matter	mt	1 088	1 077	1 116
Discharges into water and soil				
<i>Total volume of discharges</i>	<i>m³</i>	<i>4 491 680</i>	<i>4 562 098</i>	<i>4 634 200</i>
Total cost of treatment of these discharges	EUR	4 491 235	5 560 745	5 730 606
Other emissions into the air				
Nitrous oxide, nitrogen dioxide	mt	204	197	200
Sulfur dioxide	mt	194	196	198
Noise pollution				
Percentage of sites whose noise level at their boundaries and emergence level for the most at-risk residents is compliant	%	83	83	77
Environmental damage				
Number of incidents	unit	67	158	107
Corrective actions	unit	67	150	106
Production of waste				
Quantity of non-hazardous waste sorted and sent for recovery	mt	21 947	28 299	28 439
Quantity of hazardous waste sorted and sent to appropriate treatment channels	mt	534	569	888
Waste incinerated to generate energy	mt	3 077	5 485	2 842
Waste incinerated without energy generation	mt	490	1 033	131
Waste deposited in landfills	mt	6 327	4 147	7 192
<i>Total quantity of waste</i>	<i>mt</i>	<i>32 375</i>	<i>39 533</i>	<i>39 492</i>
Cost of treatment	EUR	2 039 290	3 187 658	3 657 956
Income from sale	EUR	684 973	1 053 150	813 823



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A French limited company
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