

# LIVEREVIEW

2013 BUSINESS REPORT THE BEL GROUP FROM THE TEAM'S PERSPECTIVE



## PEOPLE

OUR EMPLOYEES  
TALK ABOUT  
WORKING AT BEL



## MARKETING

BRANDS  
THAT FORGE BONDS



## INDUSTRIAL

24 HOURS IN  
A BEL PLANT



## SUPPLY CHAIN

A LOOK AT  
DISTRIBUTION CHANNELS  
AROUND THE WORLD



# 2013 LIVE REVIEW

## BEL FROM THE TEAM'S PERSPECTIVE

To gain a sense of our employees' enthusiasm, explore the bonds created by our brands, understand our industrial culture and discover the diversity of our distribution channels.



# 2013 LIVE REVIEW

## LIVE BEL LIVE

This year, the Bel Business Report presents accounts by our teams of what it's like to work at the Group's subsidiaries and production sites. Fourteen employees volunteered to undertake the reporting, photography and interview work that introduces all four chapters of the report. The goal is to discover the reality behind an international company, whose mission is to share smiles with families by bringing the pleasure of dairy goodness.



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Sharing smiles  
😊

# FUNDAMENTALLY BEL

Bel's development has always been driven by the belief that the virtues of dairy products should be shared with as many people as possible. In fact, the company's core mission is to share smiles with families by bringing the pleasure of dairy goodness.



## PROFILE

# 100% BEL

## AT THE HEART OF THE BUSINESS MODEL LIES THE PORTION

*For nearly 150 years, Bel has created cheese-sector blockbusters, known and appreciated everywhere in the world. And it has accomplished all this while remaining an enterprise on a human scale. Today the world's third-largest branded cheese company, Bel is building on the strengths of its unique characteristics to further its growth.*



### VALUE CREATING

Bel invented a new way to eat cheese by offering them in portions. This single-serving format has been widely embraced for its delightful and practical characteristics, its preservation capabilities and its role in contributing to nutritional balance. In fact, Bel has made the portion the common denominator of all its core brands. By combining manufacturing knowhow, quality and miniaturization, with a thorough understanding of markets and marketing expertise, Bel has risen to third place\* in the global branded cheese market.

\* in volume terms  
Sources: Bel Global Cheese Strategy Analysis – Zenith International



**3<sup>rd</sup>**  
**WORLDWIDE**  
IN BRANDED  
CHEESE



### UNCOMPROMISING QUALITY

Bel produces over 400,000 metric tons of cheese annually — including 16 billion portions — at its 27 production sites. From raw materials selection to plant manufacturing processes and transport conditions downstream, every step in the production chain is subject to the same rigorous quality controls. All Bel production sites in every corner of the world apply the strict food-safety and quality standards established by the Group and inspired by the Global Food Safety Initiative (GFSI) guidebook.



OVER  
**16** BILLION  
CHEESE PORTIONS  
PRODUCED EACH YEAR



## GLOBAL BRANDS

Iconic and universal, Bel's five core brands figure among the most international brands in the cheese sector. They are sold in more than 120 countries and account for nearly 70% of the Group's sales. Moreover, four of the five rank among the world's 12 leading cheese brands.\*

\* in terms of sales.

Sources: Bel Global Cheese Strategy Analysis – Zenith International

**30 BRANDS,**  
INCLUDING FIVE  
INTERNATIONAL  
CORE BRANDS



## THE FAMILY TOUCH

Quintessential family staples, Bel cheeses are consumed by all generations within the family. Bel cultivates the family touch with its 10,830 employees as well, sharing with them its optimistic vision of its role as an employer. It's not for nothing that family matters to Bel. The company has been a family operated enterprise since it was established in 1865. Today, the heirs of the Bel and Fiévet families own more than 70% of the Unibel family holding company.




**10,830**  
EMPLOYEES



## THE TASTE OF INNOVATION

Key to making a product stand out from the crowd is innovation, which is geared to developing tomorrow's cheese blockbusters. To that end, Bel innovates in every way possible, from changing formulas, tastes, textures and packaging, to creating completely new products. Communication is another area where Bel innovates constantly, in particular with advertising campaigns that leave a memorable impression generation after generation.

**8% OF SALES**   
GENERATED BY  
PRODUCT INNOVATIONS  
LAUNCHED WITHIN THE PAST  
THREE YEARS



## A RESPONSIBLE COMPANY

Bel believes that the Group's growth can only be meaningful if it is respectful of the environment and a factor for progress. Its approach to corporate social responsibility inherently forms an integral part of the Group's business strategy. It is concrete, measurable and fully integrated into the daily activities of Bel's employees.

**10 YEARS**  
AS A MEMBER COMPANY  
OF THE UNITED NATIONS  
GLOBAL COMPACT

# 3 DRIVERS

## FOR ACCELERATING GROWTH

*Bel is executing a strategy aimed at achieving close to €3 billion in sales by 2015. Its growth strategy is based on further developing the core brands, innovation and team commitment.*

2015 TARGET

CLOSE TO  
**3 BILLION**  
EUROS IN SALES

### 1<sup>ST</sup> DRIVER

#### THE CORE BRANDS' **GEOGRAPHICAL PRESENCE**

While Bel's five core brands are all distinctly positioned, they share some common values, including a certain irreverence, a healthy and fun eating experience, and brand personalities that can be adapted to local eating habits.

These brands still have significant growth potential in the markets where they are already sold and in new territories as well. To energize its core brand growth strategy, Bel builds on the fundamentals:

- A thorough understanding of markets to broaden product ranges;

- An audacious approach to marketing and distribution, to make products appealing, visible and accessible;

- Manufacturing expertise to ensure food safety and quality and tight production controls, to feed the Group's expansion.

Bel is present notably in regions where the potential for growth remains high, but it follows a strategy that seeks to win new markets too.



2<sup>ND</sup> DRIVER**INNOVATION**

Bel works each day to create the conditions conducive to maintaining the perpetual innovative spirit of its employees. Its approach to innovation is three-pronged:

- Extending the ranges by positioning Bel cheeses in the growing spreads, snacks and slices segments, with priority given to enriching the product offering in all three segments;
- Renewing recipes with new flavors, new usages or improving the products' nutritional profiles, to continue winning consumer preference;
- Developing new products through the efforts of dedicated Group teams.

3<sup>RD</sup> DRIVER**EMPLOYEE  
ENGAGEMENT**

As a family enterprise, Bel is committed to growth that is well managed, sustainable and backed by the dedication of its 10,830 employees. Commitment lies at the heart of the company's human resources policy, which encourages empowerment, an entrepreneurial spirit and skills development.

**70%**

OF SALES  
GENERATED BY  
FIVE CORE BRANDS

**180**

EMPLOYEES  
WORK IN TEAMS  
DEDICATED TO  
INNOVATION

**51%**

EMPLOYEE  
ENGAGEMENT RATE,  
UP 6% VERSUS 2011

## INTERVIEW WITH

ANTOINE  
FIEVET**What is your reading on Bel's 2013 performance?**

2013 was a challenging and mixed year. Economic growth remained shaky, with signs of recovery in some markets, but also signs of slowing in emerging countries. Social and political unrest in certain world regions and the structural increase in raw material prices had a direct impact on our business performance.

Nevertheless, the Group achieved sales growth of 2.7% and a better-than 10% increase in operating income. Excluding foreign exchange fluctuations, sales advanced 5.3% organically. I applaud this performance. It shows once again the strength of Bel's business model and the commitment of our 10,830 employees around the world.

**How do you explain this performance?**

The straightforwardness of our business model is a major asset. Over the past several years, we have achieved steady business growth despite changing and lackluster economic conditions. The power of our brands, our balanced geographical presence and our positioning in the cheese market (in spreads, slices and snacks) confer significant advantages on the Group.

The single-serving portion is also one of our strengths. Beyond its wholesome, practical and fun sides, it responds to today's societal and environmental challenges, offering the right nutritional amount, limiting food waste and increasing accessibility when sold by the serving.

**What major trends bear mentioning?**

First, all our geographical regions reported positive organic growth. Africa and the Near and Middle East regions, where we are market leaders, contributed the lion's share of the Group's growth in 2013. In Europe, consumer preference for our core brands was strengthened and maintained. While sales in the Americas, Asia-Pacific region were flat, the Mini Babybel® and Boursin® brands generated remarkable growth in the United States and Canada, respectively. We also had particularly strong performances by The Laughing Cow® and Belcube® in Asia.

**What growth ambitions do you have for the Group?**

In 2012, we set a target of achieving close to €3 billion in sales by 2015. We are on track to meeting that goal, which corresponds to growth of nearly 20% in four years. I have strong ambitions for the Group. Our international growth is accelerating. We have opened a subsidiary every year since 2001. We are investing in innovation, manufacturing and structuring projects for the company. We have a healthy balance sheet. We can be confident about our ability to grow.



.....  
ALL THE GROUP'S  
GEOGRAPHICAL  
REGIONS ACHIEVED  
POSITIVE ORGANIC  
GROWTH.



OUR 2013 PERFORMANCE  
SHOWS ONCE AGAIN  
THE STRENGTH OF  
OUR BUSINESS MODEL  
AND THE ENGAGEMENT  
OF OUR EMPLOYEES.

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

### What leverage will enable you to succeed?

Without a doubt, our ability to understand consumers. Our brands and products reach over 400 million consumers in the world every day. We have to respond to their diverse array of needs and to society's challenges with increasing effectiveness. We possess this expertise at Bel. We are developing new uses for our products, offering new formats and new flavors, and we are optimizing the nutritional composition of our recipes. Our brands have to remain fully connected to our consumers, whether that means meeting local nutritional challenges, responding to increasing demand for natural content or improving access to our products.

.....  
**2.7%**

INCREASE  
IN 2013 SALES

.....  
**5.3%**

ORGANIC SALES  
GROWTH IN 2013



**In 2013, Bel employees completed a second opinion survey of the Group. What's your view of this human resources method?**

First of all, I'm very pleased with the participation rate. With 80% of our employees responding to our second internal opinion survey, that's the first positive indicator. The rise in the commitment rate is also good news. Bel is a family company, a place where everybody can contribute directly to a team project. Our strengths are our enthusiasm, our ability to innovate, and the empowerment and accountability of all. I would like to see this spirit endure and flourish along with the Group.

“ .....  
OUR INTERNATIONAL  
PRESENCE HELPS  
BALANCE OUR RISKS.



# CSR STRATEGY

## BUILDING THE FUTURE WITH SMILES

---

*A world player in the food sector, Bel integrates a unique value proposition known as “sharing smiles” into its brands and products. But this signature also constitutes a commitment to all Group stakeholders. To frame all aspects of its corporate responsibility, and to help fulfill that promise, Bel has launched a structured approach to Corporate Social Responsibility under the banner, “Smiles for the Future”.*

As a food sector company, Bel must create good and nutritious products that are accessible to all. The Group’s brands, known the world over and loved by families in particular, must also be responsible brands. At its production sites, Bel has committed to limiting its direct and indirect impact on the environment. Further, Bel seeks to share its approach to responsible action with its employees, suppliers and partners.

Lastly, as an employer, Bel is aware of its responsibility to its employees, and with them it seeks to build a company that is an enjoyable place to work.

To meet these challenges Bel has taken a pragmatic and motivating approach to corporate social responsibility. The process is based on five pillars, each divided into areas of progress and numerically measurable targets.

### PRIORITY GIVEN TO MOBILIZING THE WORKFORCE

Bel is deploying its CSR process by mobilizing teams at the Group's various entities. Since 2010, Bel's Vice President of Human Resources, Communications and Corporate Social Responsibility has guided the CSR policy, with commitments and numerical targets validated by the Group's Executive Committee and monitored by the Group Management Committee.

A network of 15 leading CSR experts oversees the rollout of the process within various Group functions, with each leader building on their own activity's networks to get all Bel entities involved (subsidiaries, production sites, head office).

Bel is seeking to get all its employees involved in the process. To that end, it raises employee awareness about the environmental and social challenges they face in their areas of activity. In a sign of further progress, the 2013 employee opinion survey showed that 63% of the Group's global workforce believes Bel is doing its utmost to be a responsible company. That's a nine percentage-point increase over 2011, when the first survey was conducted.

### FRUIT-BEARING APPROACH

Bel has published a sustainable development report showing its progress and ambitions based on key environmental, social and societal performance indicators since 2012. Some solid examples of the five pillars on which the Group's process is based are presented opposite this page.



## PARTNERSHIPS & SOCIETY

- ▶ Bel plays an active role in encouraging more sustainable dairy farming.
- ▶ Bel's responsible purchasing policy introduces ethical, social and environmental factors into the selection and performance tracking of its suppliers.
- ▶ Bel's business growth benefits numerous players in the 33 countries where the Group is located.
- ▶ Bel supports charitable projects in the territories where it has operations, in accordance with its corporate mission.



**1.5 BILLION LITERS OF MILK COLLECTED DIRECTLY FROM 3,300 DAIRY FARMERS**



**THE GROUP HAS ASSESSED OVER 400 SUPPLIERS SINCE 2009**



**AN ECONOMIC PLAYER AND A DIRECT AND INDIRECT JOB CREATOR IN 33 COUNTRIES**



**OVER 100 PROJECTS ON BEHALF OF CHILD WELFARE HAVE BEEN SUPPORTED BY THE BEL FOUNDATION SINCE ITS FOUNDING IN 2008**



## ENVIRONMENTAL FOOTPRINT

- ➔ Bel optimizes usage of the resources vital to its activities, in particular milk, water and energy.
- ➔ Bel works to reduce its greenhouse gas emissions.
- ➔ Bel is particularly attached to respecting biodiversity.
- ➔ Lastly, Bel seeks to reduce and recycle its waste.



**12 SITES**  
CERTIFIED ISO 14001



**9.6 CUBIC METERS OF WATER**  
CONSUMED PER METRIC  
TON OF CHEESE PRODUCED,  
REPRESENTING A 23.5%  
DECLINE SINCE 2008



**1.9 MW HOURS OF FINAL ENERGY** (ELECTRICITY, FUEL OIL, NATURAL GAS, AND BIOMASS) CONSUMED PER METRIC TON OF CHEESE PRODUCED, REPRESENTING A 12.6% REDUCTION SINCE 2008



**520 EQUIVALENT KILOGRAMS OF CO<sub>2</sub>** OF GREENHOUSE GASSES EMITTED PER METRIC TON OF CHEESE PRODUCED, REPRESENTING AN 11.3% DECREASE SINCE 2011 (no data available prior to 2011)



## NUTRITION AND RESPONSIBLE PRODUCTS

- ➔ Stringent procedures and processes ensure the quality, security and traceability of Bel cheeses throughout their product life cycles.
- ➔ Bel optimizes the nutritional content and size of its cheese portions.
- ➔ Bel develops packaging with just the right amount of material to ensure safe and wholesome products.
- ➔ Bel explores innovative business models to make its products more accessible.
- ➔ Bel seeks out greater natural qualities in its recipes.



**82% OF BEL PRODUCTS ARE MADE AT SITES CERTIFIED ACCORDING TO GFSI (GLOBAL FOOD SAFETY INITIATIVE) STANDARDS**



**SINCE 2011, 58 RECIPES HAVE BEEN REFORMULATED OR ARE IN THE PROCESS OF BEING REFORMULATED TO OPTIMIZE NUTRITIONAL COMPOSITION**



**THE LAUGHING COW® PORTIONS SOLD IN MOROCCO, ALGERIA AND EGYPT WERE ZINC-ENRICHED TO THE TUNE OF 2.3MG PER 100 GRAMS OF CHEESE**



## RESPONSIBLE COMMUNICATION AND CONSUMPTION

- ➔ Bel looks to provide relevant and clear information about its products and to respond honestly to all questions asked by consumers and its other stakeholders.
- ➔ Bel encourages its marketing teams to prepare responsible advertising and promotional campaigns.
- ➔ Bel encourages its brands to get involved in actions of good citizenship and solidarity that resonate with the brands' DNA.



SINCE 1999, THE MINI BABYBEL® BRAND HAS HELPED TO RAISE NEARLY €1.2 MILLION ON BEHALF OF THE COMIC RELIEF CHARITABLE ORGANIZATION IN THE UK



THE PARTNERSHIP BETWEEN THE LAUGHING COW® AND THE SOS VILLAGES D'ENFANTS CHARITY NOW EXTENDS TO FOUR COUNTRIES IN EUROPE



## COMMITTED EMPLOYER

- ➔ The Group's "People First" social charter defines the mutual commitment between Bel and its employees based on:
  - the health and safety of all;
  - enjoying the workplace;
  - the empowerment of all;
  - skills development for all, with no discrimination;
  - the sharing of success.

### HOW EMPLOYEES VIEW THE THEMES IN THE GROUP'S "PEOPLE FIRST" SOCIAL CHARTER:

POSITIVE OPINION	NEUTRAL OPINION	NEGATIVE OPINION	
56%	31%	13%	Enjoy our workplace
52%	36%	12%	Empower everyone
38%	41%	22%	Grow together
38%	39%	23%	Share success

### MORE INFORMATION



Complete information about Bel's approach to CSR can be found in the Group's CSR report available at the [www.bel-group.com](http://www.bel-group.com) website.



# ORGANIZATION & CORPORATE GOVERNANCE

*Fromageries Bel is a French corporation (société anonyme) with a Board of Directors. It is listed on the Euronext Paris stock exchange. Unibel is the main shareholder and lead holding company for the Bel Group, which includes Unibel, Fromageries Bel and all other controlled companies. In that role, Unibel actively participates in setting and supervising the Bel Group's strategy.*

## ► THE BOARD OF DIRECTORS

Fromageries Bel is managed by a Board of Directors whose Chairman, Antoine Fiévet, is also the company's Chief Executive Officer. As part of the strategy defined for the Bel Group by Unibel, the Board of Directors approves all major strategic decisions, notably with economic, financial and industrial bearing, and ensures that these directions are faithfully executed by General Management. It deals with all matters concerning the proper operation of the Bel Group and, to that end, draws on the work and recommendations of the Board's committees as well as the specialized committees set up by the Group.

## ► GENERAL MANAGEMENT

Members of General Management, which includes the Chief Executive Officer and two Deputy General Managers, represent Fromageries Bel in its relations with third parties, and are invested with the broadest powers to act in all circumstances on behalf of Fromageries Bel, within the limit of the law and the provisions spelled out in the Board of Director's internal

regulations. General Management approves and ratifies decisions, drawing notably on the recommendations of the Group Management Committee (Codir), and steers the Group's business performance and risk exposure. General Management members meet weekly as part of the Executive Committee.

## ► GROUP MANAGEMENT COMMITTEE

The Group Management Committee coordinates operations. It is responsible for the proper execution of strategic decisions and functional policies, as well as meeting the Group's annual and multi-year targets. It prepares decisions for General Management by making recommendations concerning operating performance optimization and functional policies. Once General Management has made a decision, or as the case may be, the Board of Directors has issued a decision, the Group Management Committee is responsible for ensuring its proper implementation at the operating level and keeping track of its results and impact. The Group Management Committee is jointly chaired by the two Deputy General Managers, who guarantee its operation vis-à-vis the Chief Executive Officer.



# GROUP MANAGEMENT COMMITTEE

▼ The Executive Committee

**FRANCIS  
LE CAM**

—  
Deputy General  
Manager, responsible  
for Operations



**BRUNO  
SCHOCH**

—  
Deputy General  
Manager, responsible  
for Finance, Legal  
Affairs and Information  
Technology Systems



^  
**ANTOINE  
FIEVET**

—  
Chairman and  
Chief Executive Officer



**ÉTIENNE  
LECOMTE**

—  
Vice President,  
Western Europe



**PHILIPPE  
CHAMPLONG**

—  
Vice President,  
North East Europe



^  
**HUBERT  
MAYET**

—  
Vice President,  
Group Manufacturing  
and Technical Division



**DENIS  
GAYOUT**

—  
Vice President,  
Marketing

**GUILLAUME  
JOUËT**

—  
Vice President,  
Human Resources,  
Communications  
and Corporate  
Social Responsibility

  
**ÉRIC  
DE PONCINS**

—  
Executive Vice President  
Group Strategy,  
Development  
and Transformation

**FRÉDÉRIC  
NALIS**

—  
Vice President,  
Americas,  
Asia-Pacific

**JOE  
TAYARD**

—  
Vice President,  
Near and Middle East

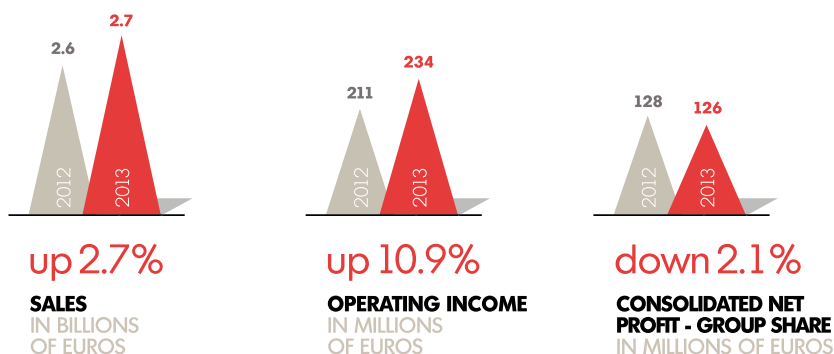
  
**CHAKIB  
SEDDIKI**

—  
Vice President,  
Greater Africa



## PERFORMANCE

## KEY FIGURES



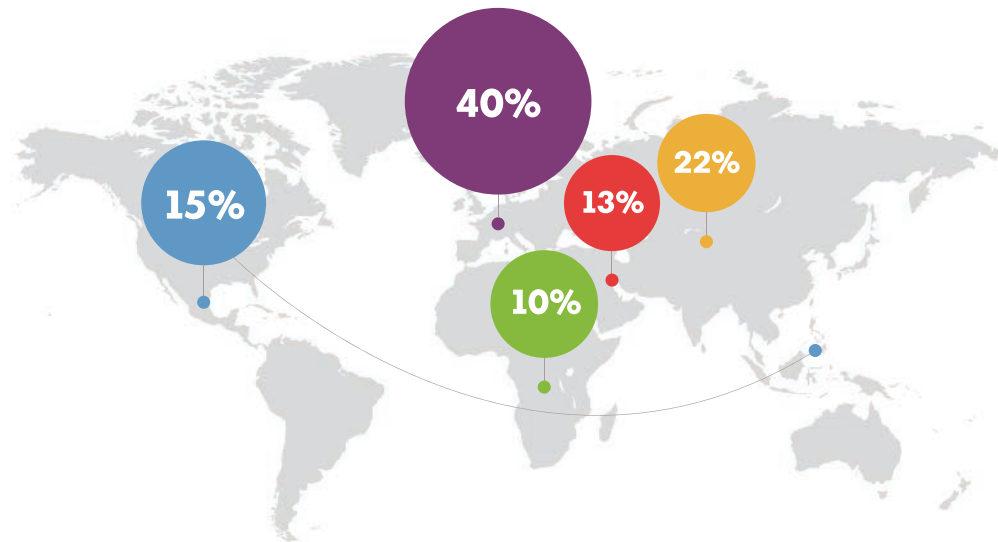
In 2013, the Group achieved further volume and sales growth by building on the strength of its core brands and the effectiveness of its targeted sales and marketing strategies in all operating regions. Excluding the impact of foreign exchange fluctuations, sales were up 5.3% organically, with

all regions reporting positive organic growth for the year. Operating income increased 10.9% year-on-year to €234 million, resulting mainly from lower non-recurring costs.

## SELECTED FINANCIAL INFORMATION

(in millions of euros)	2013	2012	2011
<b>SALES</b>	<b>2,720</b>	<b>2,649</b>	<b>2,527</b>
<b>OPERATING INCOME</b>	<b>234</b>	<b>211</b>	<b>171</b>
Of which: Income from ordinary activities	241	238	185
Other operating income and expense	(6)	(27)	(14)
<b>OPERATING MARGIN (as % of sales)</b>	<b>8.6%</b>	<b>8.0%</b>	<b>6.7%</b>
<b>NET PROFIT (LOSS)</b>	<b>131</b>	<b>130</b>	<b>97</b>
Of which: Group share	126	128	96
Minority share	5	2	1
Diluted earnings per share (in euros)	18.44	18.73	14.01
<b>(in millions of euros)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>TOTAL CAPITAL EMPLOYED</b>	<b>1,266</b>	<b>1,214</b>	<b>1,239</b>
Of which: Equity - Group share	1,198	1,139	1,029
Equity - Minority interest	14	11	16
Net financial debt	54	64	194
<b>CASH FLOW</b>			
From operating activities	234	272	182
From investing activities	(145)	(79)	(73)
From financing activities	(32)	110	(112)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>57</b>	<b>303</b>	<b>(3)</b>

## SALES BREAKDOWN



- Western Europe – **€1,073m**
- North East Europe – **€597m**
- Americas, Asia-Pacific – **€417m**
- Greater Africa – **€272m**
- Near and Middle East – **€361m**

### OUTLOOK FOR 2014

The 2014 financial year got under way as weakness continued to grip the economy, not boding well for consumer spending. In addition to the uncertain economic conditions, raw-material price increases observed since the second half of 2013 have continued apace, along with unfavorable foreign exchange trends.

These market factors could weigh on the year's activity and profitability, despite the operating measures already undertaken. Bel nevertheless confirms its goal of advancing its positions sustainably in the world cheese market. To that end, it will continue to build on its healthy financial position, the dedication of its employees, and the value of its global brands, as well as on its international expansion and ambitious innovation policy.

### MORE INFORMATION

Summary of 2013 financial results are presented on pages 75 to 79 of this report. They are also available at [www.bel-group.com](http://www.bel-group.com) under the finance tab.

IN 2013



**€2.7bn**

IN SALES



**57%**

OF SALES  
GENERATED BY SALES  
OF CHEESE PORTIONS



**1.5bn**

LITERS OF MILK COLLECTED  
FROM **3,300** DAIRY FARMERS



**OVER 400,000**

METRIC TONS OF CHEESE PRODUCED



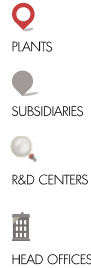
**5,800**

DISTRIBUTORS WORLDWIDE



**5** CORE BRANDS  
ACCOUNTING  
FOR **70%** OF SALES

# BUSINESS PERFORMANCE IN WESTERN EUROPE



**Sales advanced 1.6%** in Western Europe despite tough economic conditions and a contracting cheese market in the region.

**Throughout 2013**, the effectiveness of local sales and marketing strategies was clearly demonstrated. In particular, core brand momentum led to market-share gains and consolidation in all countries. Bel's positions in the strategic slices, snacks and spreads categories were strengthened by significant investment in advertising and heavy in-store promotional campaign activity.

**As a result, sales of Mini Babybel® advanced** more than 6% during the year, notably in France and the United Kingdom. That performance marks the third consecutive year of strong growth for the brand, which benefited from an advertising campaign and theatrical promotional operations at the point of sale.

**Leerdammer®** sales grew 6% in 2013, as a result of robust momentum in the slices segment and a strong product innovations program. All markets in the region grew, particularly France, the United Kingdom and Switzerland.

**Boursin®** reported slight volume growth and maintained its leadership positions in the countries where the brand is sold, thanks to the successful launch of new portion product-references. Momentum was particularly strong in the United Kingdom.

**Kiri®** expanded its range of usage through a cooking program and unique, easy-to-make family recipes. Its performance was backed by a French advertising campaign called "Four-handed cooking".

**Lastly, The Laughing Cow®** showed resilience in its benchmark markets and maintained its volumes throughout the region.

The steep increase in raw material prices in the second half of the year weakened 2013 sales margin, prompting a selective reduction in advertising and promotional spending to maintain the growth momentum of priority brands.

## SALES

**1,073**  
MILLION EUROS  
UP 1.6%  
VERSUS 2012

## ÉTIENNE LECOMTE



Vice President,  
Western Europe

“ For the third year in a row, the core brands, already largely established leaders in their respective segments, grew their share of the Western Europe market. ”

## KEY FACTS

### REGION RESTRUCTURING

Germany, the Netherlands, Austria and the Nordic markets were re-assigned to the North East Europe region.





### THE LAUGHING COW®, SPAIN'S LEADING PROCESSED CHEESE

In 2013, the Group acquired the Tranchettes brand, the historical leader in Spain's processed cheese slices segment, thereby positioning The Laughing Cow® as the top processed cheese in the Spanish market.



# BUSINESS PERFORMANCE IN NORTH EAST EUROPE



-  PLANTS
-  SUBSIDIARIES
-  SALES OFFICES
-  R&D CENTERS

In North East Europe, sales advanced 7.6%, and volumes grew 2.5% in 2013.

The core brands constituted the main driving force behind the growth, with significant volume increases reported for Mini Babybel®, The Laughing Cow®, Leerdammer® and Boursin®. The performance resulted from a strategy to focus on those brands, to optimize promotional spending and to raise retail prices whenever the markets allowed.

Local brands contracted overall with the exception of Gervais® in the Czech Republic and Karicka® in Slovakia, both of which reported volume growth once again in 2013.

Germany remained the main growth engine, with promotional spending for the year targeting the Mini Babybel® and Leerdammer® brands. The country's growth was very satisfactory.

The Nordic countries reported buoyant growth, attesting to the success of the region's growth strategy, notably with the launch of Leerdammer® in those markets.

Lastly, Ukraine had a mixed performance marked by raw material scarcity and high prices. The robust growth of The Laughing Cow®, riding the momentum of the cheese block version, made Ukraine the brand's second-biggest market in Europe.

Raw material prices were up sharply across the region in 2013. Against this backdrop, the teams demonstrated their agility for optimizing advertising and promotional spending and rolling out rigorous cost-savings plans. All countries in the region outperformed or performed in line with 2012, with the exception of the Czech Republic, where downward price pressures did not allow the company to fully offset the rise in raw material costs with retail price hikes.

## SALES

**597**  
MILLION EUROS  
UP 7.6%  
VERSUS 2012

## PHILIPPE CHAMPLONG



Vice President,  
North East Europe

Our strategy of focusing on core brands, optimizing promotional spending and tightly managing costs allowed us to overcome soaring raw material price increases and to safeguard the region's performance. ”

## KEY FACTS

### REGION RESTRUCTURING

The North East Europe region now includes the German, Nordic and Dutch markets, along with the markets of Central and Eastern Europe.

### THE LAUNCH OF LEERDAMMER®

“Original” and “Caractère” ranges meets with success in the Nordic countries.

### THE LAUGHING COW® CHEESE BLOCKS SUCCESSFULLY LAUNCHED IN UKRAINE

Ukraine has become The Laughing Cow®'s second-largest market in Europe.



# BUSINESS PERFORMANCE IN GREATER AFRICA



PLANTS

SUBSIDIARIES

**Although Africa was shaken** by political unrest and security concerns in some countries, its macro-economic situation remained favorable overall, with estimated GDP growth of 4.8% in 2013, according to the African Development Bank.

The Group also observed intensified competitive pressures in all the countries where it operates, and particularly in North Africa, where local and regional players have grand designs.

**In this environment,** sales of the Greater Africa region grew 4.1% versus 2012, despite an unfavorable foreign exchange impact.

**The 5.6% volume growth** achieved in 2013 confirms the relevance of the sales and marketing strategies put into place and the region's growth potential for the Group.

The Laughing Cow® and Kiri® brands were the main drivers of the region's sales and volume growth.

**Algeria and Morocco** remained the flagship markets. Both countries contributed to the region's growth momentum and to the significant improvement made in profitability during the year.

The satisfactory performance resulted in part from improved productivity at the region's two plants and streamlined logistics costs, notably in Algeria.

**In 2013, operating income** increased nearly 19%.

## SALES

# 272

**MILLION EUROS**

UP 4.1%  
VERSUS 2012

## CHAKIB SEDDIKI



Vice President,  
Greater Africa

“ Our growth in Africa fits hand in glove with Bel's responsible business model. The approach to nutrition, the establishment of responsible partnerships with our distributors and the Bel X-Sales training program are all major strengths. ”

## KEY FACTS

### REGION RESTRUCTURING

In 2013, Egypt, Libya and Sudan were reassigned to the Near and Middle East region.

**KIRI DÉLICE® AND THE LAUGHING COW® CHEF** sparked sales growth in Algeria.



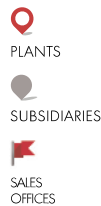
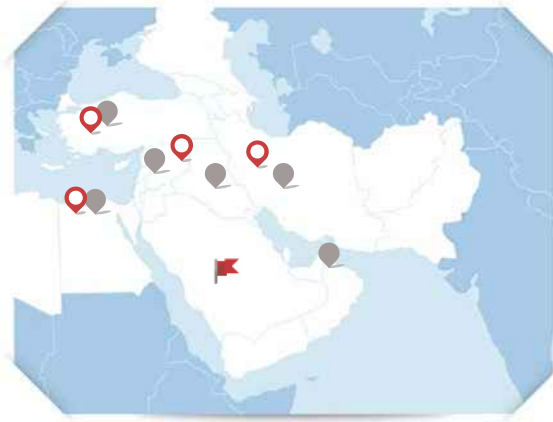
### THE FIRST SHARED ADVERTISING CAMPAIGN

for The Laughing Cow® was kicked off in several sub-saharan countries during the year.





# BUSINESS PERFORMANCE IN THE NEAR AND MIDDLE EAST



**For the Near and Middle East teams,** 2013 was a year of challenges successfully met. Despite political instability in some countries, security risks in others, and an unfavorable foreign exchange impact, sales edged up 0.9% over 2012.

**All the region's markets** reported favorable sales trends, with sales up notably 39% in Libya, up 16% in Turkey and up 9% in the Levant countries, excluding Syria. The Group restructured its supply chain network in Syria following the suspension of manufacturing operations there in 2012.

**The brands and distribution networks** were subject to targeted initiatives, which enabled the Group to maintain its market share in the highly competitive Gulf states, largely thanks to Kiri® and the success of The Laughing Cow®'s new vitamin B12-enriched formula. The development of a distribution network in

Iraq continued apace, to preserve our leadership position in that market, affected by a complicated post-war environment.

**The increase in volumes** was supported by a policy of investing heavily in marketing and by the launch of new promising offerings. The core brand ranges were extended to include family-sized tub formats for Kiri® Labneh and Kiri® Spread in Egypt and Libya, and Kibi®, the Kiri® brand, in Iran.

**The development of new formats for local brands** was also on the menu, with the releases of Rouzaneh® in tubs in Iran and Régal Picon® in cube portions in the Gulf states.

**Growth was also buoyed** by programs to optimize plant productivity and targeted capacity investment in Turkey.

## SALES

# 361

**MILLION EUROS**  
UP 0.9%  
VERSUS 2012

## JOE TAYARD



Vice President,  
Near and Middle East

“ This performance shows the relevance of our strategic choices. I would like to underscore, once again, the commitment and responsiveness of the region's teams in the face of heightened competition and the political instability and security risks in the region. ”

## KEY FACTS

### REGION RESTRUCTURING

Egypt, Libya and Sudan are now part of the Near and Middle East region.

### TUB FORMATS OFFER PROMISE IN THE REGION

Family-sized tub formats were introduced for Kiri® Labneh and Kiri® Spread in Egypt and Libya, and Kibi®, the Kiri® brand, in Iran.



# BUSINESS PERFORMANCE IN AMERICAS, ASIA-PACIFIC



PLANTS



SUBSIDIARIES

**Results were mixed in Americas, Asia-Pacific in 2013.** The region's main currencies, including the U.S. dollar, the Japanese yen, the Canadian dollar and the Australian dollar, all depreciated against the euro during the year, negatively impacting sales, which remained flat versus 2012. Additionally, growth slowed in the U.S. and Japanese markets, affecting the region's overall performance.

**Canada fuelled the sales momentum** in North America. The Canadian market continued its trajectory, posting remarkable sales for the Boursin® brand, and – for the sixth year in a row – robust sales increases for Mini Babybel® and The Laughing Cow®. The momentum reached across the entire country, demonstrating the brands' appeal and the relevance of the Canadian promotional campaigns.

**In the United States, sales growth outpaced** the growth rate for the cheese market. But only Mini Babybel®'s sales advanced, buoyed by a new advertising campaign. That performance confirmed the brand's growth potential just a few months before the new production site is set to open in Brookings. For the other brands, 2013 was a tough year. This was particularly true

for The Laughing Cow®, which faced strong competitive pressures in the spreadable product segment and from the rise of Greek yogurt, an alternative healthy snack.

**In Latin America,** volumes were low and sales were disappointing compared with the strong performance achieved in 2012, particularly in Mexico.

**In Vietnam,** robust performances by The Laughing Cow® and Belcube® fuelled growth, after a difficult 2012. Sales of Belcube® also advanced strongly in China and South Korea. In Australia and New Zealand, sales made headway on the success of Mini Babybel®.

**Lastly, in Japan,** Kiri® had a tough 2013, with strong competitive pressure in the cream cheese segment and quality problems, which led to a product recall during the summer. The pressure negatively impacted retail sales as well as sales aimed at professionals in the pastry sector.

## SALES

# 417

**MILLION EUROS**  
DOWN 0.3%  
VERSUS 2012

## FRÉDÉRIC NALIS



Vice President,  
Americas, Asia-Pacific

“Slower growth in the U.S. and Japanese markets affected the region's overall performance, despite notable growth in Canada, Vietnam, China and South Korea.”

## KEY FACTS

### A REMARKABLE PERFORMANCE IN CANADA

Growth was driven by the Boursin®, Mini Babybel® and The Laughing Cow® brands.



### SUCCESS IN VIETNAM

The appeal of The Laughing Cow® and Belcube® was underscored by the brands' sales growth in this territory, after a tough year in 2012.



## MARKETS & BUSINESS ACTIVITY

# BEL INDUSTRIES' BUSINESS PERFORMANCE

*Bel Industries is the Group division responsible for marketing and selling specially prepared dairy proteins to meet the needs of food industry customers.*

The trend in 2013 resembled the one in 2012, with lower volumes in Europe under eroded economic conditions, and higher volumes in territories with economic growth, such as Asia and Russia, which could prove to be new growth markets for Bel Industries.

The decline in European volumes stemmed from two powerful trends. First, unfavorable weather conditions in the spring and summer directly impacted the consumption of ice cream, a market to which Bel Industries provides dairy proteins. Second, numerous ice cream makers switched to manufacturing processes that do not use protein powders.



Nevertheless, the diversification strategy initiated in 2012 bore fruit, notably in bread and biscuit making, with a robust sales increase in this segment. Bel Industries has continued to solidify its offering in this area. Bel Industries also beefed up its organization, notably in sales and the supply chain.

The market for milk replacers in ice cream, biscuit and drink making remained fiercely competitive and highly dependent on compared quoted prices for whey and milk powder, directly impacting business in this sector.

..... **NOLLIBEL®**,  
 ..... **A BEL INDUSTRIES BRAND,**  
 ..... **IS THE WORLD LEADER**  
 ..... **in dairy proteins**  
 ..... **for the food industry.**

## MARKETS & BUSINESS ACTIVITY

# BEL FOODSERVICE'S BUSINESS PERFORMANCE

*Bel Foodservice is active in two markets, serving the institutional and commercial catering segments as well as alternative sales channels in the catering sector, and offering intermediary food products through its intermediary food products business.*

### KEY FACTS

#### The catering market

Although the number of meals eaten outside the home has trended up across Europe, the catering sector currently suffers from a deep slump, triggered by the decline in household purchasing power. While the institutional catering segment has shown resilience, commercial catering has seen a drop in customer visits. For the first time in 10 years, the fast food industry reported lower demand in 2013. Under those conditions, Bel Foodservice's catering volumes contracted. The ingredients range showed resilience, but single-serving portions suffered, notably in France. Steady momentum in Belgium and the strong performances achieved in Spain and Switzerland were not enough to offset the business slump in France and Germany, two major markets.

#### The intermediary food products business in Europe

The intermediary food products business had a good year in 2013, posting a 23% increase in sales. Food industry clients and restaurant chains accounted for 90% of sales. These clients draw the attention of consumers to the qualities of Bel's brands in keeping with the terms of Bel's co-branding charter.



#### A NEW RANGE OF LEERDAMMER® CHEESE SNACKS IN GERMANY

Sandwich or pretzel is a product range developed with a local partner, who is introducing the brand to new sales channels like Starbucks®.

#### THE LAUGHING COW® TRUMPETS THE NUTRITIONAL QUALITIES OF ITS WEDGES IN SPAIN

The nutritional information is included on the school canteen menus given to parents.



#### BELGIUM SURFS THE WRAPS TREND IN COMMERCIAL CATERING

A ready-to-eat Boursin® kit.

#### SOMETHING NEW FOR CANTAFRAIS®

This ultra-spreadable fresh cheese now comes in 500g tubs.



#### JOINT LAUNCHES WITH CAMPBELL® AND FLEURY MICHON®

The year was marked by the launch of several new product references, including Soupe Doux plaisir Liebig®, Tomato and Kiri®, Pasta Box Fleury Michon® with salmon and a Kiri® cheese sauce, and Ham Steak Fleury Michon® with The Laughing Cow® cheese.



# PEOPLE

LIVE REVIEW

LIVE

OUR EMPLOYEES  
TALK ABOUT  
WORKING AT BEL

REVIEW

A LEARNING  
COMPANY



INTERVIEW

BEL'S  
CHALLENGES

NEWS

2013 EMPLOYEE  
OPINION SURVEY



# OUR EMPLOYEES TALK ABOUT WORKING AT BEL

WHAT UNITES EMPLOYEES AT OUR 33 LOCATIONS AND 27 PRODUCTION SITES AROUND THE WORLD? WHAT DO THEY SAY ABOUT THEIR EXPERIENCE WORKING AT THE GROUP? LET'S MEET EMPLOYEES IN TURKEY, GERMANY AND THE UNITED STATES AS THEY SHARE THEIR VIEWS OF BEL AS AN EMPLOYER.



## LEADING THE INVESTIGATION



 **KIMBERLY**  
CHICAGO, UNITED STATES

Senior Communications, CSR and Consumer Relations Manager. Four-year Bel employee.

♥ Favorite Bel brand: BOURSIN®



 **AYTEKIN**  
ISTANBUL, TURKEY

CFO, responsible for Human Resources, Purchasing and Information Systems. Five-year Bel employee.

♥ Favorite Bel brand: APÉRICUBE®



 **IRIS**  
GRASBRUNN, GERMANY

Communication and Information Manager, Bel Germany, CSR Supervisor, North East Europe. Three-year Bel employee.

♥ Favorite Bel brand: BOURSIN®, especially BOURSIN® FIGUE & 3 NOIX

AT BEL, YOU NOT ONLY DO YOUR JOB, YOU SHAPE IT.



**FRANK** GROUP ACCOUNT MANAGER, GERMANY

I REALLY APPRECIATE THE COMPANY'S PEOPLE FIRST CHARTER, ITS HUMAN DIMENSION AND ITS APPROACH TO SAFETY.

## "PEOPLE FIRST"

When asked how they characterized Bel as an employer, the same word came up over and over again "human" and the organization's human focus. For Jeff, Bel sets itself apart by offering employees "the chance to shine".

*"Employees here have the chance to make a real difference and to put their own stamp on key initiatives and projects," he says. "Everybody here is allowed to voice their opinion."*

**JEFF** — REGIONAL SALES MANAGER, UNITED STATES

Frank emphasized the opportunity for everyone to contribute to building the company.

*"Bel offers a culture, in which everybody can shape the company," he says. "Each employee has the possibility to really contribute to how Bel's culture is and will be. The culture here is alive, and it continually changes. As each employee contributes, he becomes a part of it. At Bel, you not only do your job, you shape it."*

**FRANK** — GROUP ACCOUNT MANAGER, GERMANY



The company's human focus is what Pete in the U.S., and Ozgur and Alper in Turkey applaud. All three cited Bel's attention to health, safety and well being, notably through the "People First" social charter.

*“I appreciate the ‘People First’ mentality focusing on great benefits, wellness, and work-life balance, which together enable a positive work environment.”*

**PETE** — SENIOR FINANCIAL ANALYST, UNITED STATES

*“The company takes care of its employees. It offers employees career opportunities, invests in them, provides for their development, draws up career paths and coaches them.”*

**ALPER** — PURCHASING MANAGER, TURKEY

**PETE** SENIOR FINANCIAL ANALYST, UNITED STATES



IT IS A FUN PLACE TO WORK WITH A VERY DYNAMIC SPIRIT.

**MIGUEL** SENIOR DAIRY COMMODITIES MANAGER, UNITED STATES



**STEPHANIE** SENIOR BRAND MANAGER, LEERDAMMER®, GERMANY

BEL IS A DEMANDING COMPANY, BUT IT OPERATES WITH THE RIGHT SET OF VALUES.

Stephanie, a young German Bel employee, spoke about a company where performance matters, but not at the expense of well-being.

*“Sure, it is a demanding and ambitious company, which is striving for high results, but it does this with the right set of values. The company values its employees, develops ambitious plans for them and, equally important, cares about them.”*

**STEPHANIE** — SENIOR BRAND MANAGER, LEERDAMMER®, GERMANY



NEW CHALLENGES ARE  
ALWAYS IN THE MIX AT BEL.



**CLAUDIA** CUSTOMER SERVICE MANAGER, GERMANY

## SHARING SMILES IS NOT JUST A SIGNATURE

At Bel, the teams work hard, but they play hard too. Several employees agreed with that statement. The fun aspect is often cited as an important element of the company's culture.

“I like the friendly environment here.”

**KRISHNA** — BUSINESS SUPPORT MANAGER,  
UNITED STATES

Sheri attributed the motivating work environment to a proactive policy.

“I think Bel differs from other companies that I've worked for by their enthusiasm for keeping their employees motivated.”

**SHERI** — CUSTOMER SERVICE SPECIALIST,  
UNITED STATES



**SHERI** CUSTOMER SERVICE  
SPECIALIST, UNITED STATES

## KEY FIGURES

49

**NATIONALITIES**  
REPRESENTED ON  
THE BEL GROUP TEAM

10,830

**EMPLOYEES**

18

THE NUMBER  
OF LANGUAGES  
INTO WHICH THE  
**GROUP'S PEOPLE  
FIRST SOCIAL  
CHARTER** HAS BEEN  
TRANSLATED

## BEL IN 1 WORD

ACCORDING TO  
OUR INTERVIEWEES

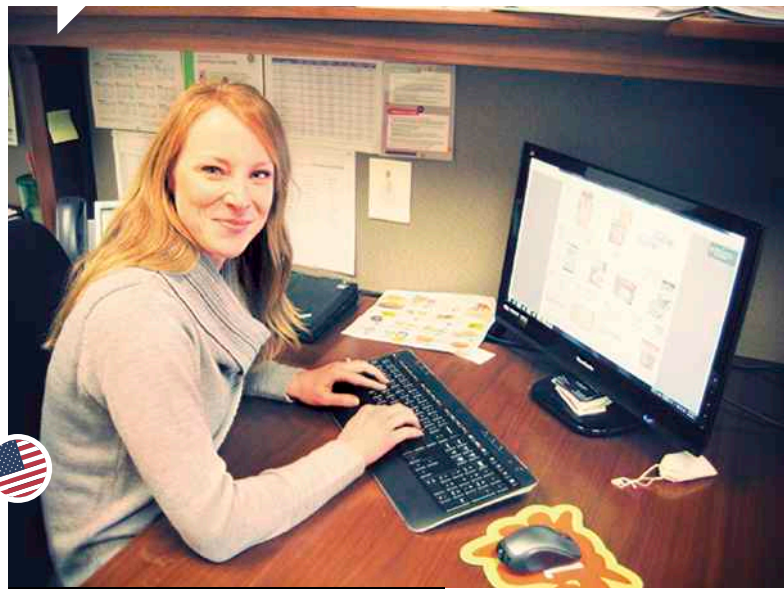
FUNTASTIC!  
VARIED  
SUCCESSFUL  
CHALLENGING  
GROWING  
FRIENDLY  
ENERGETIC  
DIFFERENT EVERY  
DAY!

IF YOU WANT TO EXPERIENCE A MULTI-TASK & ENTREPRENEURIAL WORKING ENVIRONMENT, THIS IS THE PLACE TO BE.



**MURAT** SALES DIRECTOR, TURKEY

THE OPPORTUNISTIC AND FUN CULTURE THAT IS PRESENT IN THE WORKPLACE ALLOWS EMPLOYEES TO WORK HARD, THINK DIFFERENTLY AND HAVE FUN WHILE DOING IT.



**KIM** SALES PLANNING MANAGER, UNITED STATES

MY CAREER PATH HAS MOVED FORWARD, ALONG WITH MY PERSONAL DEVELOPMENT DURING MY NEARLY SIX YEARS AT BEL.



**ALPER** PURCHASING MANAGER, TURKEY

## MOVING ON UP

Several employees said Bel has enabled them to gain experience and to advance. These opportunities arise from the autonomy and empowerment cultivated by Bel, as well as from the company's dynamic growth.

*“It is actually the mix of the power and efficiency of an international player and the flexibility of a mid-tier company. At Bel, employees can benefit from the family atmosphere of a family-owned company, while taking advantage of processes and demands for quality that only big international players can offer.”*

**STEPHANIE** — SENIOR BRAND MANAGER, LEERDAMMER®, GERMANY



**JEFF** REGIONAL SALES MANAGER, MIDWEST NORTH,  
UNITED STATES

IT IS A COMPANY  
WHERE YOU CAN  
DIRECTLY CONTRIBUTE  
TO GROWTH  
AND SHOWCASE  
YOUR ABILITIES.



AT BEL YOU HAVE  
AN OPPORTUNITY  
TO WORK IN DIVERSE  
FUNCTIONS.

An entrepreneurial culture and opportunities for advancement are what you see when looking at the career paths of the employees who have provided accounts of their experience. Yet Bel remains a midsize company, in which each employee is responsible for his or her career development.

While the opportunities are there for the taking, the company does not offer a pre-programmed career. At Bel, enthusiasm, engagement and mindset make all the difference.

*“In April 2001, I started to work for Bel as a sales representative. Since then, I have had six different positions, all of which were fun and exciting and all of which I could actively shape. With each position, I grew into new tasks, gained more responsibility and grew both personally and professionally.”*

**FRANK** — GROUP ACCOUNT MANAGER,  
GERMANY



**KRISHNA** BUSINESS SUPPORT MANAGER, UNITED STATES

*“The work environment challenges me to grow personally. I have worked in a wide variety of functions and I have a greater diversity of experience working at Bel.”*

**KRISHNA** — BUSINESS SUPPORT MANAGER,  
UNITED STATES



**LAURENCE HOLLOBON**  
GROUP TALENT DIRECTOR

## BEL, A LEARNING COMPANY

BOTH INTERNATIONAL AND FAMILY OWNED, BEL IS A WORLD PLAYER IN THE FOOD SECTOR. THE COMPANY NEVERTHELESS REMAINS MIDSIZED AND MAINTAINS AN AGILE ORGANIZATION, EARNING IT THE STATUS OF A "LEARNING" COMPANY POISED FOR GROWTH AND RIPE FOR DEVELOPING ITS EMPLOYEES. LAURENCE HOLLOBON EXPLAINS AND ANALYZES.

### TRUST, THE KEY TO GROWTH

To develop the talents of the people who join Bel, the key phrase is shared trust. "Bel is company that trusts people, values them and gives them a chance," says Laurence Hollobon, Group Talent Director. "If the employee has the skills and values that we are looking for, then we give them greater responsibilities very quickly." With that come key opportunities for a fruitful career, enhanced by possibilities for working in different services, functions and geographical regions. "For us, the right person is the one with the right skills at the right time, who understands the context and shows the greatest agility for adapting," Laurence Hollobon continues.

### FUNCTIONAL EXCELLENCE

The people who join Bel are attracted by its mission diversity, the company's strong growth momentum, its unique products and its iconic brands. But, concretely, what skills does Bel help them develop? "Our organization helps develop their functional skills first," explains Laurence Hollobon. "We have strong sectors of activity in manufacturing, marketing and finance." Marketing, for example, is an activity for which Bel team expertise is widely recognized. In finance, the company has a very business oriented vision that has helped Bel specialists develop an atypical and appealing financial profile.

### VALUED KNOWHOW

Beyond functional skills, Bel values and develops autonomy, idea sharing and agility, a key element of the company's corporate culture. Human as well as professional qualities are needed to grow within the organization. "Bel is a company that structures itself, one in which relational skills are vital," says Laurence. "The company's profile therefore requires a high level of ambition, rigor and sense of responsibility from its employees that is a mix of strategic and operating skills. Together, these qualities create 'positive leaders' capable of taking risks and achieving results, leaders who know how to develop their teams, get them involved and on the same page."

### MANAGING IS DEVELOPING THE TEAMS

The role of a "made in Bel" leader is to induce a ripple effect in the teams. Those who exercise managerial functions are, in fact (and have been for years), evaluated for their ability to develop the professional and social skills of their teams. The company also counts on them to sustain its growth. "We are at a key moment in the company's life, with the stated goal of accelerating our growth," says Laurence Hollobon. "Our managers are increasingly solicited for missions and projects aimed at structuring the company to ensure its growth and maintain its independence. Developing team skills is vital for the company's growth, and it is something in which everybody is directly involved."

### THE THREE DRIVERS TO LEARNING AT THE COMPANY

**70%** HANDS-ON EXPERIENCE  
**20%** MANAGERIAL FEEDBACK  
**10%** TRAINING



## “ACHIEVING THE TRANSFORMATION NEEDED TO SUPPORT OUR GROWTH”

### GUILLAUME JOUËT

VICE PRESIDENT, HUMAN RESOURCES, COMMUNICATIONS AND CORPORATE SOCIAL RESPONSIBILITY

#### 1 WHAT KIND OF INFLUENCE DOES THE BEL FAMILY SHAREHOLDING HAVE ON HUMAN RESOURCES MANAGEMENT?

**G.J.** Bel is a stable family company that enables us to work with a view to the long-term, with a business model that is straightforward and sustainable. These fundamentals allow the Group to grow by innovating, by reinventing itself over time. Our size is also one of our vital characteristics. We are a mid-sized company, one that is human in scale compared with the giants of the food sector.

Our size encourages closeness among employees, and we benefit from fast decision-making and management response times. Our family corporate governance and human size give us, the men and women of Bel, an extraordinary advantage. We have the opportunity to control the company's future and to lean in to support Bel's growth momentum. We are an ambitious company, where the contribution and commitment of all employees must be strong to successfully achieving the transformation needed to support our growth.

#### 2 WHAT IS YOUR VISION OF HUMAN RESOURCES AT BEL? WHAT ARE YOUR PRIORITIES AND CHALLENGES?

**G.J.** Our policy is guided by the company's growth challenges. One of our challenges is to harmonize our human resource practices at all our locations, to enable us to grow. Of course, we have to accomplish that in keeping with our values and respecting local cultural differences.

The “Smile” project, a global HR information system now being rolled out, reflects this ambition. The idea is to share a common approach to performance management, fed by our culture of excellence. All the processes, including recruiting,

training, performance reviews, and the management of talent, mobility and compensation, will be aligned. We must also ensure that our Sharing smiles signature is practiced at all our various entities. The role of the human resources team is to offer Bel employees interesting and exciting work and professional experiences, which naturally leads them to promote Bel's promise outside the company.

To accomplish that, we are cultivating a corporate environment respectful of individuals and establishing a fair, equitable and consistent compensation policy. It's also in our hearts to help our employees grow professionally by developing their skills and employability and by empowering them. Our challenge is to lean in to support Bel's ambitions for growth. We must be able to develop the Bel workforce, attract and integrate the needed expertise, and support the company's growth outlook, all in keeping with our values.

#### 3 “COMMITTED EMPLOYER” IS ONE OF THE FIVE PILLARS OF BEL'S CSR POLICY. HOW IS IT REFLECTED AT BEL?

**G.J.** First by getting our managers involved. For several years now, we have evaluated their team development abilities. We want to be sure that they believe in the importance of the men and women at Bel. It is also reflected in our “People First” social charter, in which we have sought to spell out the tripartite commitments and mutual duties of the company, employees and managers through a sense of shared responsibility.

Lastly, I think Bel's employer commitment is reflected in our policy of being honest and transparent. We don't overpromise, but we do meet our stated commitments in terms of training, health coverage and well being at the workplace. It is this consistency that forms the core of our responsibility.

# LISTENING TO EMPLOYEES






IN 2011, BEL LAUNCHED ITS FIRST WORLDWIDE INTERNAL EMPLOYEE OPINION SURVEY, LEADING TO THE FIRST SNAPSHOT OF HOW BEL EMPLOYEES PERCEIVED THE COMPANY AS AN EMPLOYER. THE SECOND SURVEY WAS CONDUCTED IN 2013, OFFERING A MEANS TO MEASURE CHANGES AND IDENTIFY AREAS OF PROGRESS.

# 10,830

**EMPLOYEES**

BROKEN DOWN AS FOLLOWS >

## FOCUS ON BEL EMPLOYEES

WESTERN EUROPE	4,233	
GREATER AFRICA	2,218	
NORTH EAST EUROPE	2,153	
NEAR AND MIDDLE EAST	1,395	
AMERICAS, ASIA-PACIFIC	831	

## AGE

42



FOR WOMEN

40



FOR MEN

# 41

**THE MEDIAN AGE  
OF BEL EMPLOYEES**



68% MEN  
32% WOMEN

# PARTICIPATION

80%



## RESPONSE RATE IN 2013

► THE SEVEN PERCENTAGE-POINT INCREASE IN THE PARTICIPATION RATE UNDERSCORES EMPLOYEE INTEREST AND INVOLVEMENT IN THE PROCESS OF SHARING AND CONTINUOUS IMPROVEMENT.

# PRIDE



64%

OF EMPLOYEES STATED THAT THEY WERE **PROUD TO BE A PART OF THE BEL GROUP**



65%

FELT THAT THEY **CONTRIBUTED SIGNIFICANTLY TO BEL'S SUCCESS**, UP 4%



66%

OF EMPLOYEES **WOULD RECOMMEND BEL TO A FRIEND**, UP 6%

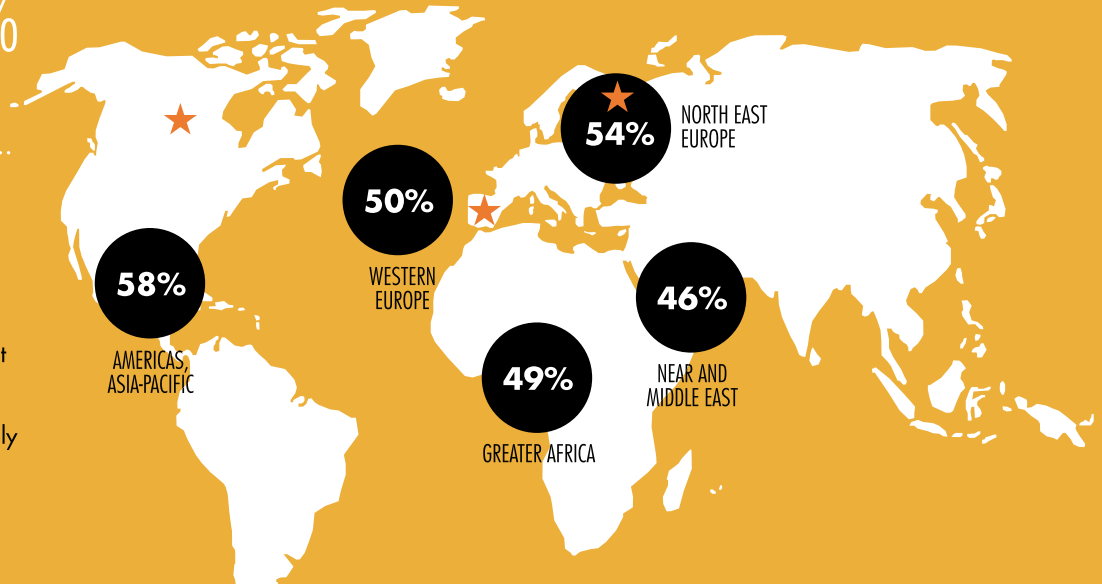
# ENGAGEMENT RATE

51% **ENGAGEMENT RATE** FOR GROUP EMPLOYEES

UP 6%

VERSUS 2011

Engagement contributes to improving the company's performance. The engagement rate for all employees increased sharply in two years, exceeding the 50% threshold.



Some countries stood out by their extraordinarily high engagement rates. Canada had the highest engagement rate at 89%. Already in 2011, it led the pack with an 81% rate. Portugal and Spain were respectively second and third with respective rates of 70% and 66%.

Among the most notable performances was the 35% to 54% rise in the engagement rate in North East Europe, marking the largest rate-increase of all Group regions in 2013.



# THE “PEOPLE FIRST” SOCIAL CHARTER

INITIATED AND DEPLOYED GROUP-WIDE IN 2011, THE “PEOPLE FIRST” SOCIAL CHARTER SPELLS OUT BEL’S COMMITMENT TO ITS EMPLOYEES, REGARDLESS OF WHERE THEY ARE EMPLOYED OR THEIR POSITION.

The “People First” charter sets the basis for joint responsibility and covers the four founding priorities of the compact that links Bel to its managers and employees.

## **ENJOY OUR WORKPLACE!**

Creating working conditions that make Bel a safe and pleasant place to work.



## **EMPOWER EVERYONE!**

Creating an appropriate work environment that enables all employees to contribute to the Group's success in an autonomous, committed and responsible way.



## **GROW FURTHER!**

Developing talent without discriminating, through experience and training, and encouraging a fulfilling professional career.



## **SHARE SUCCESS!**

Implementing a competitive, fair and transparent compensation policy that enables employees, as the company's main stakeholders, to receive a fair return on the value they help create.



# EMPLOYEE PERCEPTIONS

THE FOUR CORNERSTONES OF THE "PEOPLE FIRST" CHARTER WERE INTEGRATED INTO THE FIRST INTERNAL OPINION SURVEY IN 2011. THE SECOND SURVEY ALLOWED FOR MEASURING THE PROGRESS ACHIEVED FOLLOWING THE EXECUTION OF ACTIONS PLANS, AND TO IDENTIFY NEW PRIORITY IMPROVEMENT PROJECTS TO UNDERTAKE IN 2014.

More than half of employees have a positive opinion of the themes covered under "Enjoy our workplace" and "Empower everyone". Conversely, the positive opinion rates for "Grow further" and "Share success" remain below the minimum 50% goal for 2015.



## ENJOY OUR WORKPLACE

While the rate remained steady, the survey nevertheless revealed a one percentage-point decrease in "on-the-job stress" and a six percentage-point decline in "work-life balance". Bel has asked its managers to be attentive to work loads and the organization they are setting up to confront the issue. Further, the managers are expected to consider their own behavior as a primary driver in reducing the stress under which their teams may be operating. To strike a good work-life balance for its employees, Bel encourages its entities to offer paid vacation time of at least three weeks a year for all, particularly in countries where there are no legal obligations to do so. Other initiatives are being taken, such as days off to care for a sick child or working from home when the job allows for it.

## SAFETY

**YES,**  
I THINK SAFETY  
IS SOMETHING  
TAKEN VERY  
SERIOUSLY AT BEL



**94%**

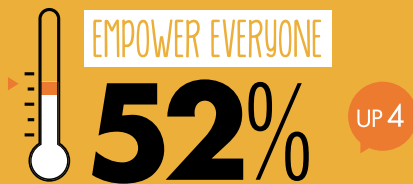
OF BEL'S EMPLOYEES  
BENEFITED FROM  
HEALTHCARE COVERAGE  
IN 2013

**86%**

OF BEL'S EMPLOYEES  
BENEFITED FROM  
DEATH AND DISABILITY  
COVERAGE IN 2013

→ 2015 TARGET IS 95%

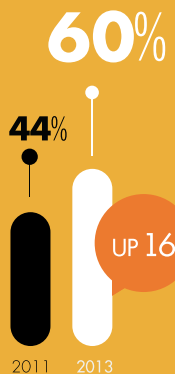
► 2013  
► 2011



This pillar showed the greatest improvement in employee opinion. The role of management in leading performance was underscored as a strength. However, the survey also showed that employees felt their opinions were left out of the decision-making process.

## INITIATIVES

I CAN TAKE INITIATIVES  
IN MY JOB



72%

OF MANAGERS  
TAKE AN **ANNUAL  
INDIVIDUAL  
PERFORMANCE  
REVIEW**

→ 2015 TARGET IS 100%

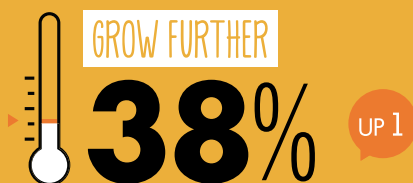
52%

OF NON-  
MANAGEMENT  
TEAM MEMBERS TAKE  
**AN INDIVIDUAL  
PERFORMANCE  
REVIEW**  
(ONCE EVERY  
TWO YEARS)

→ 2015 TARGET IS 80%

## TRAINING

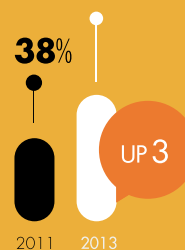
41%



Growing together is, above all, about developing employee skills with adapted training programs. It's also about offering in a fair and equitable manner appealing career moves that correspond to employee demand for such changes and the Group's needs in terms of skills.

These ambitions are not well recognized by employees. The survey showed a lack of communication and transparency in terms of career development within the Group.

I HAVE ACCESS  
TO THE TRAINING  
I NEED TO DEVELOP  
MY SKILLS



67%

OF EMPLOYEES PARTICIPATED  
IN AT LEAST ONE  
**TRAINING COURSE**  
DURING THE YEAR

→ 2015 TARGET IS 75%

20H

↓  
THE NUMBER  
OF TRAINING HOURS  
PER EMPLOYEE



Bel is committed to recognizing and rewarding employees for the value they create by ensuring fair, equitable and transparent compensation and by allowing employees to take advantage of a range of employee benefits, such as paid vacation, healthcare coverage, etc. Improving the visibility of the system's fairness was again identified as an area where further progress was needed.



59%

OF EMPLOYEES ARE IN A  
**COMPENSATION SYSTEM  
IN WHICH THE OVERALL  
PERFORMANCE OF  
THE SUBSIDIARY OR GROUP  
IS TAKEN INTO ACCOUNT**

→ 2015 TARGET IS 65%



100%

OF GROUP SUBSIDIARIES  
WITH MORE THAN  
15 MANAGERS HAVE  
**PAY SCALES THAT  
ARE SUPPORTED  
BY MARKET SURVEYS**

# marketing

LIVE REVIEW

BRANDS  
*that forge bonds*



IN THIS CHAPTER

LIVE BEL BRANDS AROUND THE WORLD, **INQUIRY** A 100% RESPONSIBLE INITIATIVE,  
**REPORT** TOWARDS GREATER PROXIMITY, **NEWS** BRANDS IN 2013



## BEL BRANDS

# around the world



IN FRANCE, MOROCCO OR THE MIDDLE EAST, OUR BRANDS CONJURE UP MEMORIES, STORIES AND ANECDOTES. ACCOMPANY OUR REPORTERS AS THEY TRAVEL WITH THE LAUGHING COW®, MINI BABYBEL® AND KIRI®.



### Morocco

## The Laughing Cow® A DOSE OF CHILDHOOD



### What makes it so appealing?

*Produced and sold in Morocco for over 40 years, The Laughing Cow® has become an institution. Moroccans who have known the brand since childhood are now passing on the tradition to their kids.*



### LEADING THE REPORTING

 **HIND**  
Brand Manager,  
The Laughing Cow®  
At Bel since 2008

 **FAVORITE BEL BRAND**  
The Laughing Cow®



Hind ventured out to meet employees and consumers to find out why Moroccans are so attached to The Laughing Cow®.



*Its taste, which reminds us of when we were kids, makes you want to share that same sensation with your own children.*

**Vanessa**  
EMPLOYEE



**A single word description of the Laughing Cow® by our interviewees**

Genuine – Serene  
Quality – Joyful – Strong  
Loyal – Proud  
Trustworthy

*A lot of people think The Laughing Cow® is a Moroccan product.*

**Youssef**  
EMPLOYEE



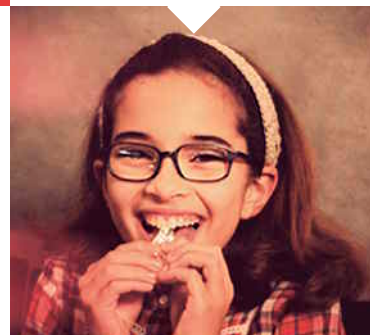
*Everybody at my house eats The Laughing Cow®. My mom, my little sister, our nanny.*

**Kenza**  
8 YEARS OLD



*The brand has a kind and happy spirit. When The Laughing Cow® Al Adama advertising campaign was launched, all the kids ran behind my truck singing the Al Adama song. That made a real impression on me.*

**Ahmed**  
EMPLOYEE



*When I was little, I poked a hole in the aluminum wrapper and squeezed the portion so the cheese would come out. My kids do the same thing!*

**Meriem**  
EMPLOYEE



*The Laughing Cow® is the cheese of my childhood. I have no memory of ever having eaten another brand. It's iconic and completely in step with Moroccan culture.*

**Yassmina**  
CONSUMER



*Every time I ask my three-year-old daughter, "Do you want some cheese?" She replies, "No, I want The Laughing Cow®".*

**Nadia**  
EMPLOYEE



*The Laughing Cow® is deeply anchored in Moroccan life.*

**Issam**  
EMPLOYEE



*When I give my family The Laughing Cow®, I'm sure about its quality and wholesomeness. It's also a brand that makes us happy.*

**Aicha**  
CONSUMER



Fait avec 98% de lait  
sans ajout d'additif ni  
de conservateur.\*



\* 98% made with milk, with no additives or preservatives.

France

*Mini Babybel*<sup>®</sup>

## AND ITS LEGENDARY WAX SHELL



### Why do we love it?

Since 1977, Mini Babybel<sup>®</sup> has set the pace for meals and days of the French. Although 75% of its production is sold in international markets today, the little cheese in the wax shell still has a country full of fans in France.



### LEADING THE REPORTING



#### FRÉDÉRIC

Senior Brand Manager,  
Mini Babybel<sup>®</sup>  
At Bel since 2012



#### FAVORITE BEL BRAND

Mini Babybel<sup>®</sup>  
of course!



Frédéric met with employees and consumers to grasp why they love Mini Babybel<sup>®</sup>.



*It's a brand the parents grew up with and they passed it on to their children.*

**Karine**  
EMPLOYEE



*A single word description of Mini Babybel® by our interviewees*

Trustworthy – Generous  
Tasty – Childhood - Wholesome

*What's good for you when you're a kid is good for you as an adult. For me, Mini Babybel® is a cheese to share with the family. It's a brand I trust.*

**Hubert**  
CONSUMER



*I always play with the wax, making little figures, a little head with ears, a face... I admit it. I also wage battles with wax balls.*

**Amélie**  
CONSUMER



*It's a brand I have always known, have always seen on the supermarket shelves. I bought it myself when I was old enough to shop. Mini Babybel® commercials also rocked my childhood.*

**Hélène**  
EMPLOYEE



*The packaging is really great for playing with the wax and it's practical. There is no other cheese even remotely like it.*

**Michel**  
EMPLOYEE





Middle East

**Kiri®**

## THE INDULGENT CHEESE



### **Why is Kiri® so successful?**

*In the Middle East, Kiri® is the rock star of cheeses.  
The brand has the greatest number of fans in the region.*



### LEADING THE REPORTING



**CHLOÉ**  
Marketing Manager, Kiri®,  
Middle East  
At Bel since 2008



**FAVORITE BEL BRAND**  
Kiri®, Kiri®, Kiri®!



Chloé met with other Bel employees and consumers to discover why Kiri® is so successful.





*Kiri® is like chocolate. You indulge yourself when you eat it. I love the idea of me doing it not just for myself but also for my entire family.*

**Jeddah**  
CONSUMER



*Kiri® has a long heritage with consumers in the Middle East. Over the years, improvements in the brand's look and feel have made it closer to the heart of the consumer, especially because the brand has maintained its special taste.*

**Tarek**  
EMPLOYEE



*Kiri® delivers little smiles everyday. It's pure, it's indulging, it's fresh, it's everything our consumers desire. Consumers love Kiri®!*

**Ozlem**  
EMPLOYEE

*A single word description of Kiri® by a seven-year-old boy*

**"Yummy!"**

*Such a unique taste and texture, with an incomparable creamy touch that no other product can match. Only Kiri® can do Kiri®!*

**Benoît**  
EMPLOYEE



*Not only does Kiri® offer a unique indulgent experience, but it is also a brand that has over the years developed a very strong emotional connection with consumers. Kiri® is the original cream cheese and is perceived as superior to any other cheese brand. Offering Kiri® to your family is offering them the best!*

**Guillaume**  
EMPLOYEE



## REVIEW

# BRANDS *that forge bonds*



IN THE BEL BRAND UNIVERSE, FIVE BRANDS SHINE BRIGHTEST. THEY SPARKLE BECAUSE THEY ARE INTERNATIONAL, BECAUSE THEY HAVE A HISTORY AND BECAUSE THEY HAVE WOVEN POWERFUL AND LASTING TIES TO CONSUMERS. DENIS GAYOUT, VICE PRESIDENT OF MARKETING FOR THE BEL GROUP, REVEALS THE KEY.



**Boursin®, Kiri®, The Laughing Cow®, Leerdammer®, and Mini Babybel® are brands that epitomize the value proposition common to all Bel cheeses — sharing smiles by way of tasty and enjoyable products.**

#### LIVING THE EXPERIENCE

Denis Gayout says the bonds are forged by the special experience the brands offer consumers. “Our brands are positive and generous. And, above all, they provide consumers with unique, one-of-a-kind experiences derived from indulging in the product itself, the ritual of opening the packaging and the universe associated with the brand.

“The portion, specific to Bel brands, is itself a bond builder, particularly when it becomes a part of the parent-child relationship,” he adds. “Giving your child a serving of Kiri®, The Laughing Cow® or Mini Babybel® is to give him

a dairy product whose good taste and nutritional qualities are well established. It’s a way of introducing him to the pleasure of good things.”

#### TO EACH HIS/HER OWN TASTING RITUAL

While the portion can symbolize a nurturing tradition, it is also — via its packaging — associated with a ritual that builds ties to the brand as well. “Unpacking Mini Babybel®, for example, requires special gestures, from opening the netting to unwrapping the cellophane and then opening the wax shell. This succession of gestures amounts to a ritual that is associated with the brand. And it can be repeated indefinitely, from childhood to adulthood.” Offering consumers a distinctive experience is vital, as Denis Gayout confirms, “It’s a key aspect of our brands. Tomorrow’s blockbusters will be those offering consumers the best experiences.”



#### DENIS GAYOUT

joined Bel in 1990, holding a sales position before taking on a succession of marketing missions, notably for The Laughing Cow®. After a period of working at other companies, he returned to Bel in 2007 as Europe Business Development Director. In 2009, he was appointed Marketing Director for Western Europe, then Vice President of Group Marketing in 2012.



### SAME FAMILY, DIFFERENT PERSONALITIES

The common experience offered by Bel brands, however, doesn't obscure the specific characteristics of each one. As in any family, the brands have shared traits as well as differences. These distinctions make up the personalities to which consumers become attached.

### Kiri®, The Laughing Cow® and Mini Babybel®, a trio of first siblings who lead the childhood brands

With their childish sounding names, softness and milky characteristics, not to mention the miniature size of the portion, everything about these brands is rooted in childhood. "These are the most relational brands in the range because they fit directly into the parent-child relationship," says Denis Gayout.

**The second set of siblings are two brands that "don't take themselves too seriously", Boursin® and Leerdammer®. They cultivate "adult" messages, but also maintain their distinctiveness. "Boursin® is a heritage and premium brand that symbolizes the French way of living and evokes a certain hedonism, whereas Leerdammer® is more of an agitator, an irreverent brand that breaks rules."**

### BRAND PERCEPTION DIFFERS DEPENDING ON THE COUNTRY

The brand personalities are not necessarily perceived the same way around the world, particularly given that the place of cheese in local food cultures differs widely. "In some African, North African and Middle Eastern countries, our brands are the ones that forge consumers' cheese culture," says Denis Gayout. "The ties that bind can be very powerful. In Morocco, for example, The Laughing Cow® is an institution, known and recognized by everybody. It is a staple of daily family life." The bonds can be as different as they are intense. In the Middle East, Kiri® is not viewed as a kiddy brand, but as a family and premium brand, much in the same way Boursin® or Mini Babybel® might be viewed by adults in the United States. "The differences in perception and eating habits that form the bonds to our brands are structuring our marketing approach," says Denis Gayout. "It's partly why we decided to organize our marketing around two approaches." The reconfigured organization is aimed at forging missions for strong and universal brands, which are then tailored locally to better support the bond between brand and consumer.



*“Tomorrow’s blockbusters will be the brands that offer consumers the best experiences.”*

## EXPERT



**Aurélie Kessous**  
*explains*



# THE BONDS BETWEEN BRANDS & *consumers*



AURÉLIE KESSOUS IS A RESEARCH PROFESSOR IN MARKETING AT THE INSEEC BUSINESS SCHOOL IN PARIS. HER WORK EXAMINES THE THREE TYPES OF BONDS THAT BRANDS FORGE WITH CONSUMERS.

### What are the types of bonds a brand can build with consumers?

There is a cognitive bond, in which consumers recognize the brand's objective qualities and place their trust in it. There is also the emotional bond, which arises from consumers' attachment to the brand and identity connections between the brand and the consumer. Lastly, there is the behavioral bond, which is illustrated by consumer loyalty to the brand and consumers' action on behalf of the brand, notably by recommending it to others around them.

These three components are not wholly exclusive. The same brand can trigger all three types of bonds at the same time. But there is always one dominant component.

### To what categories would you say Bel's brands belong and why?

I see three iconic Bel brands – Kiri®, The Laughing Cow® and Mini Babybel® – above all. These are trans-generational brands, to which we have forged remarkably strong ties based on trust, affection and loyalty. Why? Because we have known them since childhood. They are part of people's collective imagination and the family history.

That aspect is central to the ties that bind us to the brands. Look at the portion shapes — wedges, squares, rounds — these are the first shapes we learn to recognize as children. They are also products that we can manipulate. Who has never made a clown nose from Mini Babybel®'s round wax packaging?

### How do these relationships change? Do they change according to location and characteristics?

The risk faced by strong heritage brands is failing to renew them. However, Bel's core brands innovate a lot, notably thanks to their international growth. To penetrate new markets and attract new consumers, the portions format has ceded some ground to other formats that offer new usages. The aperitif format for Boursin® and Leerdammer® is one example. New flavors have also appeared. The composition of the products has also evolved to meet nutritional challenges in certain world regions. All these innovations help the brands maintain a "pioneering" dynamic that is a part of their DNA. Thanks to the internationalization strategy, Bel's core brands have successfully created bonds with consumers based on trust, recognition and loyalty, around new product messages and properties.



SINCE 2013, BEL HAS ORGANIZED ITS MARKETING EFFORTS AROUND TWO TYPES OF HIGHLY DIFFERENTIATED MARKETS. THIS DIVISION IS AIMED AT INCREASING EFFICIENCY BY DEVELOPING SYNERGIES AND SHARED TOOLS TO STRENGTHEN THE BRANDS, AND TO ENABLE LOCAL TEAM TO FOCUS ON TIES TO CONSUMERS.

In 2009, when Denis Gayout was appointed to lead the Western Europe Marketing Department, he set up the company's first marketing factory. Far from centralized marketing practices, a marketing factory is called such because it operates hand in hand with the countries in terms of product innovations, promotional campaigns and packaging. Building on the success of the marketing factory, Denis Gayout, who was named Vice President of Marketing Group in 2012, set out to implement the practice within the Bel's marketing organization.

#### A SHARED VISION OF MARKETING'S ROLE

The core brand strategy is now led by two marketing factories. The first one is the Niche Marketing Factory, which covers Western Europe, North East Europe, North America and Australia. The second is the Mass Marketing Factory, which encompasses the Greater Africa and the Near and Middle East regions, as well as Asia. By gaining greater consumer knowledge and identifying synergies between countries, the marketing teams are better able to serve the Group's ambition. Accordingly, the five core brands and their iconic products, such as The Laughing Cow®'s round box, Leerdammer®'s slices and Boursin®'s puck, are now developed internationally.

#### GREATER SYNERGIES

The challenge of the new organization resides in balancing a global vision with the autonomy of local marketing teams. To strike that balance, marketing is notably promoting a shared practice called the Bel Marketing Way. Roles have been redefined to pool strategic functions. The marketing factories define the universal and projective purposes of the brands as well as major product innovations and renewals. They then coordinate local execution with country marketing teams, with whom they maintain relations on a daily basis. Outside of aligning brand purposes, sharing best practices is encouraged as part of Marketing Day, an annual event to recognize the best work by country teams in terms of product adaptation and launches, responsible marketing and other areas. To strengthen the synergies, two additional departments assist the country teams. Marketing Efficiency seeks to enhance the financial performance of marketing and promotes a return on investment culture. Marketing Services offers the countries pooled services such as nutrition, CSR, media and function skills development.

#### TWO TYPES OF MARKETS

- **In Niche markets,** Bel cheeses are premium and unique products consumed occasionally.
- **In Mass markets,** Bel cheeses are everyday consumer staples. They are even in some cases the originators of the country's cheese culture.

## NICHE MARKETING FACTORY

# ALWAYS *a step ahead*



THE AMBITION THAT **JENNIFER MARQUET** SHARES WITH HER TEAMS IS A WINNING AND POSITIVE MINDSET TO MEET FOUR MAIN CHALLENGES.



**JENNIFER MARQUET**  
Niche  
Marketing  
Factory Director

## SUPPORTING THE BRANDS

To continue growing in mature and highly competitive markets, brands must get the message across. The Niche Marketing Factory is aimed at defining strong brand purposes, fed by differentiating communication plans and societal roles that must be legitimate extensions of the brand's purpose. The Laughing Cow®'s support of the SOS Children's Villages charity in the European countries of France, Portugal, Spain and Greece, for example, takes root in the brand's ties to childhood and childhood development by maintaining family ties. Likewise, the partnership in France, Belgium and Switzerland between Mini Babybel® and Le Rire Médecin®, a charity that helps hospitalized children cope with their illnesses, stems from a common commitment to share moments of happiness with children in need.

## LEVERAGING BEL CHEESES

The goal is to continually strengthen product superiority. To that end, Bel leverages its products in three areas, namely by developing flavors and textures that increase enjoyment, by staying ahead of the curve in packaging and by increasing the natural content and nutritional qualities of



its products. Renewing recipes in particular enables the company to offer formulas with lower fat and salt content. Bel also facilitates access to information about the manufacture and composition of its products. Lastly, the portion, emblematic of so many Bel brands, is sought out by consumers for its practicality and virtuous size. It's enough to satisfy nutritional needs without being excessive, while helping to limit food waste.



## FINDING NEW USES

Another challenge is extending and developing the uses of existing products and innovations. This notably involves developing product usage by taking aim at various eating times, from main mealtimes to snack times. Developing new Leerdammer® formats for the cocktail hour or Boursin® cheese rolls meets this challenge. The ability to develop new product usages also lies with the knowhow of Bel Foodservice, which innovates with the catering sector and food industry players in mind.

## MANAGING GEOGRAPHICAL GROWTH

While expanding the geographical reach of the core brands is a key goal, Bel takes a measured approach to growth, to grow at the right pace. Launching a brand like The Laughing Cow® or Mini Babybel® in a new country demands that all the conditions for durable success be met, from the allocation of promotional resources to an in-depth understanding of the market.

## MASS MARKETING FACTORY

# NUTRITION *and indulgence*



**NICOLAS BARRAL**  
Mass  
Marketing  
Factory Director



FOR **NICOLAS BARRAL**, 2013 WAS A YEAR OF TEAM BUILDING AND STRATEGY DEFINING.



## GROWTH TERRITORIES

Countries that fit into the mass-market category share some common traits. They have strong demographic growth, with an emerging middle class, a cheese sector that is expanding from 4% to 8% annually and, above all, Kiri® and The Laughing Cow®, two pioneering Bel brands with no peers in market creation. “What unifies these markets is a view of cheese as a product that delivers dairy goodness, notably calcium,” says Nicolas Barral. “Our cheeses are appreciated as much for their nutritional qualities as for their indulging taste or practicality. The portion is also popular because it is economical, helping families to stay within their budgets.” These common traits are shared by countries in Africa and the Near and Middle East. In Asia, where cheese consumption remains low, growth potential hinges on the ability to adapt the products to local eating habits.

## TASTE AND QUALITY

Having created the cheese category in numerous markets, Kiri® and The Laughing Cow® are the benchmarks in terms of taste and quality. The brands have also built strong bonds of trust with consumers by meeting their key needs for nutrition and indulgence.



That’s notably the case for The Laughing Cow®. In 2013, its renovated “Body and Mind” formula, launched in North Africa and Egypt, strengthened its nutritional promise. In Vietnam, the cheese and the calcium it contains is perceived as a food item that helps children to grow. On the indulgence front, Kiri® is now associated with snacking and cooking usages. But the brands’ connection to consumers is what has formed the basis of their growth. “Our brands have been able to establish themselves as references without peer.”

## TWO GROWTH AND DIVERSIFICATION CREDOS

Building on very positive momentum, the brands are tackling two main challenges, growth and diversification. They are diversifying notably through the development of new formats to respond to key eating times, like breakfast in Africa and the Middle East. The growth of the cubes range is also accelerating to meet the expectations of Asian consumers.

## NEWS

# BRANDS in 2013



## SNACK A LITTLE BIGGER

### UNITED STATES

In this highly successful TV advertising campaign, Mini Babybel® becomes an animated character..



## KIRI® LABNEH

### EGYPT

## A SPECTACULAR SUCCESS

since its launch two years ago.



## THE LAUGHING COW CHEF® MAKES THE RECIPE

### ALGERIA

The Chef cooking range enjoyed extraordinary growth thanks to Mother's Day and Ramadan holiday ad campaigns, when the gruyere flavor was introduced.



## NEW FORMULA FOR THE LAUGHING COW®

### ALGERIA, MOROCCO, EGYPT AND LIBYA

Already recognized for its dose of calcium and vitamin D, The Laughing Cow® was enriched with zinc to help contribute to children's physical and cognitive growth.



## ALL THE BOURSIN® FLAVORS

### FRANCE

This billboard campaign launched in October 2013 highlighted the brand's wide offering of flavors.



## A MINI BABYBEL® WITH A STRONG CHARACTER

### FRANCE

With Mini Babybel®'s Mini Caractère innovation, a whole milk product, the brand offers a small cheese with a more pronounced and cheesier taste.

## THE BRAND ALSO WON INCREASED VISIBILITY AT THE POINT OF SALE.

\* Feeding their minds too, for growth.

\*\* Zinc-enriched formula.

\* The dessert before the dessert.



## NEWS



## VACHA'LAURÉAT, PLACE YOUR BETS!

### EUROPE

Vacha'lauréat is a new game offered by The Laughing Cow®. Each portion packaging contains a letter inviting the consumer to answer bacca-laureate-type questions with the family. Launched in nine countries, including Belgium, Denmark, France, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland in 2012, the game was introduced in the Czech Republic and Slovakia in 2013.



## 30 DAYS, 30 RECIPES FOR RAMADAN

### MIDDLE EAST

Kiri® made cooks' lives easier during Ramadan by offering a recipe video everyday during the holiday. The 30 recipe videos were viewed

**500,000** TIMES



## LUNCHBOX CAMPAIGN

### UNITED KINGDOM, PORTUGAL

## WITH THE LUNCHBOX CAMPAIGN

Mini Babybel® became a part of the daily lives of school kids by taking advantage of the snacking culture present in the UK and Portugal.



## BILLBOARD-SIZED PORTIONS

### WESTERN EUROPE

Boursin®'s small, practical format was featured in an outdoor advertising campaign

**THAT MET WITH HUGE SUCCESS, NOTABLY IN THE UK**



## BACK TO SCHOOL FUN

### SUB-SAHARAN AFRICA

The Laughing Cow® helped to make the start of the new school year a success by allowing kids to trade in The Laughing Cow® labels they had collected during the year for school supplies.



## KIRI® DOES FOUR-HANDED COOKING

### WESTERN EUROPE

Cooking with Kiri®? Sure, if you've got four hands, they say. A packaging and internet campaign offers parents simple recipes to make for their kids, creating an opportunity to discover new Kiri® flavors, sweet or savory.

## NEWS



## MINI BABYBEL®, A PARTNER OF LE RIRE MÉDECIN® CHARITY

### FRANCE

This charity, which helps put smiles back on the faces of hospitalized children, received some help itself thanks to the dedication of Bel employees, who during the November 20, 2013 fund drive

## ALLOWED FOR 63 CLOWN VISITS



## FOODIE CLUB FAVORS KIRI®

### MOROCCO, ALGERIA, EGYPT

A new ad campaign with a new message for food lovers recasts the light on Kiri®'s unique taste and incomparable experience.



## TASTE THE GREEN ONION AND CHIVE

### THE NETHERLANDS

Boursin® set out to win new consumers with an ad campaign aimed at those who prefer fresh green onions to garlic treats.



## PALITOS, NEW OPPORTUNITIES TO FEAST ON

### SPAIN

With Palitos, The Laughing Cow® boosted consumption possibilities with an

## EXTENDED RANGE OF SNACK PRODUCTS

## STRENGTHENING EMOTIONAL TIES TO THE LAUGHING COW BRAND®

### AFRICA

A humorous campaign with a circus theme aimed at kids was rolled out on TV, the internet,

## BILLBOARDS AND IN STORES.



## NEWS



## THE HAPPY CARAVAN

### ALGERIA

Hitting the road to meet Algerians, The Laughing Cow®'s Happy Caravan toured 18 cities to share happiness and fun with

**370,000**  
PEOPLE!



## KIRI® TASTE EXPERT

### MIDDLE EAST

Kiri® strengthened its messaging through a taste expert in a new TV commercial. As a result,

VOLUMES INCREASED

**20%**



## BIG TIME PLEASURE

### ITALY, GERMANY

Leerdammer® reaffirmed indulgent taste with its 'PLEASURE FIRST' signature.



## LEERDAMMER®, A RESPONSIBLE BRAND

### GERMANY

Actively involved in a global CSR policy, the brand broadcast its convictions in widescreen format on

**A NEW WEBSITE**



## DREAM BIGGER, SEE FARTHER

### VIETNAM

For the back-to-school season, The Laughing Cow® helped Vietnamese kids to realize their dreams through an

**INNOVATIVE AND INTERACTIVE CAMPAIGN**



## THE NEW WAY TO EAT LEERDAMMER®

### FRANCE, ITALY, BELGIUM

Leerdammer® introduced its innovative salad and aperitif cubes, thereby positioning the brand in new consumer segments.

## NEWS



## 500,000 FACEBOOK FANS FOR KIRI®

### MIDDLE EAST

Popular on social networks, Kiri® benefits from a truly dedicated fan base.



## MINI BABYBEL® RACLETTE STEALS THE SHOW

### FRANCE

Mini Babybel® made a big splash with the rollout of its raclette format in October and November. The campaign included distinctive in-store advertising, a game app and 75,000 in-store tastings of both the *classic* and *caractère* versions. Four new collectable raclette dishes for tasting Mini Babybel® raclette were also introduced.



## 3<sup>RD</sup> AL ADAMA OPUS

### MOROCCO

The Laughing Cow® expressed its good-natured modernity in this campaign, which struck a chord with its unique, grandiose and unifying message.



## BOUR SIN® RED CHILI PEPPER SPICES IT UP

### UNITED STATES

With a new, more exotic and spicy flavor, the Boursin® 150g format tuned into U.S. consumer expectations.

## WOULD YOU LIKE ANOTHER BELCUBE®?

### JAPAN

With the launch of the Beer product range and the renewed *White wine* flavor range, Belcube accelerated its development, supported by a beefed-up TV ad campaign.



## ANALYSIS

# LEERDAMMER®

## *A 100% responsible initiative*



BRANDS ARE MORE THAN JUST SYMBOLS FOR THE PRODUCTS THEY EMBODY. THEY HAVE BECOME VALUE SYSTEMS THROUGH WHICH CONSUMERS TAKE POSITIONS AND STATE THEIR CONVICTIONS. FOR LEERDAMMER®, THE BELIEF THAT RESPONSIBILITY MUST LIE AT THE HEART OF THE BRAND'S VALUE PROPOSITION HAS LED TO A COMPREHENSIVE COMMITMENT TO SOCIETAL CHALLENGES.



**Leerdammer®, Germany's leading cheese brand, is building on Bel's "Smiles for the future" CSR policy to tailor its own effort dubbed, The Leerdammer® Initiative. For the first time, all of the Group CSR pillars have been customized into action programs on a brand scale and measured by improvement indicators. This innovative initiative is being jointly implemented by teams in Germany and the Netherlands, the historical manufacturing home of the brand, which will turn 40 in 2014.**

of Dutch producers were using the process. Leerdammer® has set a target of 35% by 2015. Further, Bel promotes dairy livestock grazing, a practice that has progressively trended down in the Netherlands. In 2013, 72% of dairy producers grazed their herds at least six hours a day, at least 120 days a year. Leerdammer® aims to maintain that level in an environment where the practice is diminishing, because it is taxing on dairy farming revenue and dairy farmer working conditions.

### RESPECTING ANIMAL WELFARE

Bel collects the milk used to make Leerdammer® cheese, which is produced at the Schoonrewoerd, Wageningen and Dalſen sites, from Dutch dairy farmers. The production conditions of the milk are carefully assessed by the Leerdammer® teams, which work in partnership with the dairy producers to promote more sustainable dairy farming. Careful attention is paid notably to animal welfare. Since 2012, Bel's Cow Compass initiative has helped farmers improve their farming practices, particularly with regards to animal health and well-being. At end 2013, 24%

### CONSERVING RESOURCES

Reducing the environmental impact of the brand is another area of focus. This is accomplished at the Leerdammer® level by executing Bel's Wasabel water saving and Esabel energy saving programs. Leerdammer® fully participates in both programs to meet Group targets. From 2008 to 2013, Bel cut its water usage per metric ton of cheese produced by 23.5%, and since 2011, it has lowered its CO<sub>2</sub> emissions per metric ton of cheese produced by 11.3%. Leerdammer® also seeks to get dairy farmers involved in optimizing water and energy resource usage.


**LEERDAMMER® IDENTITY CARD**


*Leerdammer® is the world's  
11<sup>th</sup> leading brand*  
(according to Zenith International)



*The brand is sold in 27 markets,  
mainly in Europe*



*Production sites, including  
the Schoonrewoerd, Wageningen  
and Daltsen plants in the Netherlands,  
and the Cléry-le-Petit site in France*



*Germany is Leerdammer®'s  
leading market*



For more information about Bel's Corporate Social Responsibility initiative, please refer to the article on page 11 of this report or consult Bel's CSR report available at [www.bel-group.com](http://www.bel-group.com)

Workshops are set up with dairy producers to offer training and to share best practices, particularly in dairy farm energy usage.

The brand has also decided to develop an initiative specific to its packaging by working to obtain FSC\* certification and to develop click packs that can be recycled. The aim of the brand, already a pioneer within the Group in using paper from sustainably managed forests, is to achieve FSC certification for all its packaging by end 2014. Leerdammer® is also testing the use of recycled and recyclable plastic in its packaging to better manage packaging life cycles.

**QUALITY IS THE PRIORITY**

Leerdammer® has an excellent record on quality, with ISO 9001, HACCP and BRC certification already obtained for its Schoonrewoerd, Daltsen and Wageningen plants. The 2015 target is to win OHSAS 18001 health and safety certification for all three sites.

**PROVIDING CONSUMERS WITH DETAILED INFORMATION**

Providing consumers with transparent and detailed information about the products they buy is vital in today's world. Beyond product composition, the packaging offers consumer accurate nutritional information by weight or slice. As a result, consumers can check the number of calories, fat content, sugars, proteins and salt content of their cheese.

**HEALTH, SAFETY AND LOCAL INVOLVEMENT**

The Leerdammer® Initiative perfectly underscores what Bel calls useful optimism. The "People First" charter, the core of Bel's labor policy, embodies the Group's commitment to offer its employees a safe, agreeable and motivating place to work, to develop the talents of all its employees, to share success and to grow with the company. Safety is a key facet of the Group's labor policy. The accident frequency rate at the Dutch production sites fell from 9.6 per 1,000 full-time-equivalent hours worked to 6 from 2012 to 2013, representing less than five accidents per one million hours worked. The Group is aiming for a rate of 7.5 by 2015 for all its sites worldwide.

\* Forest Stewardship Council

# INDUSTRIAL

IN THE HEART OF BEL'S MANUFACTURING SITES

LIVE  
REVIEW

## LIVE

24 HOURS  
IN A BEL PLANT

## REVIEW

BEING INVOLVED  
DRIVES  
PERFORMANCE

## NEWS

IN THE HEART  
OF BEL'S PLANTS

## FOCUS

FOR A MORE  
SUSTAINABLE  
DAIRY INDUSTRY



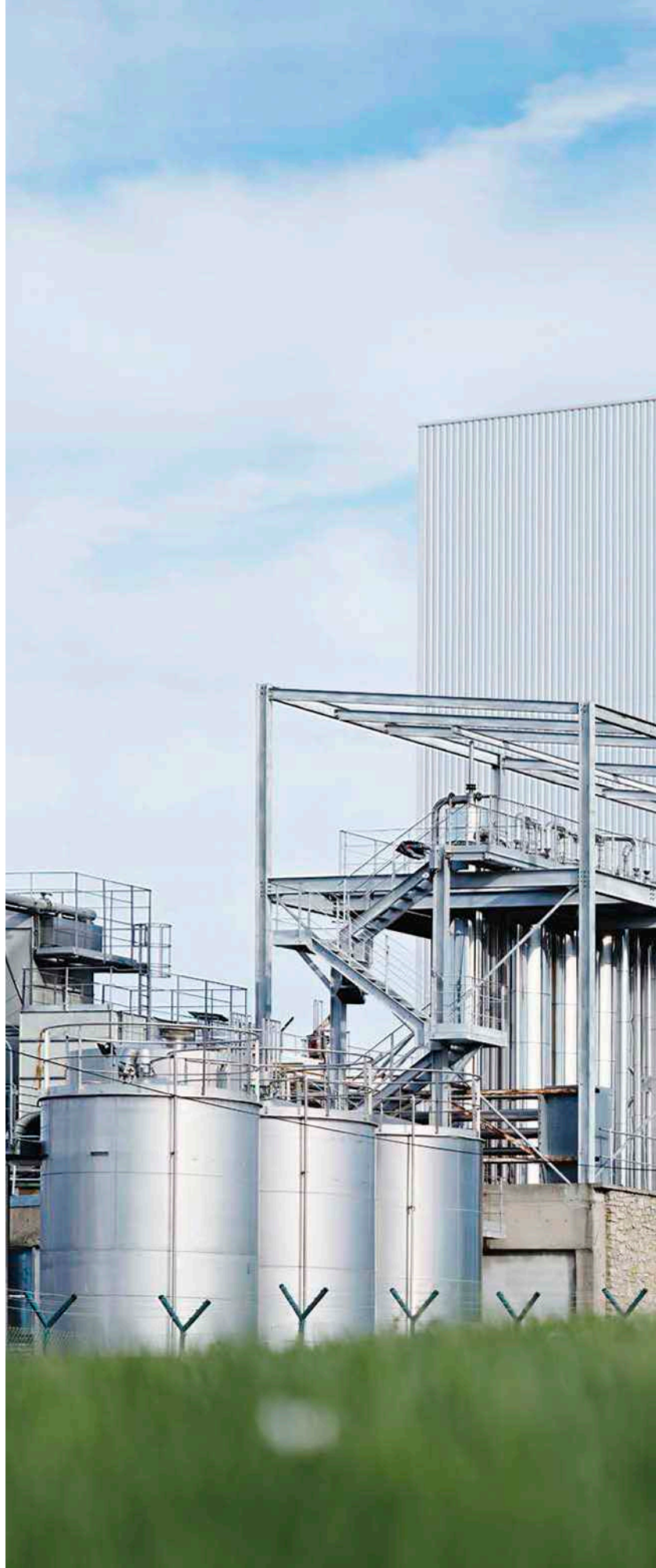
LIVE



# 24 HOURS IN A BEL PLANT



THE SABLÉ-SUR-SARTHE PLANT WAS BUILT IN 1964. IN 2013, IT PRODUCED 44,000 METRIC TONS OF CHEESE. SOME 50% OF ITS PRODUCTION IS EXPORTED TO OVER 90 COUNTRIES IN EUROPE, ASIA AND THE MIDDLE EAST. THE SITE EMPLOYS MORE THAN 600 PEOPLE.







## LIVE / MILK COLLECTION



■ MILK DELIVERY TO THE PLANT.

### COLLECTING

At the dairy farm, the milk collector always begins his work by inspecting the milk's composition and purity, before pumping it into the cistern of his truck. Once at the cheese plant, the milk is inspected once again. It is taken directly from the cistern to avoid any contamination risk. The Group collects over 1.5 billion liters of milk directly from 3,300 dairy farmers. The Sablé-sur-Sarthe plant transforms 700,000 liters of milk each day.





■ BEL'S EXPERTS INSPECT THE COMPOSITION AND PURITY OF THE COLLECTED MILK BEFORE TRANSFERRING IT TO THE TANKS.



**ÉRIC**  
MILK COLLECTOR

"MY ROUNDS INCLUDE 15 TO 25 DAIRY FARMERS. I COLLECT 45,000 TO 55,000 LITERS OF MILK ON EACH ROUND."



■ CHEESE EXPERTS MEASURE THE AMOUNT OF FAT, PROTEIN AND MINERALS IN THE MILK TO ENSURE STANDARDIZATION.



■ LACTIC ACID BACTERIA ARE ADDED TO STANDARDIZED AND PASTEURIZED MILK.

## LIVE / MAKING PRESSED CHEESE

### THE PRESSED CHEESES MADE IN SABLÉ-SUR- SARTHE INCLUDE

BABYBEL®, COUSTERON®,  
MINI BABYBEL® AND PORT  
SALUT®



THE CURD GRAINS ARE MOLDED AND WILL THEN BE PRESSED.



AFTER AN AVERAGE RESTING PERIOD OF 15 HOURS, THE MINI BABYBEL® CHEESES WILL BE WRAPPED IN A WAX COATING DESIGNED TO PROTECT AND CONSERVE THEM.



### THIERRY

PRESSED-CHEESE  
MAKING TEAM MANAGER

“EVERY COMPANY HAS ITS OWN KNOWHOW. BEL IS THE CHEESE MARKET EXPERT IN MINIATURIZATION. OUR CHEESE-MAKING TECHNOLOGY IS OUR OWN AND IS UNIQUE.”



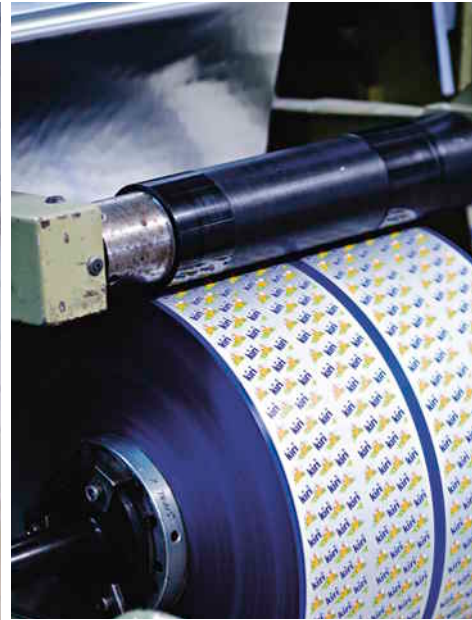
# 4

BEL MAKES MINI BABYBEL® AT FOUR PLANTS, INCLUDING TWO IN FRANCE, AT ÉVRON AND SABLÉ-SUR-SARTHE, ONE IN THE UNITED STATES, IN LEITCHFIELD, KENTUCKY, AND ONE IN MICHALOVCE, SLOVAKIA.



## LIVE / MAKING KIRI®

**THE SABLÉ-SUR-SARTHE  
PLANT MAKES THE FRESH AND  
SPREADABLE CHEESE BRANDS  
BOURSIN®, CANTADOU®  
AND KIRI®**



- THE MILK AND CREAM ARE MIXED AND THEN PASTEURIZED. LACTIC FERMENTS, DAIRY PROTEINS, EMULSIFYING SALTS, AND A PINCH OF SALT AND MILK CALCIUM ARE ADDED TO THE MIX.

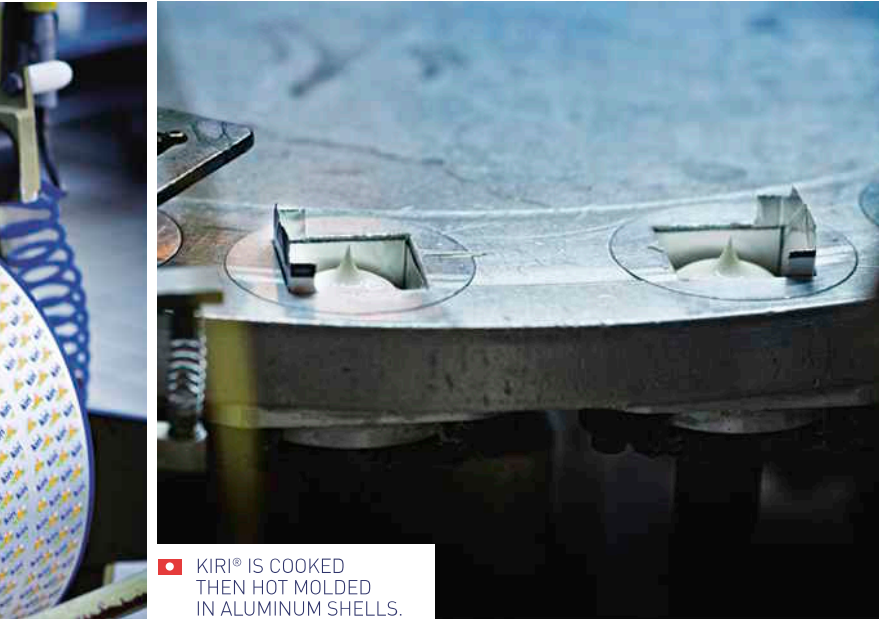
# 5,000

KIRI® PORTIONS ARE  
MADE EVERY MINUTE  
AT SABLÉ-SUR-SARTHE.

# 4

BEL MAKES KIRI® AT FOUR  
PLANTS WORLDWIDE, LOCATED  
IN SABLÉ-SUR-SARTHE, FRANCE,  
TANGIERS, MOROCCO, GAZVIN,  
IRAN AND CHORZELE, POLAND.





■ KIRI® IS COOKED THEN HOT MOLDED IN ALUMINUM SHELLS.



## GUYLAINE

SPECIALTIES WORKSHOP  
TEAM MANAGER

“DIVERSIFICATION IS WITHOUT A DOUBT THE EXPERTISE SPECIFIC TO THE SABLÉ-SUR-SARTHE PLANT. WE MASTER BOTH FRESH AND SPREADABLE CHEESE PROCESSES. OUR STRENGTH IS KNOWING HOW TO ADAPT AND BEING RESPONSIVE.”

“WE PRODUCE CHEESE FOR EUROPE, AS WELL AS COUNTRIES LIKE SAUDI ARABIA, JAPAN AND SOUTH KOREA.”



## REVIEW / BEING INVOLVED DRIVES PERFORMANCE



# BOOST SPARKS MOMENTUM IN THE MANUFACTURING CULTURE

LAUNCHED IN 2009, BOOST IS A MANUFACTURING PERFORMANCE PROGRAM BORN FROM BEL'S COMMITMENT TO DEVELOP A COMMON LANGUAGE AND PRINCIPLES FOR ALL ITS PRODUCTION SITES.

### PERFORMANCE TARGET

Initiated first in the Netherlands, Boost was subsequently rolled out in three pilot sites in France, Morocco and Slovakia in 2009. This ongoing improvement and waste-cutting initiative, based on a global management system, gets employees involved in solving the problems they face.

Boost echoes Bel's desire to develop a culture of autonomy and empowerment for its teams. Although its deployment relies on proven tools and methodologies, its key driver remains employee involvement.



80%

OF PRODUCTION SITES TO BE INTEGRATED INTO THE PROGRAM BY END 2014

## GETTING EMPLOYEES INVOLVED

*"What is interesting about Boost is that this initiative gets employees involved in looking for performance gains, starting with the premise that they are better positioned to detect and resolve problems by virtue of their daily work routines and their experience with the production tools,"* explains Jean-Paul Perrot Minnot, Head of International Human Resources. Boost also leads employees to gradually diversify their tasks, notably by developing inspection and preventive machine maintenance missions. As a result, employees become their machines' performance players. The community aspect is another key success factor for Boost. Employees systematically work in autonomous groups of mixed profiles and jobs (e.g. production, maintenance, HR, quality control, safety, etc.) without any distinction in management hierarchy.

**BOOST WILL HELP SET US APART FROM OUR COMPETITORS BY GETTING EMPLOYEES MORE INVOLVED IN OUR PLANTS' PERFORMANCE."**

JEAN-PAUL PERROT MINNOT,  
HEAD OF INTERNATIONAL HUMAN RESOURCES

## AUTONOMY AND EMPOWERMENT

Boost has a virtuous effect on the managerial culture because it speeds up the delegating process. *"Employee autonomy and empowerment momentum is already well established at Bel, but Boost structures it by developing the employee's machine and environment expertise,"* says Jean-Paul Perrot Minnot.

The empowerment commitment goes even further. Employees are given the opportunity to apply their ideas within the plant and beyond by sharing them with other sites. For example, in 2013, the Bel Egypt Boost coordinator went to Vietnam to share his experience with a peer in deploying the Boost methodology. *"It was really interesting and not just for Bel Vietnam,"* he said. *"I was proud to share what we had successfully set up in Egypt."*

## GOAL: 100% OF PLANTS "BOOSTED" BY 2016

In 2013, the plants in Shotska, Ukraine, Croisy-sur-Eure, France, and Brookings, United States adopted Boost, bringing to 15 the number of Group production sites using the process. Over the past 12 months, nearly 300 Boost projects were launched, with some 2,000 persons participating. In 2014, six more plants located in Algeria, the U.S., France and Portugal are expected to join the program. By end 2014, 80% of the sites are expected to have integrated Boost, with the goal of 100% of plants "boosted" by 2016.



MEET

### JEAN-PAUL PERROT MINNOT

Jean-Paul Perrot Minnot, Head of International Human Resources at Bel. He has spent most of his career at Bel in HR management positions, first at plants and then at subsidiaries and regions.

Today, he coordinates Bel's global HR policy with regional HR department heads. He is a member of the Boost steering committee.

## NEWS / IN THE HEART OF BEL'S PLANTS

# FOOD QUALITY AND SAFETY CONTROLS...★★★

## DOWN THE ENTIRE LINE



OVER 400,000 METRIC TONS OF CHEESE ANNUALLY - INCLUDING 16.7 BILLION PORTIONS - ARE PRODUCED AT THE GROUP'S 27 PRODUCTION SITES. IN EACH, BEL APPLIES THE SAME FOOD QUALITY AND SAFETY DEMANDS AND HAS ESTABLISHED A CONTROL PROCESS ACROSS THE ENTIRE PRODUCTION CHAIN.

To guarantee its commitment to food safety, Bel adheres to European regulations, which are considered some of the world's most stringent, in addition to the local demands specific to each of its production sites. Further, the Group uses international benchmarks in food safety management recognized by the Global Food Safety Initiative (GFSI)\*. Bel is also committed to ensuring that all the sites making its products are certified by 2015.

Food quality management follows the international ISO 9001 standard and benchmark, for which 22 sites are already certified. All steps of the life cycle of Bel products are rigorously controlled for quality and are fully traceable.

Upstream, Bel requires that its suppliers meet strict product specifications. All raw materials used in making its products and all packaging are subject to rigorous quality controls and tracking.

Bel pays particular attention to the quality of the liquid milk that is used to make its products. The Group's milk technicians work upstream with the dairy farmers

\* GFSI is an initiative led by companies to continuously improve food safety management systems.



who supply Bel directly to promote best practices for producing quality milk. At the plants, the products are subject to control plans across the entire production chain. Downstream, the distribution chain is audited to guarantee that cold chain, transport conditions and Bel product conservation specifications are fully respected.

The best practices charter for storage and distribution shared by Bel and its distributors for five years now is aimed at strengthening optimal product quality and conservation. It covers storage temperatures, installation specifications, hygiene and cleanliness, storage practices, product handling, traceability and transport.

# 82%

OF BEL PRODUCTS ARE MADE AT SITES CERTIFIED ACCORDING TO GFSI (GLOBAL FOOD SAFETY INITIATIVE) STANDARDS. THE 2015 TARGET IS 100%.



### LITTLE CHUTE NAMED PLANT OF THE YEAR

The U.S.-based magazine *Dairy Foods* named the Group's plant in Little Chute, U.S.A. Dairy Plant of the Year. The reward was associated with the plant obtaining FSSC 22000 certification for food safety.

## REDUCING THE ENVIRONMENTAL FOOTPRINT

The Group's 27 production sites share the same goal of reducing their environmental footprint. This effort goes hand in glove with a manufacturing team initiative to train employees and share best practices. Bel has developed two methodologies for cutting water and energy use at source, called Wasabel (Water Saving at Bel) and Esabel (Energy Saving at Bel). The programs offer a comparable and common approach at all Group sites. Water and energy usage standards have been established for both dairy cheese and processed cheese making technologies, enabling each plant to measure their performance against the others and to set consistent improvement targets.

In 2013, the last two sites lacking Wasabel and Esabel methodologies joined the initiative. Both methodologies are now deployed at all 27 Bel sites, 18 of which were audited in 2013.

## NEWS / IN THE HEART OF BEL'S PLANTS

# BEL PRODUCTION UNITS AROUND THE WORLD IN 2013

### NUMBER OF CERTIFIED BEL SITES

	2011	2012	2013
GFSI	14	15	20
ISO 14001	9	9	12
OHSAS 18001	3	5	5

**2015 TARGET IS**  
100% OF SITES CERTIFIED

**27**

PRODUCTION SITES

**16.7**

BILLION CHEESE PORTIONS PRODUCED

OVER

**400,000**

METRIC TONS OF CHEESE PRODUCED

OVER

**8,000**

PRODUCTION SITE EMPLOYEES

**10.7%**



DECLINE IN DRINKING WATER USAGE FROM 2008 TO 2013\*

**9.9%**



DECLINE IN OIL AND NATURAL GAS USAGE FROM 2008 TO 2013\*

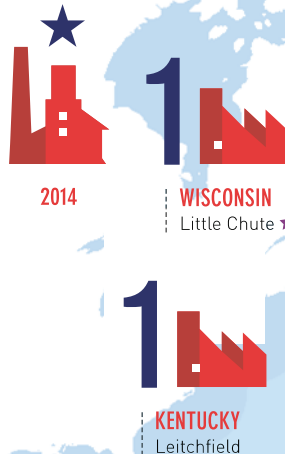
TO LEARN MORE ABOUT ALL BEL GROUP CORPORATE SOCIAL RESPONSIBILITY INITIATIVES, PLEASE CONSULT THE CSR REPORT AVAILABLE AT [WWW.BEL-GROUP.COM](http://WWW.BEL-GROUP.COM).

\* In absolute terms

- ★ **ISO 14001** CERTIFICATION (environment)
- ★ **OHSAS 18001** CERTIFICATION (human safety)
- ★ **GFSI\*** STANDARDS-BASED CERTIFICATION (food safety and quality)

### BROOKINGS, SOUTH DAKOTA

New Mini Babybel® plant. Production is scheduled to start in July 2014.



\* GFSI standards encompass various certifications related to food quality and safety, such as FSSC 22000, BRC and IFS.



**3**   
**NETHERLANDS**  
 Dalfsen ★★  
 Schoonrewoerd ★★  
 Wageningen ★★

**1**   
**POLAND**  
 Chorzele ★★

**8**   
**FRANCE**  
 Dole ★★  
 Évron ★★★  
 Lons-le-Saunier ★★  
 Mayenne ★  
 Sablé-sur-Sarthe ★★  
 Cléry-le-Petit / Bar-le-Duc / Maredsous ★★  
 Vendôme ★  
 Croisy-sur-Eure ★★★

**1**   
**CZECH REPUBLIC**  
 Zeletava

**1**   
**SLOVAKIA**  
 Michalovce ★

**1**   
**UKRAINE**  
 Shostka

**3**   
**PORTUGAL**  
 Ribeira Grande ★★★  
 Vale de Cambra ★  
 Covoadá

**1**   
**SPAIN**  
 Ulzama



**1**   
**MOROCCO**  
 Tangiers ★★★

**1**   
**TURKEY**  
 Çorlu ★

**1**   
**SYRIA**  
 Damascus\*

**1**   
**IRAN**  
 Gazvin

**1**   
**ALGERIA**  
 Koléa

**1**   
**EGYPT**  
 Cairo ★★

\* Operation suspended

**1**   
**VIETNAM**  
 My Phuoc 3

# FOR A MORE SUSTAINABLE DAIRY INDUSTRY

AS A PARTNER, BEL ACTS LOCALLY  
ALONGSIDE DAIRY FARMERS TO PROMOTE  
A MORE SUSTAINABLE DAIRY INDUSTRY  
THROUGH SHARED GOALS.

While the profile of the Group's dairy industry partners may differ from one collection zone to another, Bel demands the same quality for the dairy and processed dairy raw materials it uses to make its cheeses. To develop a "made in Bel" quality standard and to encourage a more sustainable dairy industry, Bel works alongside dairy organizations in France and the Netherlands — two countries which together account for 80% of the liquid milk collected by the Group.

## SUSTAINABLE DAIRY PRODUCTION STARTS AT THE FARM WITH:

- 1 dairy livestock feed that guarantees quality milk and helps optimize the operation's income;
- 2 a well managed and reduced environmental footprint;
- 3 good working conditions for those who work the farm;
- 4 animal health and well-being.

In the Netherlands, the Group has adopted the "Cow Compass" guide to dairy farming best practices. In 2013, 24% of Bel's Dutch producers were using the guide. The goal is 35% by 2015. The company also holds training workshops to promote best practices



among dairy farmers, notably in terms of dairy farm energy usage. The workshops are held on the farms and are led by a specialist who covers a specific theme. Nearly 25% of Bel's dairy farmers have participated in the workshops. Lastly, Bel encourages grazing practices among its producers. In 2013, 72% of its dairy farmers grazed their herds at least six hours a day over a minimum 120 days per year.

In France, the "Dairy Farmer Best Practices Charter," signed by all Bel dairy suppliers, includes a section on the environment and promotes animal welfare. At the same time, Bel is helping to develop CAP' 2ER, a tool aimed at helping dairy farmers make an environmental assessment of their dairy workshops.



The Group also partnered with WWF® France to reduce dairy production-related environmental impacts. In 2013, an initial step led to the assessment of key risks associated with French and Dutch dairy livestock feed. In 2014, priorities and the corresponding improvement plans will be established based on the results of the review.

Outside its two main dairy basins, the Group led improvement actions with producers in Portugal, Ukraine and Slovakia to help them advance toward more sustainable dairy farming.

# SUPPLY CHAIN



## LIVE

A LOOK AT DISTRIBUTION CHANNELS AROUND THE WORLD

## ANALYSIS

STREET VENDORS, TOWARD A MODEL THAT RECONCILES ECONOMIC SUSTAINABILITY AND SOCIAL IMPACT

## REPORT

THE RIGHT PRODUCT IN THE RIGHT PLACE AT THE RIGHT TIME

## NEWS

SUPPLY CHAIN BEST PRACTICES AROUND THE WORLD





**LIVE**

# A LOOK AT DISTRIBUTION CHANNELS **AROUND THE WORLD**

TO PROVIDE ACCESS TO ITS PRODUCTS IN THE 120 COUNTRIES WHERE THEY ARE SOLD, BEL WORKS WITH A WIDE RANGE OF DISTRIBUTION CHANNELS. FROM MODERN TO TRADITIONAL RETAIL, THROUGH STREET VENDORS, DISCOVER ALL THE PLACES WHERE OUR PRODUCTS MEET THEIR CONSUMERS.

LEADING  
THE  
INVESTIGATION



**DONG  
VIETNAM**

◆ Trade Marketing  
Manager.  
At Bel since 2009

♥ **Favorite Bel brand**  
My Littl' Laughing  
Cow®, recently  
launched in Vietnam



**SACHA  
SUB-SAHARAN  
AFRICA**

◆ Area  
Manager.  
At Bel since 2013

♥ **Favorite Bel brand**  
Kiri portion®



**FLORIAN  
SUB-SAHARAN  
AFRICA**

◆ Area  
Manager.  
At Bel since 2013

♥ **Favorite Bel brand**  
Boursin® garlic  
and fresh herbs



**AMAR  
SUB-SAHARAN  
AFRICA**

◆ Area  
Manager.  
At Bel since 2011

♥ **Favorite Bel brand**  
Boursin®



**CHARLOTTE  
FRANCE**

◆ Head of Sales  
Development.  
At Bel since 2012

♥ **Favorite Bel brand**  
Kiri Crème®





# VIETNAM

"Vietnam is a country where the supply chain is key to success, because of its infrastructure, geography, weather conditions, and very large number of stores, with over 500,000 potential points of sale.

"Bel Vietnam currently works with 80 distributors across the country by adapting to local practices. Here, some of our products are delivered in the luggage compartments of public busses, then carried to the point of sale by moped." **Dong**





## 📍 SUB-SAHARAN AFRICA

"South Africa and Mauritius resemble the markets of Western Europe. The key to consumer access resides in the strong partnership between Bel, its distributors and the market's major retailers." **Amar**

"In Cameroon, because of local eating habits, The Laughing Cow®'s competitors are margarine and chocolate batter, which are sold at very competitive prices. We have to redouble our efforts and inventiveness to make The Laughing Cow® accessible, despite the complicated market access. To introduce ourselves to consumers, we have developed partnerships with street vendors and direct marketing." **Sacha**





# FRANCE

"In France, the challenge is keeping our brands visible to consumers throughout their shopping trip. Through their favorite retailer's loyalty card, our customers receive prospectuses with promotional offers through the mail. In the stores, we are multiplying our contact points, including the cheese aisle of course, while also highlighting the existence of our products in complementary aisles.

"Our goal is to be present every step of the way, using every type of traditional and innovative sales and marketing leverage." **Charlotte**





## ANALYSIS

# STREET VENDORS,

## MOVING TOWARD A MODEL THAT RECONCILES ECONOMIC SUSTAINABILITY AND SOCIAL IMPACT

FROM NEW YORK TO NEW DELHI, LONDON AND PARIS, STREET VENDING IS GROWING. HERE'S A LOOK AT A BOOMING DISTRIBUTION CHANNEL

Forever a part of the urban landscape in Africa and Asia, and making a comeback in Western cities, street vendors are a response to growing consumer demand for practicality and proximity.

The need for more affordable products, closer to the workplace and public transport, is making so-called 'informal trade' increasingly necessary. The last mile in an urban setting is not just a constraint. It's also an opportunity. Street vendors represent the last link in the chain to the end-customer.

### ◆ A NEW URBAN BALANCE

Today, the street vending business is increasingly challenged in city centers. Heavy regulatory constraints make it difficult to operate this type of business. In September 2013, Human Rights Watch\* denounced police violence against street vendors in Luanda, the capital of Angola. In New York, in 2010, hundreds of street vendors demanded the right to take breaks during the workday, without fear of having the city's health department revoke their operating licenses. In addition to red tape, economic pressure has mounted from the rise of new shops in city centers that compete directly with street vendors.

\* For more information, download "Take that filth away: Police abuses against street vendors in Angola" at <http://www.hrw.org/node/119219>.



#### ◆ A FRAMEWORK FOR THE STREET VENDING TRADE

But the need for a framework that protects both consumers and street vendors is helping to improve the situation. In India, a regulation approved in 2013 protects the working means of more than 10 million street vendors and guarantees them a social security system. The Streetnet International organization, founded in Durban, South Africa in 2012, is also working to group and defend the interests of street vendors everywhere in the world. Particularly active during the World Cup in South Africa in 2010, the organization worked to ensure that street vendors could also benefit from the economic windfall generated by that sporting event. It has since strengthened its presence in Brazil, which is preparing for the World Cup in 2014, and is federating existing organizations to create greater bargaining power with local authorities.

#### ◆ A DISTRIBUTION CHANNEL IN EMERGING COUNTRIES FOR BEL

For the Bel Group, informal trade is already a reality, notably in Africa. The Group pays great attention to this distribution network, which helps increase its access to consumers. To invest in this distribution channel, Bel Access, the Group's incubator for economic and social innovation, set up a first pilot project in Vietnam in early 2013. The goal was to establish a distribution system that reconciled economic sustainability and social impact, by asking fruit and vegetable vendors in Ho Chi Minh City to sell The Laughing Cow® as well. The vendors are supplied by The Laughing Cow® stands located in the city's wholesale markets, then they roam the suburban areas to sell their products. In December 2013, less than a year after the program was launched, nearly 250 street vendors were active in Bel's Ho Chi Minh City network.



#### SHARING CITIES

##### AN ECONOMIC AND SOCIAL PROGRAM

Sharing Cities meets the accessibility objective for Bel's products by developing alternative distribution systems. Bel Access designed this program in partnership with street vendors. It has a dual aim, providing the Group with a well performing distribution network, while providing street vendors with an economic and social framework adapted to the challenges faced by their distribution channel. The program offers training, microloans, insurance and other services aimed at improving their knowhow and the performance and sustainability of their business, as well as offering social security coverage.

## REPORT

# THE RIGHT PRODUCT

## IN THE RIGHT PLACE AT THE RIGHT TIME



THE SUPPLY CHAIN IS A STRATEGIC OPERATION.  
AT THE CROSSROADS OF MANUFACTURING AND SALES,  
IT STRUCTURES THE ENTIRE BUSINESS LOOP,  
FROM SALES FORECASTING TO IN-STORE PRODUCT DELIVERY.  
A LARGE SHARE OF THE COMPANY'S PERFORMANCE DEPENDS ON  
THE ACCURACY AND EFFICIENCY OF THE SUPPLY CHAIN.

### ◆ A BUSINESS MODEL CLOSER TO MARKET

**As a rule, in its drive for international expansion, Bel first exports its products to test the markets it is targeting.** When justified by trade volume, Bel then decides to establish a presence and may even produce its products locally. The purpose of the supply chain is to serve this dual export or domestic market model, with the singular goal of being one of the key factors of growth for Bel in its various territories.

**To render Bel cheeses accessible to consumers in 120 countries, Bel's supply chain adapts to the type of market, domestic or export, in which it operates.** In a domestic market, in-situ production allows for direct control over procurement, storage and the delivery of finished goods to distributors at the lowest cost. The distributors then supply the points of sale. An export market requires intermediaries, notably an importer and transport means.

These aspects impact product delivery and storage times, selling prices and the sell-by date, which must remain optimal to ensure customer satisfaction.

**Bel's supply chain must handle multiple criteria to offer the right product at the right time in the right place, while maintaining the lowest cost and best quality.** To succeed, it relies on planning. This key function consists of forecasting sales volumes in view of market trends and demand.

### THE DOMESTIC MODEL

From the plant to the consumer in the same country

### THE EXPORT MODEL

From the plant to the consumer in another country

## IN 2013



### 97.5% CUSTOMER SERVICE RATE

The customer service rate measures the percentage of products delivered on time against the product references and quantities demanded by distributor customers.



### 30 DISTRIBUTION CENTERS



### OVER 4,700 ROUTES MANAGED



### 160 MILLION KILOMETERS COVERED



### 315,000 ORDERS AND EXPEDITATIONS



### OVER 800 EMPLOYEES AROUND THE GLOBE OPERATE BEL'S SUPPLY CHAIN



### 160 SERVICE PROVIDERS



### 90 OUT OF 120 COUNTRIES ARE EXPORT MARKETS, WHICH TOGETHER ACCOUNT FOR 25% OF THE GROUP'S SALES

The forecasts are then translated into weekly production plans for the plants, then structured for each day. On this basis, the plants are able to anticipate their raw material and resource needs very precisely. At the same time, the sales department processes orders from distributors, importers and wholesalers. These orders are then filled, stored and expedited with a view to optimizing time and cost. To ensure all these process flows, the Group Standards Service codifies and manages all the data in the IT system, in coordination with local managers. More than 150,000 items enter into Bel's supply chain steps.

The supply chain contributes to improving the Group's profitability by fine-tuning all these parameters. For example, in several export markets, transport costs were streamlined by improving forecasting, the order process and the loading of containers. The Group also negotiates with logistics providers and seeks to establish the most efficient routes to market.

**Aside from its excellence in key supply chain functions, Bel has other strengths, such as well managed scaling and true agility.** The Group works directly with distributors, and thanks notably to its planning work, can respond rapidly to demand requirements. Adaptability is another vital component of the business. Unforeseen geopolitical or climatic events can abruptly change the game in a given market. In 2012, the Group had to close its plant in Damascus, Syria, and restructure the supply of its products to its markets in the Middle East. Four Group production sites quickly took over by boosting their production capacity.

# SUPPLY CHAIN BEST PRACTICES AND NEWS FROM AROUND THE WORLD



## VIETNAM PROXIMITY AND QUALITY

IN 2011, VIETNAM BECAME A DOMESTIC MARKET FOR BEL WITH THE ESTABLISHMENT OF A PLANT. BEL VIETNAM COULD BECOME THE PRODUCTION NERVE CENTER FOR SOUTHEAST ASIA. **RUBEN GRABER**, THE SUPPLY CHAIN MANAGER IN VIETNAM, REVIEWS THE IMPROVEMENTS MADE.

### ◆ WHAT IS SPECIFIC ABOUT THE SUPPLY CHAIN IN VIETNAM?

Despite a hot and humid climate, there is no cold chain here. Accordingly, we have had to make some investments and help our partners improve storage and transport conditions. While The Laughing Cow® doesn't require refrigerated storage, we consider it to be an additional measure of quality.

Vietnam is also a country with a vast geography, making delivery times longer. Lastly, the road network and infrastructures are not very well developed.

### ◆ WHAT ARE THE SUPPLY CHAIN CHALLENGES IN THIS MARKET?

The time between production and availability in the market have to be reduced as much as possible. At the same time, another key challenge, is developing and securing the cold chain as much as possible. That's an important competitive advantage.

### ◆ HOW HAVE YOU RESPONDED TO THESE CHALLENGES?

We launched a streamlining project involving 10 departments in Ho Chi Minh City and Paris in three areas.

1. Securing the existing supply chain and establishing a dedicated supply chain organization based on Group processes and tools.
2. Recasting the road-to-market used by our products from the plant to the consumer.
3. Implementing the cold chain to guarantee greater quality by training our distributors in storage condition fundamentals.

### ◆ WHAT RESULTS HAVE YOU OBTAINED?

We have seen significant improvements, notably in cold chain development, forecasting, inventory, costs and delivery time optimization, a reduction in intermediary distribution levels, a 99% customer service rate and better team cohesion. Lastly, the subsidiary was awarded a prize for the implementation of its supply chain by the Vietnam Supply Chain association.







## FRANCE A MODEL THAT CAN BE EXPORTED

**MICHEL CORSO**, THE REGIONAL SUPPLY CHAIN DIRECTOR OF EUROPE, REVIEWS THE BEST PRACTICES THAT MAKE BEL'S SUPPLY CHAIN EFFICIENT.

### ◆ WHAT CHARACTERIZES BEL'S SUPPLY CHAIN IN FRANCE?

Clearly, it's that we are customer oriented. We have established excellent relations with our distributors by increasing our contact points with them as part of our sales relations efforts and through the trade associations in which we are active.

### ◆ HAS THIS PROXIMITY BEEN KEY TO YOUR EXCELLENT CUSTOMER SERVICE RATE?

Our 99.5% customer service rate stems from our organization and our customer oriented culture. Although achieving the best rate is a goal, it's not something we do at any cost. Our role is to make our products available to consumers at the lowest possible price and the best quality. We therefore have to be able to analyze the environment rapidly and arbitrate requirements.

### ◆ WHAT BEST PRACTICE CAN BE DEPLOYED IN OTHER COUNTRIES?

France has developed tremendous expertise in building trustworthy relationships with its distributors. It's this approach to collaboration that should be shared. We are studying, for example, rolling out the On-Shelf Availability (OSA) process, which measures the on-shelf availability of products and produces a daily report of in-store sales. This win-win partnership helps the retailer avoid product shortages on the shelf, while providing Bel with valuable information for its forecasts. There are other best practices as well, such as the usage and optimization of forecasting software and the sharing of the promotional campaign schedule. Optimized forecasting means fewer shortages, a higher customer service rate and better cost and inventory management.

## ALGERIA

### IMPROVING IMPORT FLOWS

In 2013, Bel Algeria launched a broad initiative to streamline its production operations. Among the efforts undertaken, improvements were made in finished goods and raw materials import flows, to lower import-related costs as well as costs arising from storage and port warehousing penalties. To that end, the subsidiary secured new land and port forwarding routes, received customs approval and initiated competitive tenders from freight forwarding providers to lower costs and improve port outflows.

## NEAR AND MIDDLE EAST

### GETTING ON THE SHELVES EVER FASTER

Kiri® is the star product in the Near and Middle East. To make it available to the consumer as soon as possible, the supply chain reduced the shipping time from Europe and streamlined inventory management for its customers. In 2013, a new shipping route, for example, resulted in an improvement of delivery times from Bel's Chorzele plant in Poland to the Iraqi market to less than three weeks. Kiri® is now on store shelves even faster.







## 2013 Lab'Bel

Michael Staab, Meta-Styx, 2013  
Metaphoria II, Athens 2013  
©Nikos Kokkas

### SOCIETAL COMMITMENT

# SHARING THE BEL MINDSET WITH ALL OF SOCIETY

The “Sharing smiles” signature is an exciting promise aimed first and foremost at Bel’s consumers and employees. But this commitment goes beyond the company’s front doorstep, taking it further afield.

This commitment to share with as many people as possible is reflected in Bel’s Corporate Foundation, *La Maison de La Vache qui rit®* (The Laughing Cow House) and Lab’Bel. Each of these initiatives, which have their own positioning and means, enable Bel to extend its mission beyond its circle of consumers, employees, suppliers and partners.



# THE BEL FOUNDATION SHARED COMMITMENT

*Since 2008, the Bel Foundation has supported local initiatives on behalf of children and their welfare. As Bel does, the Foundation believes that it is vital to get employees involved, and it supports charity projects in which Bel employees are personally active.*



"Cooking and health" exhibit

The Bel Foundation, which serves the Group's mission of sharing smiles with families by bringing the pleasure of dairy goodness, naturally focuses its actions on diet related issues. It also chooses to work with charities involved in local and sustainable projects to intervene in closer proximity to the populations who benefit from its support.

**Four areas of action have been established:**

- **Combatting child malnutrition,**
- **Supporting subsistence farming and market garden programs,**
- **Building infrastructures related directly to feeding children and teens,**
- **Educating and raising awareness about the components of a healthy and balanced diet.**

Each year, Bel employees are given the opportunity to sponsor charity projects in which they are personally involved with grants from the Foundation. In 2013, 12 employee grants of €5,000 each were distributed in seven countries.

**BEL GERMANY**

**BEL EDUCATIONAL PATRONS PROJECT**

This project is led by Ghettokids® Soziale Projekte e.V., a charity that helps disadvantaged children in Munich. Working from a primary school, this program helps integrate Greek immigrant children into German society, to facilitate their access to a promising future. The employee grant financed part of the school's breakfasts, as well as a cooking course for children. In addition to the funding, Bel employees are involved in tutoring the children each week. In all, 10 Bel Germany employees are involved with the charity on a regular or ad hoc basis.



10 Bel Germany employees are involved with the charity.

**BEL UNITED KINGDOM**

**HEALTH IS WEALTH PROJECT**

The aim of this project, sponsored by four employees, is to assist youths and their families by raising awareness about nutrition and health and giving them access to a food bank.

The project is led in partnership with the SE1 United charity, which supports youths from disadvantaged neighborhoods and ethnic minorities.

The subsidiary's involvement goes even further with employees offering to help with schoolwork and the supply of nutritional guides, recipe books and products for the food bank.

**MADAGASCAR**

**EDUCATING MOTHERS TO FIGHT MALNUTRITION**



For over 40 years, the Appel charity has worked to improve the living conditions of people in Africa and Asia in the fields of health, education and sponsorship.

In Madagascar, Appel is active in a nutrition program involving more than 3,000 children and 300 pregnant women each year.

This nutrition building protocol, based on locally produced enriched flour, is linked directly to educating mothers about nutrition. The teaching takes place in fun and interactive sessions to ensure that the nutrition of the children served by the charity is sustainable.

**2008-2013 KEY FIGURES**

Over  
**€1 MILLION**

IN DONATIONS MADE

**128**

PROJECTS  
SUPPORTED

NEARLY

**30**

COUNTRIES,  
IN WHICH  
THE FOUNDATION  
HAS PARTICIPATED  
IN PROJECTS

IN 2013,  
THE FOUNDATION  
WAS RENEWED FOR

**5 YEARS**

**FRANCE**

**A DELIGHTFUL EXHIBIT TO RAISE NUTRITION AWARENESS AMONG CHILDREN**

In 2013, the Foundation supported a project by Les Petits Débrouillards®, a charity that promotes scientific culture, to establish an interactive and travelling exhibit in the Ile-de-France region called "Cooking your health." Designed around fun activities, such as games, manipulations and experiments, the exhibit treats various questions related to food and diet. It helps children discover the role of nutrients and food, how food is processed, the composition of a balanced diet, and good eating and health habits.



**LA MAISON  
DE LA VACHE  
QUI RIT®**  
**(THE LAUGHING COW® HOUSE)**  
FIVE YEARS  
OF HAPPINESS!

*Five years after opening, La Maison de La Vache qui rit® has become a place of reference for celebrating the brand's history but also a space for reinterpreting its values. This unique and original mix helps create closer ties to visitors, consumers of the brand and Bel Group employees.*

  
**La Maison de**  
La vache qui rit



### THE SAGA OF A BRAND

Built on the first production site for The Laughing Cow® cheese in Lons-le-Saunier, France, The Laughing Cow® House is naturally a place whose role is to tell the story of a brand that will soon turn 100 years old. From Jules Bel's first ripening workshop to the conquest of new markets, the staging grounds travel through time via The Laughing Cow's advertising, economic and industrial history. The House regularly enriches and updates its collections with Group Bel innovations, once again underscoring the brand's momentum and the teams who make it live.

### YOUTH IN THE SPOTLIGHT

But through its cultural and artistic programming, the mission of *La Maison de La Vache qui rit*® is to go beyond evoking the brand, to associate its values with original and quality actions that contribute to giving The Laughing Cow® meaning and a new role. In 2013, The Laughing Cow® House offered a dance residence to two young artists, enabling over 300 children to follow the entire process of creating and performing a show. This work was a playful wink at Bel's core business, as it reinterpreted the famous Aesop's fable, The Fox and the Crow.



The season was also marked by temporary exhibits. In 2013, the public was invited to travel back in time in the advertising world with the presentation of some 40 advertising automats, funny machines that promoted products at time when the radio featured no advertising and television did not yet exist.

### A TIME FOR DREAMS AND IMAGINATION IN 2014

Since February, forts have invaded The Laughing Cow® House, reminding us that one of our first acts of creation when we were children was an architectural gesture — building forts. A child's dream can sometimes stretch into adulthood, with increasingly surprising creations appearing one after the other. The exhibit will run until September, when Lab'Bel will take over The House to display the works of artists inspired directly by fairytales and children's stories.

2014 looks to be a big year for *La Maison de La Vache qui rit*®, both in terms of the quality of its programming and new events, and also because it will be celebrating its fifth year of existence and its 200,000<sup>th</sup> visitor.

### KEY FIGURES

IN 2014,  
THE LAUGHING COW®  
HOUSE WILL CELEBRATE ITS  
**5 YEAR**  
OF EXISTENCE

Over  
**40,000**  
VISITORS IN 2013

IN 2014,  
THE LAUGHING COW®  
HOUSE WILL WELCOME ITS  
**200,000<sup>th</sup>**  
VISITOR



### MORE INFORMATION

For more information about *La Maison de La Vache qui rit*®, please visit [lamaisondelavachequirit.com](http://lamaisondelavachequirit.com) and its Facebook page.

# THE LAB'BEL ARTISTIC LABORATORY

*Lab'Bel was founded with the aim of supporting contemporary art in line with the values of sharing, accessibility and enjoyment dear to the Bel Group. Led by Laurent Fiévet and Silvia Guerra, it is responsible for building a collection of art created as of 2000, and to hold exhibits and artistic events in France and abroad.*



LABORATOIRE  
ARTISTIQUE  
DU GROUPE BEL





Gereon Krebber, *Sprunganlage*, 2013 and Michael Staab, *Meta-Styx*, 2013  
*Metaphoria II*, Athens 2013  
 ©Nikos Kokkas

Nisrek Varhanja, *Fundstücke*, 2013  
*Metaphoria II*, Athens 2013  
 ©Nikos Kokkas

Anna Molska, *Hecatomb*, 2011  
*Nuit Blanche*, Paris 2013  
 © Mateusz Adamczyk



### A SERIES OF AMBITIOUS AND BROAD-BASED PROJECTS

In 2013, Lab'Bel produced several individual and collective exhibits. The first, "Un Œil dans la maison" (An eye in the house), was specifically imagined at the end of spring by Portuguese artist Miguel Palma for summer family visitors to The Laughing Cow® House. This in-situ project consisted of interactive sculptures aimed primarily at young visitors to The House. In September, the second part of *Metaphoria* brought together the works of 10 sculptors, two musicians and poet Rui Costa in an Athens apartment, to continue the reflection on the notion of metaphor begun in Guimarães, Portugal in 2012. Mixing visual arts, music and poetry, the exhibit opened a dialogue between several artistic disciplines and featured a laboratory of experiments under the direction of Michael Staab and Silvia Guerra. The year was also marked by public cultural events. For the fourth year in a row in Metz, and for the first time in Paris, Lab'Bel participated in the All-Nighter event, respectively presenting recent works by Austrian artist Martin Arnold and the video work of Polish artist Anna Molska, shown for the first time in France.

### A GROWING ART COLLECTION

In 2013, Lab'Bel also enlarged its contemporary art collection significantly, with acquisitions of photography by Etienne Chambaud and John Stezaker, video works by Jonathan Monk and sculptures and installations by James Clarkson, Chris Evans, Ryan Gander, Gabriel Kuri and Ugo Rondinone. Along with all of the artworks acquired since the laboratory's founding, these works are now stored at the Dole Fine Arts Museum, now directed by Amélie Lavin. Several of the works were presented as part of the *Lab'Bel Rencontre* show open to the Group's Paris-based employees, who were also able to take advantage of a team visit in November to the 55<sup>th</sup> edition of the Venice Biennale contemporary art exhibition.

### TWO EVENTS NOT TO BE MISSED IN 2014

Two major events aimed a different audiences are expected to set the pace for 2014. The first, *The Light Hours*, will continue the dialogue begun in 2010 between contemporary artists and modernist architecture. After the presentation of Stefan Brüggemann at the Mies van der Rohe

pavilion in Barcelona, British artist Haroon Mirza, awarded the Silver Lion at the 54<sup>th</sup> Venice Biennale, will be invited to reside at the iconic Villa Savoye by Le Corbusier in Poissy. This prestigious project, led in partnership with France's National Monuments team, will be open to the public from April to June.

The second event, geared toward a younger audience, is a collective exhibit imagined for and in collaboration with The Laughing Cow® House team. Planned for September 2014, it will revisit the imaginary world of fairytales for the enjoyment of children young and old.



### MORE INFORMATION

For more information about Lab'Bel and its program, please go to [lab-bel.com](http://lab-bel.com)



# FINANCIAL KEY PERFORMANCE INDICATORS

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- P. 97** – 2013 Financial Results
- P. 98** – Consolidated Balance Sheet
- P. 99** – Consolidated Income Statement
- P. 100** – Consolidated Cash Flow Statement

# SALES BUOYED BY ROBUST MOMENTUM OF CORE BRANDS IN AN ENVIRONMENT AFFECTED BY A SHARP INCREASE IN RAW MATERIAL PRICES. BALANCE SHEET REMAINS STRONG

*Meeting March 20, 2014, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2013.*

The Group achieved further volume and sales growth in 2013, by building on the strength of its core brands and the effectiveness of its targeted sales and marketing strategies in all operating regions.

Changes in the scope of consolidation had no impact on the period. Excluding the impact of foreign exchange fluctuations, sales were up 5.3% organically, with all regions reporting positive organic growth for the year.

Operating income increased 10.9% to €234 million in 2013. That performance stemmed mainly from lower non-recurring costs, which fell to €6.4 million, from €26.6 million a year earlier. It should be recalled that in 2012, the Group was compelled to write down assets in some markets of the Near and Middle East region, owing to poor visibility.

The Group reiterates that raw material prices have risen sharply since the middle of 2013. Sales price adjustments and measures undertaken during 2013 to improve operating efficiency were not enough, however, to fully overcome the aggregate negative impact of the increase. As a result, second-half operating income of €100 million was down markedly from the €134 million achieved in the first half of 2013.

Net financing costs improved to €15 million, from €18 million in 2012, primarily as a result of a favorable foreign exchange impact, with average net financial debt flat over the two financial years.

In 2013, income tax expense came to €88 million, versus €63 million in the previous year. As already noted in a previous release, the Group recognized a tax adjustment of some €20 million claimed against Fromageries Bel in France for the 2008 financial year. The Group is contesting this tax adjustment and has decided to pursue legal recourse.

In 2013, consolidated net profit, Group share, totaled €126 million, versus €128 million in 2012.

Bel's balance sheet was once again strengthened during the year. At December 31, 2013, the Group's total equity stood at €1,212 million, compared with €1,150 million a year earlier. At the same time, net financial debt came to €54 million, versus €64 million at December 31, 2012.

In 2013, the Group continued to diversify its funding sources, while lengthening its debt maturity. It completed a multi-tranche Schuldschein capital market transaction, raising €140 million and USD110 million from investors. Further, a €191 million private placing maturing in April 2014 was repaid early.

In March 2014, the Group extended and amended the initial maturity of its €520 million bank credit line from June 2016 to March 2019.

## DIVIDEND

On March 20, 2014, the Board of Directors voted to propose a dividend of €6.25 per share, with an ex-dividend date on May 15 and payable as of May 20, 2014. The dividend is subject to the approval of the Annual General Meeting scheduled for May 14, 2014.

## OUTLOOK FOR 2014

The 2014 financial year got under way as weakness continued to grip the economy, not boding well for consumer spending. In addition to the uncertain economic conditions, raw-material price increases observed since the second half of 2013 have continued, along with unfavorable foreign exchange trends. These market factors could weigh on the year's activity and profitability, despite operating measures already undertaken.

Bel, nevertheless confirms its goal of advancing its positions sustainably in the world cheese market. To that end, it will continue to build on its healthy financial position, the dedication of its employees, and the value of its global brands, as well as its international expansion and ambitious innovation policy.

# CONSOLIDATED BALANCE SHEET

ASSETS (IN THOUSANDS OF EUROS)	DECEMBER 31, 2013	DECEMBER 31, 2012
<b>NON-CURRENT ASSETS</b>		
Goodwill	381,174	385,496
Other intangible assets	287,976	295,952
Property, plant and equipment	588,370	523,756
Assets available for sale	105,056	73,433
Other financial assets	1,130	1,564
Loans and advances	10,021	9,661
Trade and other receivables	9	135
Deferred tax assets	10,445	11,071
<b>TOTAL</b>	<b>1,384,181</b>	<b>1,301,068</b>
<b>CURRENT ASSETS</b>		
Inventories and work-in-progress	259,074	236,800
Trade and other receivables	468,037	447,796
Other financial assets	21,446	8,208
Loans and advances	520	511
Current tax assets	20,461	9,944
Cash and cash equivalents	490,212	442,295
<b>TOTAL</b>	<b>1,259,750</b>	<b>1,145,554</b>
<b>TOTAL ASSETS</b>	<b>2,643,931</b>	<b>2,446,622</b>
<b>EQUITY AND LIABILITIES (IN THOUSANDS OF EUROS)</b>		
Share capital	10,308	10,308
Additional paid-in capital	21,967	21,967
Reserves	1,173,909	1,118,078
Treasury shares	(8,460)	(11,447)
<b>EQUITY - GROUP SHARE</b>	<b>1,197,724</b>	<b>1,138,906</b>
<b>MINORITY INTEREST</b>	<b>14,113</b>	<b>10,671</b>
<b>EQUITY</b>	<b>1,211,837</b>	<b>1,149,577</b>
<b>NON CURRENT LIABILITIES</b>		
Provisions	7,190	7,667
Employee benefits	70,639	44,603
Deferred tax liabilities	178,076	173,874
Liabilities related to assets held under finance lease - over one year	478	736
Long-term borrowings and financial liabilities	390,669	362,395
Other liabilities	36,975	39,156
<b>TOTAL</b>	<b>684,027</b>	<b>628,431</b>
<b>CURRENT LIABILITIES</b>		
Provisions	18,900	20,993
Employee benefits	2,245	1,913
Liabilities related to assets held under finance lease - less than one year	462	460
Short-term borrowings and financial liabilities	149,851	137,216
Other financial liabilities	312	953
Trade payables and other liabilities	516,123	471,732
Due tax liabilities	55,449	28,929
Current bank facilities and other borrowings	4,725	6,418
<b>TOTAL</b>	<b>748,067</b>	<b>668,614</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,643,931</b>	<b>2,446,622</b>

The notes to the financial statements form an integral part of the consolidated financial statements.

The consolidated financial statements are available at [www.bel-group.com](http://www.bel-group.com).

# CONSOLIDATED INCOME STATEMENT

(IN THOUSANDS OF EUROS)	DECEMBER 31, 2013	DECEMBER 31, 2012	CHANGE	% CHANGE
<b>Sales</b>	<b>2,720,043</b>	<b>2,648,706</b>	71 337	2.7%
Cost of goods and services sold	(1,897,793)	(1,829,892)	(67,901)	3.7%
<b>Gross margin</b>	<b>822,250</b>	<b>818,814</b>	<b>3,436</b>	<b>0.4%</b>
Sales and marketing expense	(383,707)	(388,831)	5,124	-1.3%
Research and development expense	(16,611)	(16,818)	207	-1.2%
Administrative and general overhead expense	(181,771)	(175,663)	(6,108)	3.5%
Other operating income and expense	640	464	176	37.9%
<b>Income from ordinary activities</b>	<b>240,801</b>	<b>237,966</b>	<b>2,835</b>	<b>1.2%</b>
Other non-recurring income and expense	(6,427)	(26,579)	20,152	-75.8%
<b>Operating income</b>	<b>234,374</b>	<b>211,387</b>	<b>22,987</b>	<b>10.9%</b>
Income from cash and cash equivalents	2,421	2,266	155	6.8%
Cost of gross financial indebtedness	(19,591)	(17,413)	(2,178)	12.5%
<b>Cost of net financial indebtedness</b>	<b>(17,170)</b>	<b>(15,147)</b>	<b>(2,023)</b>	<b>13.4%</b>
Other financial income and expense	2,262	(3,279)	5,541	-169.0%
<b>Pre-tax profit</b>	<b>219,466</b>	<b>192,961</b>	<b>26,505</b>	<b>13.7%</b>
Income tax expense	(88,134)	(62,882)	(25,252)	40.2%
<b>Net profit of the consolidated Group</b>	<b>131,332</b>	<b>130,079</b>	<b>1,253</b>	<b>1.0%</b>
Minority interest	(5,547)	(1,654)	(3,893)	235.4%
<b>Consolidated net profit - Group share</b>	<b>125,785</b>	<b>128,425</b>	<b>(2,640)</b>	<b>-2.1%</b>
Earnings per share (in euros)	<b>18.44</b>	<b>18.79</b>		
Diluted earnings per share (in euros)	<b>18.44</b>	<b>18.73</b>		

The notes to the financial statements form an integral part of the consolidated financial statements.

The consolidated financial statements are available at [www.bel-group.com](http://www.bel-group.com).

# CONSOLIDATED CASH FLOW STATEMENT

(IN THOUSANDS OF EUROS)		DECEMBER 31, 2013	DECEMBER 31, 2012
<b>Cash flow from (used in) operating activities</b>			
Pre-tax profit		219,466	192,962
Adjustments for:			
Depreciation and write-downs		78,237	92,838
Capital gains (losses) on disposals		1,668	1,274
Reclassification of dividends and borrowing costs		18,208	15,793
Other non-cash items on the income statement		(3,445)	(3,087)
<b>Cash flow</b>		<b>314,134</b>	<b>299,780</b>
<b>(Increase) decrease in inventories, current receivables and payables</b>		<b>(6,713)</b>	<b>2,379</b>
<b>(Increase) decrease in non-current receivables and payables</b>		<b>(1,179)</b>	<b>9,183</b>
<b>Income taxes paid</b>		<b>(72,055)</b>	<b>(39,133)</b>
<b>Net cash flow generated by operating activities</b>	(1)	<b>234,187</b>	<b>272,209</b>
<b>Cash flow from (used in) investing activities</b>			
Acquisition of activities		(9)	(285)
Disposal of activities		0	(20)
Acquisitions of tangible and intangible assets		(149,245)	(81,494)
Disposals of tangible and intangible assets		1,489	505
Investment grants received		1,133	1,125
Acquisitions of financial assets		(3,477)	(3,974)
Disposals of financial assets		3,688	3,721
Interest received			54
Dividends received		1,329	1,274
<b>Net cash flow from (used in) investing activities</b>	(2)	<b>(145,092)</b>	<b>(79,094)</b>
<b>Cash flow from (used in) financing activities</b>			
Dividends paid		(52,260)	(41,136)
Interest paid		(19,618)	(17,067)
Transactions with non-controlling interests		(26)	
Repayment of debt resulting from finance lease contracts		(411)	(586)
Increase (decrease) in current accounts with entities outside the scope of consolidation		14,144	(2,311)
(Purchases) sales of treasury shares		0	(7,063)
Borrowings and financial liabilities issued		229,924	273,971
Repayments of borrowings and financial liabilities		(203,651)	(95,640)
<b>Net cash flow from (used in) financing activities</b>	(3)	<b>31,898</b>	<b>110,168</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1)+(2)+(3)	<b>57,197</b>	<b>303,283</b>
Net cash and cash equivalents at the beginning of the period		435,841	132,422
Effect of foreign exchange rate fluctuations		(7,552)	136
<b>Net cash and cash equivalents at the end of the period</b>		<b>485,486</b>	<b>435,841</b>
At the closing date, net cash and cash equivalents comprised the following:			
Marketable securities and money market instruments		338,484	387,683
Cash on hand and balances with banks		151,727	54,576
Current used bank facilities including overdrafts and accrued interest		(4,725)	(6,418)
<b>Total</b>		<b>485,486</b>	<b>435,841</b>

The notes to the financial statements form an integral part of the consolidated financial statements.  
The consolidated financial statements are available at [www.bel-group.com](http://www.bel-group.com).

## ACKNOWLEDGEMENTS

We would like to thank all the Bel employees, consumers and distributors who participated in the preparation of this business report. Their contributions have resulted in a business report that is both unique and in line with the Group's true image.

## FOR MORE INFORMATION

[www.bel-group.com](http://www.bel-group.com)  
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